



## Administration and Audit Committee Meeting Agenda

Thursday, May 7, 2026, 10:00 a.m.\*

- I. **Approval of the Minutes (Voting Item)**
- II. **Executive Director/Chief Investment Officer Report**
- III. **Draft Fiscal Year 2027 Operating Budget (Voting Item)**
- IV. **Legal/Legislative Update**
  - A. Results of PRIM Board Self-Evaluation
  - B. PRIM Board Governance Manual Review **(Voting Item)**
  - C. Legislative Update
- V. **Interim Meeting with PRIM Board Auditors**
- VI. **Issuance of a Request for Proposals (RFP) for Audit and/or Tax Services (Voting Item)**
- VII. **Other Matters**
  - A. March 2026 PRIM Operating Budget
  - B. Travel Report
  - C. Client Service

### Appendices

- A. Minutes of the PRIM Administration and Audit Committee Meeting of February 12, 2026
- B. PRIT Fund Performance Presentation (March 31, 2026)
- C. PRIT Fund Performance Report (March 31, 2026)
- D. Draft Fiscal Year 2027 Operating Budget
- E. Foley Hoag – PRIM Board Self-Evaluation Results
- F. PRIM Board Governance Manual – Redline
- G. Foley Hoag - PRIM Board Governance Manual Review Presentation
- H. KPMG FY 2026 Audit Plan
- I. PRIM Operating Budget (March 31, 2026)
- J. Travel Report

\* "This meeting will be held in accordance with Massachusetts General Laws Chapter 30A, section 20, as amended by Chapter 2 of the Acts of 2025, and all members of the Committee will participate remotely via audio/video conferencing, and public access to the deliberations of the Committee will likewise be provided via telephone."

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## I. Approval of the Minutes (Voting Item)

The minutes of the February 12, 2026, Administration and Audit Committee meeting are attached as **Appendix A**.

## II. Executive Director/Chief Investment Officer Report

PRIT Core Fund Performance Reports include:

- The PRIT Fund Performance Presentation is attached as **Appendix B**.
- The PRIT Fund Performance Report is attached as **Appendix C**.

## III. Draft Fiscal Year 2027 Operating Budget (Voting Item)

PRIM staff recommends that the Administration and Audit Committee make a recommendation to the PRIM Board to approve the Draft Fiscal Year 2027 PRIM Operating Budget attached as **Appendix D**.

Anthony J. Falzone, Deputy Executive Director and Chief Operating Officer, and Deborah A. Coulter, CPA, Chief Financial Officer and Chief Administration Officer, will present the Draft Fiscal Year 2027 PRIM Operating Budget.

## IV. Legal/Legislative Update

### A. Results of PRIM Board Self-Evaluation

The Board self-evaluation process was administered by the law firm Foley Hoag, LLP, which received and tabulated the responses. The summary of responses will be presented by Kevin Conroy, Partner at Foley Hoag, and discussed at the Administration and Audit Committee meeting. The Administration and Audit Committee's conclusions and recommendations will be presented to the Board. Foley Hoag's presentation is attached as **Appendix E**.

### B. PRIM Board Governance Manual Review (Voting Item)

The PRIM Board's outside counsel, Foley Hoag, recommends that the Administration and Audit Committee recommend to the PRIM Board the changes to the PRIM Board's Governance Manual as redlined in **Appendix F**.

In accordance with the PRIM Board Governance Manual, it is required that the PRIM Board Governing Charters be reviewed every three years. The Governing Charters were last reviewed and amended in 2023. During the most recent PRIM Board self-evaluation, Foley Hoag solicited comments from PRIM Board members regarding the PRIM Board Governance Manual. The PRIM Board's outside counsel, Kevin Conroy, a Partner at Foley Hoag, will present the proposed changes to the PRIM Governance Manual to the Committee. Foley Hoag's presentation is attached as **Appendix G**.

### C. Legislative Update

The Committee will receive an update on legislative matters.

## V. Interim Meeting with PRIM Board Auditors

KPMG staff will discuss the PRIM and PRIT June 30, 2026, audit plan, and PRIM staff will update the Committee on the status of the December 31, 2025, Real Estate, Timberland, Portfolio Completion Strategies (PCS), and Other Credit Opportunities (OCO) audits. KPMG's Fiscal Year 2026 Audit Plan is attached as **Appendix H**.

### *Real Estate Audits and Engagements*

The PRIT Core Realty Holdings, LLC (PRIT Core Realty) financial statement audit is complete and has resulted in an unmodified opinion for the year ended December 31, 2025. This audit, which PRIM's real estate leverage program requires, encompasses the PRIT Fund's entire real estate asset sleeve,

including core and non-core properties, commingled fund investments, and real estate investment trust (REIT) securities.

To complete this audit by the required deadlines, other assurance engagements occur within PRIT’s real estate asset sleeve, including:

- Annual audits of PRIT Core Realty’s seven separate account real estate portfolios managed by AEW, CBRE, DivcoWest, INVESCO, LaSalle, Stockbridge, and PRIM. All of these audited financial statements were issued in March and April 2026 with unmodified opinions from KPMG for the year ended December 31, 2025.
- Three successive quarterly financial reporting packages in the form of Agreed-Upon Procedures engagements performed by KPMG. PRIM’s real estate leverage program requires these engagements.

*Timberland Portfolio Audits*

The PRIT Fund’s two timberland portfolios are managed by the Campbell Group and FIA. The annual audit of the Campbell Group timberland portfolio was issued in April 2026 with an unmodified opinion. The annual audit of the FIA timberland portfolio is expected to be issued in June 2026.

*PCS and OCO Audits*

Annual audits of the 21 managed account portfolios were all issued in April 2026 with unmodified opinions.

The annual audit of the PRIT Fund’s agricultural portfolio, managed by Prudential, for the year ended December 31, 2025, was issued in April 2026 with an unmodified opinion.

**VI. Issuance of a Request for Proposals (RFP) for Audit and/or Tax Services (Voting Item)**

PRIM staff is recommending that the Administration and Audit Committee make a recommendation to the PRIM Board for its approval to issue a Request for Proposals (RFP) for Audit and/or Tax Services. PRIM’s contracts with KPMG and Deloitte expire after the 2026 audits and on December 31, 2026, respectively.

**VII. Other Matters**

**A. March 2026 PRIM Operating Budget (Appendix I)**

**Global Equity**

Fee Type	Actual	Budget	Variance	Percent
Base Fees	61,226,527	60,629,250	(597,277)	-1%
Performance Fees	8,599,870	-	(8,599,870)	N/A
<b>Total:</b>	<b>69,826,397</b>	<b>60,629,250</b>	<b>(9,197,147)</b>	<b>-15%</b>

Base fees variance is within expectations. Performance fees variance is due to one manager who is earning a fee. Note, no performance fees are budgeted.

**Core Fixed Income**

Fee Type	Actual	Budget	Variance	Percent
Base Fees	8,569,582	8,250,750	(318,832)	-4%
Performance Fees	2,745,761	-	(2,745,761)	N/A
<b>Total:</b>	<b>11,315,343</b>	<b>8,250,750</b>	<b>(3,064,593)</b>	<b>-37%</b>

Base fees variance is within expectations. Performance fees variance is due to one manager who is earning a fee. Note, no performance fees are budgeted.

**Value Added Fixed Income**

Fee Type	Actual	Budget	Variance	Percent
Base Fees	35,199,473	41,393,182	6,193,709	15%
Performance Fees	466,588	-	(466,588)	N/A
	35,666,061	41,393,182	5,727,121	14%

Base fees variance is due to lower than projected assets. Performance fees variance is due to one manager who is earning a fee. Note, no performance fees are budgeted.

**Real Estate**

Fee Type	Actual	Budget	Variance	Percent
Base Fees	36,910,856	43,591,500	6,680,644	15%
Performance Fees	1,905,430	-	(1,905,430)	N/A
Total:	38,816,286	43,591,500	4,775,214	11%

Base fees variance is due to lower than projected assets. Performance fees variance is due to one manager who is earning a fee. Note, no performance fees are budgeted.

**Timberland**

Fee Type	Actual	Budget	Variance	Percent
Base Fees	6,860,314	8,325,000	1,464,686	18%

Base fees variance is due to lower than projected assets and timing of budgeted fee increases.

**Private Equity**

Fee Type	Actual	Budget	Variance	Percent
Base Fees	148,072,189	172,312,500	24,240,311	14%

Base fees variance is due to timing of activation of committed capital by managers.

**Portfolio Completion Strategies**

Fee Type	Actual	Budget	Variance	Percent
Base Fees	74,870,765	73,417,500	(1,453,265)	-2%

Base fees variance is within expectations.

**Overlay & Foreign Currency**

Fee Type	Actual	Budget	Variance	Percent
Transaction	882,811	915,000	32,189	4%

Base fees variance is within expectations.

**Investment Service Providers**

Fee Type	Actual	Budget	Variance	Percent
Operations and Contractual	17,192,040	20,293,750	3,101,710	15%

Variance is primarily due to lower than budgeted Public Markets, PCS and Risk Measurement service providers fees.

**Non-Investment Service Providers and Operations**

Fee Type	Actual	Budget	Variance	Percent
Operations and Contractual	20,072,618	23,897,500	3,824,882	16%

Variance is due primarily to lower compensation expense due to open positions.

**B. Travel Report**

A detailed report of expenses associated with travel (including travel for due diligence and fiduciary education/professional development) that have been reimbursed to employees since our prior report is attached as **Appendix J**.

**C. Client Services**

Currently 100 entities, including the State Retiree Benefits Trust Fund (SRBTF – the Commonwealth’s Other Post-Employment Benefits (OPEB) liability fund), invest in the PRIT Fund. PRIM serves as an investment manager for approximately 90% of all state and local retirement systems. PRIM clients are classified as “Participating Systems,” or “Purchasing Systems,” via our Segmentation Program. Segmentation allows systems to invest in individual asset classes, or “segments,” of the PRIT Fund as an alternative to investing in the aggregate Fund

**Client and Other Meetings**

The Client Services team continues to meet virtually and in person with many of PRIM’s member retirement systems. The Client Services team also meets with professional organizations and government entities interested in learning more about the State Retiree Benefits Trust Fund (SRBTF). The following is a list of completed and upcoming meetings since we updated the Administration and Audit Committee on February 12, 2026.

Date	Name of Retirement System/Entity
2/19/2026	Town of Sharon OPEB
2/24/2026	Town of Wellesley OPEB
2/25/2026	Melrose Retirement Board
2/25/2026	Danvers Retirement Board
3/2/2026	Burlington Retirement Board
3/3/2026	Town of Wayland OPEB
3/4/2026	Town of Lincoln OPEB
3/6/2026	Town of Tewksbury OPEB
3/12/2026	Town of Acton OPEB
3/12/2026	SRBTF Board
3/24/2026	Hingham Retirement Board
3/24/2026	Stoneham Retirement Board
3/24/2026	Winchester Retirement Board
3/25/2026	Salem Retirement Board
3/25/2026	Chicopee Retirement Board
3/26/2026	Arlington Retirement Board
3/31/2026	Clinton Retirement Board
4/2/2026	Berkshire County Retirement Board
4/7/2026	Town of Franklin OPEB
4/15/2026	Dedham Retirement Board
4/16/2026	Town of Wilmington OPEB
4/21/2026	Brookline Retirement Board
4/23/2026	Town of Northbridge OPEB
4/23/2026	Northbridge Retirement Board
4/27/2026	Town of Harvard OPEB
4/28/2026	Swampscott Retirement Board
4/29/2026	Winchester Retirement Board
4/29/2026	Everett Retirement Board
4/29/2026	Norfolk County Retirement Board
4/30/2026	Southbridge Retirement Board
4/30/2026	Webster Retirement Board
5/13/2026	Middlesex Regional Retirement Board

5/20/2026	Bristol County Retirement Board
5/26/2026	Hull Retirement Board
5/26/2026	Newton Retirement Board
5/26/2026	Easthampton Retirement Board
5/27/2026	Fall River Retirement Board
6/1-3/2026	MACRS
6/11/2026	SRBTF Board
6/17/2026	Wakefield Retirement Board
6/24/2026	Berkshire County Retirement Board
6/30/2026	Newburyport Retirement Board
7/28/2026	Gardner Retirement Board

**State Retiree Benefits Trust Fund (SRBTF) Update**

As of March 31, 2026, the total market value of the SRBTF assets was \$4.4 billion.

There are currently 85 governmental units, including MA Retirees, that invest in the SRBTF.

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## **Appendix A**

Minutes of the PRIM Administration and Audit Committee Meeting of February 12, 2026

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Minutes of the PRIM Administration and Audit Committee Remote Meeting  
Thursday, February 12, 2026

Committee members attending:

- Treasurer Deborah Goldberg, Acting Chair
- Patrick Brock
- Theresa McGoldrick, Esq.
- Dennis Naughton

Committee members not attending:

- Robert Brousseau, Chair
- Catherine D’Amato
- James Hearty

The PRIM Administration and Audit Committee meeting was called to order at 10:00 a.m. Treasurer Deborah Goldberg, acting as Chair, announced that the meeting was being held in accordance with Massachusetts General Laws Chapter 30A, section 20, as amended by Chapter 2 of the Acts of 2025, which permits remote participation by all Committee members via the use of adequate alternative means, such as audio or video conferencing, to ensure public access to the deliberations of the Committee. All members of the Committee who participated did so remotely via audio/video conferencing, and public access to the Committee's deliberations was provided by telephone. All documents referenced during the meeting were available for viewing on PRIM’s website ([www.mapension.com](http://www.mapension.com)). At the start of the meeting, the names of the members who were participating remotely were announced.

**I. Approval of the Minutes (Voting Item)**

The PRIM Administration and Audit Committee approved (unanimously) by roll call vote the minutes of its November 24, 2025, meeting.

**II. Executive Director / Chief Investment Officer Report**

**A. Markets and PRIT Fund Performance Summary**

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

Mr. Trotsky began by highlighting the December 31, 2025, results - the second quarter of fiscal year 2026. The financial markets remained strong through the end of the year and into 2026, and the PRIT Fund ended with another record balance of \$123.3 billion, surpassing the previous record of \$121.1 billion set last quarter. For the December quarter alone, the PRIT Fund returned 2.1% net of fees, and over the trailing 12 months, it returned 12.6% net, representing an investment gain of \$13.8 billion. PRIM is very proud of its 12.6% return, nearly twice the state’s actuarial rate of 7%.

Mr. Trotsky added that he was named to Markets 2026's list of Elite Institutional Chief Investment Officers. The designation honor is to those who “have excelled amid shifting macroeconomic conditions, geopolitical complexity [and] evolving risk frameworks...They continue to strengthen long-term resilience, elevate portfolio construction and governance standards, and steward capital with purpose and accountability.”

## PRIT Fund Update

Mr. Trotsky noted that PRIM's 12.6% net gain for calendar year 2025 was the third consecutive year of outstanding gains, following gains of 9% in 2024 and 11% in 2023. This represents an annualized 3-year rate of return of 11% and a 3-year total investment gain of \$34.6 billion. Over the last three-year period, US equities remained unusually strong, up nearly 23% annualized while international markets were weaker, but still up more than 17%. Mr. Trotsky then put things into perspective: A three-year streak with an annualized return of roughly 23% for US equities is exceptionally rare – it's a "Super Streak." Looking at calendar-year-end returns in the roughly 100-year history of the S&P 500, similar performance levels have occurred only a handful of times, typically during major technological shifts or recoveries from deep bear markets. A 23% annualized return means the market has nearly doubled in just 3 years, and finding a 3-year period with an average annual return above 23% is very difficult.

Mr. Trotsky then began explaining why a super streak is happening now. Analysts generally point out three factors for the current 23% run:

1. The AI Surge: A small group of "Mega-cap" tech stocks (like Nvidia, Google, and Microsoft) has seen unprecedented growth. The Magnificent 7 effect.
2. Resilient Earnings: Despite higher interest rates, corporate profits have remained at record highs.
3. The 2022 Post-Pandemic Bounce: Because 2022 was a bad year, the 2023 recovery started from a "lower" floor, which makes the percentage gains look more dramatic.

Mr. Trotsky then explained what typically happens next. History shows that these "Super Streaks" usually end in one of two ways – a "Mean Reversion" or a "Soft Landing" - and the incidence of each has not been a coin toss:

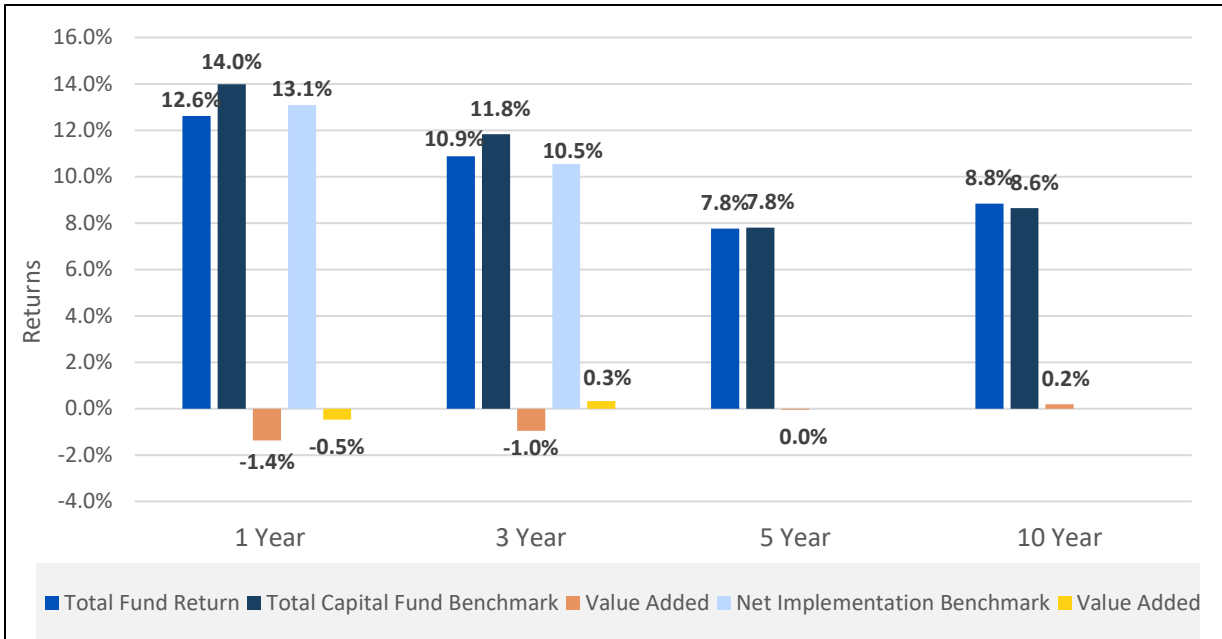
- Most of the time in the year after a "Super Streak," there is a "Mean Reversion". That is when the market takes a break. After a Super Streak, the market typically declines by double digits the following year.
- Only once following these historical Super Streaks has there been a "Soft Landing" when the market continued to rise after a super streak, but at a more modest pace.

Mr. Trotsky then stated that PRIM doesn't try to predict the future. That sentiment is one of PRIM's core investment beliefs. That wisdom is one of the very best guideposts of investing. PRIM's asset allocation recommendations, on today's agenda, do not rely on future predictions of returns. Instead, PRIM's internally developed process utilizes quantitative, statistical techniques to express the well-proven and Nobel-prize-winning economic science of portfolio construction through diversification. PRIM doesn't try to anticipate market returns or outcomes; it engineers a portfolio that remains resilient across all market environments. PRIM remains pleased and confident in the resilience of the PRIT Fund and in its performance across all time periods and across multiple market environments, in both up and down markets.

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

## Total PRIT Fund Returns

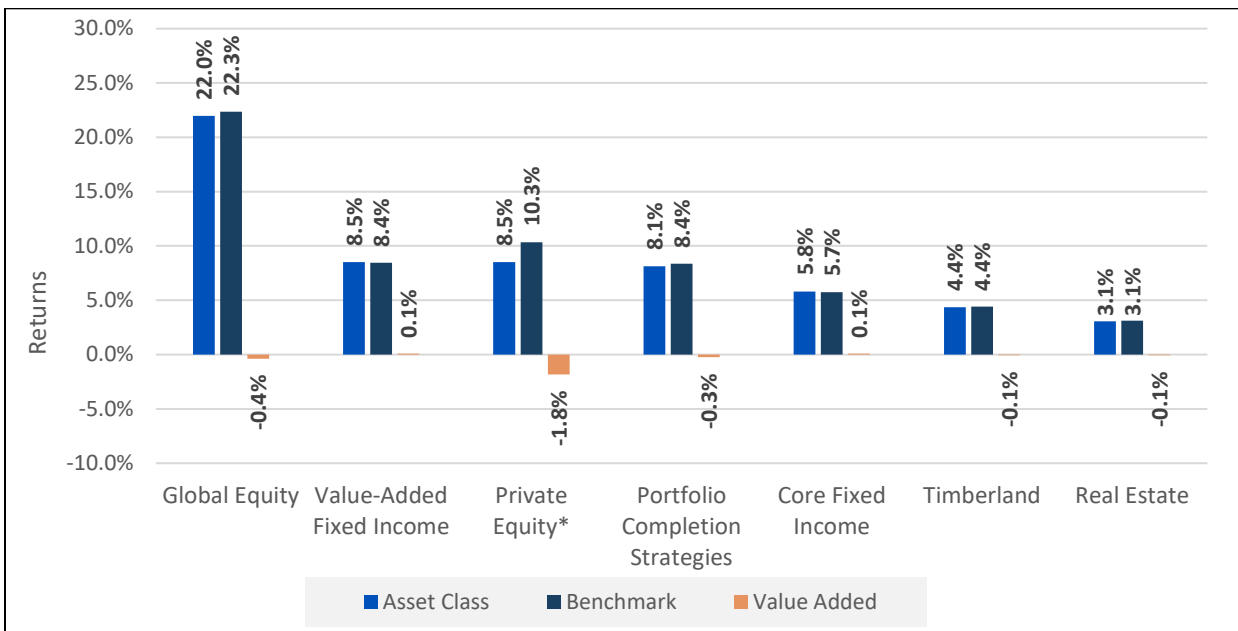
Annualized Returns as of December 31, 2025 (Net of Fees)



Source: BNY. Total Capital Fund Benchmark includes private equity benchmark; Net Implementation Benchmark includes short-term PE benchmark.

## PRIT Asset Class Performance Summary

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



Source: BNY. Totals may not add due to rounding. \*Benchmark is State Street PE Index.

## PRIT Fund Annualized Returns by Asset Class

(December 31, 2025 – Net of Fees)

GLOBAL EQUITY 22.0%	GLOBAL EQUITY 19.9%	PRIVATE EQUITY 13.8%	PRIVATE EQUITY 16.0%
VALUE-ADDED FIXED INCOME 8.5%	VALUE-ADDED FIXED INCOME 10.1%	GLOBAL EQUITY 10.9%	GLOBAL EQUITY 11.6%
PRIVATE EQUITY 8.5%	PORTFOLIO COMPLETION STRATEGIES 10.0%	TIMBER 7.5%	VALUE-ADDED FIXED INCOME 6.5%
PORTFOLIO COMPLETION STRATEGIES 8.1%	PRIVATE EQUITY 7.3%	PORTFOLIO COMPLETION STRATEGIES 7.2%	TIMBER 5.7%
CORE FIXED INCOME 5.8%	TIMBER 6.1%	VALUE-ADDED FIXED INCOME 6.8%	REAL ESTATE 5.7%
TIMBER 4.4%	CORE FIXED INCOME 3.0%	REAL ESTATE 5.0%	PORTFOLIO COMPLETION STRATEGIES 5.3%
REAL ESTATE 3.1%	REAL ESTATE (2.2%)	CORE FIXED INCOME (2.2%)	CORE FIXED INCOME 1.9%

Source: BNY.

### Market Update

Mr. Trotsky began his update by discussing the quarter ending December 31, 2025. U.S. equities were up 2.7%, while Developed International equities were up 5.2%, and Emerging Market equities were up 4.7%. Bonds were up 1.0% as yields fell slightly. The benchmark 10-year Treasury yield stood at 4.17% at the end of December and remained in that range. For the calendar year through December 31, the 12-month period, Domestic equities were up 17.8%, Developed International equities were up 31.7%, and Emerging Markets equities were up 33.4%. Mr. Trotsky noted that international equities outperformed US equities for the first time in many years. International returns were nearly twice the returns of the U.S. for the year. China was up 31% for the year, Germany up 36.1%, the UK up 35%, and Japan up 24.5%, while US equities were up 17.8%. US markets are up in the low single digits so far in 2026.

Mr. Trotsky added that U.S. GDP expanded at an annualized rate of 4.4% in the third quarter of 2025, modestly above the initial estimate of 4.3% and marking the strongest pace of growth since the third quarter of 2023. Growth was supported by resilient consumer spending, a rebound in external demand, and increased government outlays. The annual inflation rate (CPI) held steady at 2.7% year over year in December, in line with market expectations. The unemployment rate edged down to 4.4% in December. However, the number of Americans filing for unemployment benefits increased by 22,000 to 231,000 in the final week of January, well above market expectations and marking the highest weekly reading in nearly two months. There is uncertainty among economists and the Fed about the health of the labor market, and this warrants close monitoring. Employment directly affects consumer spending, which drives two-thirds of US GDP. The ISM Manufacturing PMI unexpectedly rose to 52.6 in January from 47.9 in December, well above the 48.5 forecast. The reading showed that economic activity in the manufacturing sector expanded in January for the first time in 12 months and at the highest level since 2022. The Fed left rates unchanged at its January meeting, following three consecutive rate cuts in 2025.

In other large economies, China's GDP expanded 4.5% year-over-year in Q4 2025, down from 4.8% in the prior quarter and marking the slowest pace of growth in three years. The deceleration reflected continued weakness in domestic demand. The unemployment rate held steady, and inflation remained subdued. The People's Bank left rates unchanged in January.

The Eurozone economy (GDP) expanded by 1.3% year-over-year in Q4 2025, according to a preliminary reading. This marks the slowest pace in a year but is easing only modestly. The unemployment rate there held steady at 6.2%. Inflation eased to 1.7%, and the European Central Bank also left rates unchanged at its recent meeting.

Japan's economy (GDP) contracted 0.6% quarter-over-quarter in Q3 2025, a sharper decline than expected on weak business investment. The unemployment rate held at 2.6% in, and the annual inflation rate eased to 2.1%. Japan's Central Bank also left rates unchanged.

Dennis Naughton asked for more granular information on the consumer spending and jobs data.

Mr. Trotsky offered to look more closely into the data and send the additional information separately.

## **B. Summary of 2026 Annual Plans**

PRIM's governance documents require the Executive Director to "approve divisional business plans, as appropriate." Mr. Trotsky invited members to review the annual plans and contact him directly with any input or feedback.

Mr. Trotsky explained that the 2026 Annual Plans are a continuation of the work underway at PRIM and highlighted the following initiatives.

PRIM's focus of the year across all asset classes is to identify new sources of alpha, while also continuing efforts to improve every aspect of the business. In public markets, we have an ambitious, well-thought-out plan to identify new sources of alpha for our Public Equities portfolio. In Private Equity, commitment pacing remains brisk, with a goal of identifying more than \$2.0 billion in new high-performing opportunities in 2026. The team will remain highly selective. In Real Estate, performance reversed, moving from a 3% loss in 2024 in the aftermath of the Pandemic to a 3% gain in 2025. This remains below PRIM's expectations and needs, so the team continues to drive performance improvements by pursuing high-quality investments and enhancing investment manager evaluation and sourcing. PRIM plans to exit and avoid underperforming real estate strategies and closely monitor existing managers' asset-level business plans. The PCS team has improved the performance of the Hedge Fund portfolio over the past few years. The team continues to identify attractive new investments in both Stable Value and Directional Funds. Risk remains embedded across asset classes, with ongoing monitoring and evaluation of credit risk, liquidity, and portfolio construction, with a keen focus on risk control and diversification across all asset classes. The Research team continues to work on methods to improve the asset allocation model. PRIM will assess the long-term effectiveness of its decisions to identify process improvements and new investment strategies. In Finance and Operations, the primary goal is to ensure that reporting and financial statements remain highly transparent, accurate, and complete. Work continues on the rollout of the new Solovis reporting platform, featuring new analytical tools. Legal and Communications prioritize transparency and documentation to ensure PRIM remains above reproach. PRIM is still responding to a

significant increase in public records requests. Legal is also continuing to support the Attorney General's office in their suit against Exxon Mobil, which has resulted in increased legal expenses and time.

In Stewardship, the team continues to execute its data-driven, Board-approved Stewardship Priorities while pursuing purposeful engagement with portfolio companies aligned with these priorities.

Across all functional groups, PRIM continues to explore the applications of Artificial Intelligence (AI). Several tools are currently being evaluated that show great promise. Enthusiasm for AI tools is very high across the organization, but PRIM plans to be very methodical when rolling out this technology. PRIM wants to innovate, adhere to best practices, and continuously seek efficiencies while working within the established budget. Cybersecurity is paramount in all aspects of PRIM. A policy and framework have been created to guide staff in the use of AI. Mr. Trotsky believes that the benefits of AI, if well implemented, will accrue most to organizations like PRIM with more limited resources.

### **III. Legal/Legislative Update**

E. Renee LeFevre, Chief Legal Officer, notified the Committee that she is working with PRIM's outside counsel, Foley Hoag, to conduct a Board Self-Evaluation Survey and to update the Board Governance Manual. Previously scheduled for late December, the survey will be administered at the start of March. The change in date is due to the comments made at the December 2025 Board Meeting. Ms. LeFevre reminded members to submit their evaluations promptly, as the evaluation results will be presented by Foley Hoag at the upcoming May 21, 2026, Board meeting. Treasurer Goldberg offered her assistance in ensuring all Board members respond to the survey.

Emily Kowtoniuk, Director of Policy and Legislative Affairs in Treasurer Goldberg's office, provided a legislative update, stating that the legislature is working on the 2027 budget and that she would keep the Committee informed of any legislation that would impact PRIM.

### **I. Other Matters:**

The Committee members briefly discussed the following topics:

- A. December 2025 PRIM budget
- B. Travel Report
- C. Client Service

#### *List of documents and exhibits used during the meeting:*

- Minutes of the PRIM Administration and Audit Committee Meeting of November 24, 2025
- PRIT Fund Performance Presentation (December 31, 2025)
- PRIT Fund Performance Report (December 31, 2025)
- 2026 PRIM Staff Annual Plans
- December 2025 PRIM Operating Budget
- Travel Report



## **Appendix B**

PRIT Fund Performance Presentation (March 31, 2026)

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# PRIT FUND REVIEW

Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer

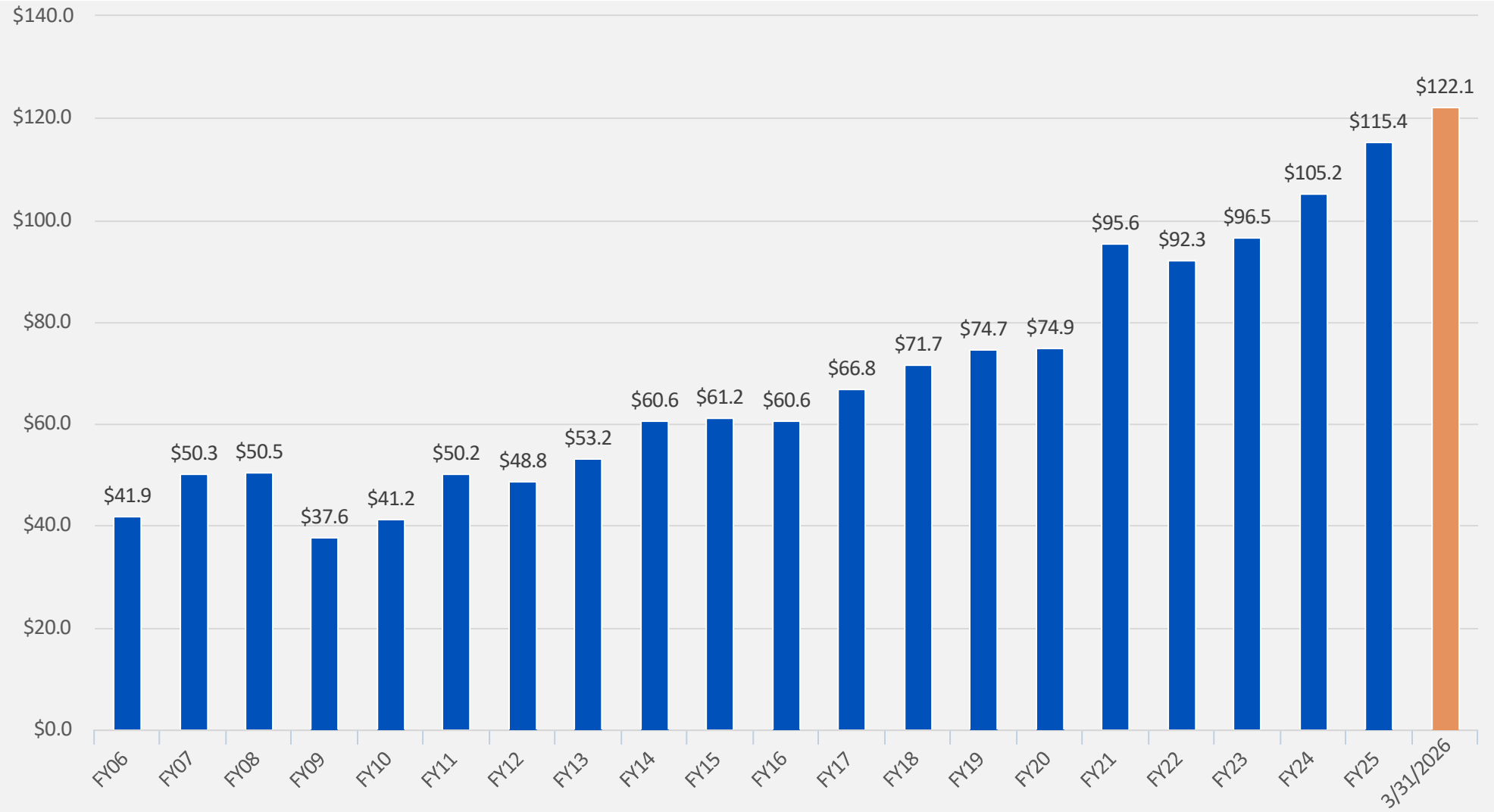
May 7, 2026

**Deborah B. Goldberg**, Treasurer and Receiver General, Chair  
**Michael G. Trotsky**, CFA, Executive Director and Chief Investment Officer

All figures as of March 31, 2026 unless otherwise noted

# Total PRIT Fund Fiscal Year Market Value

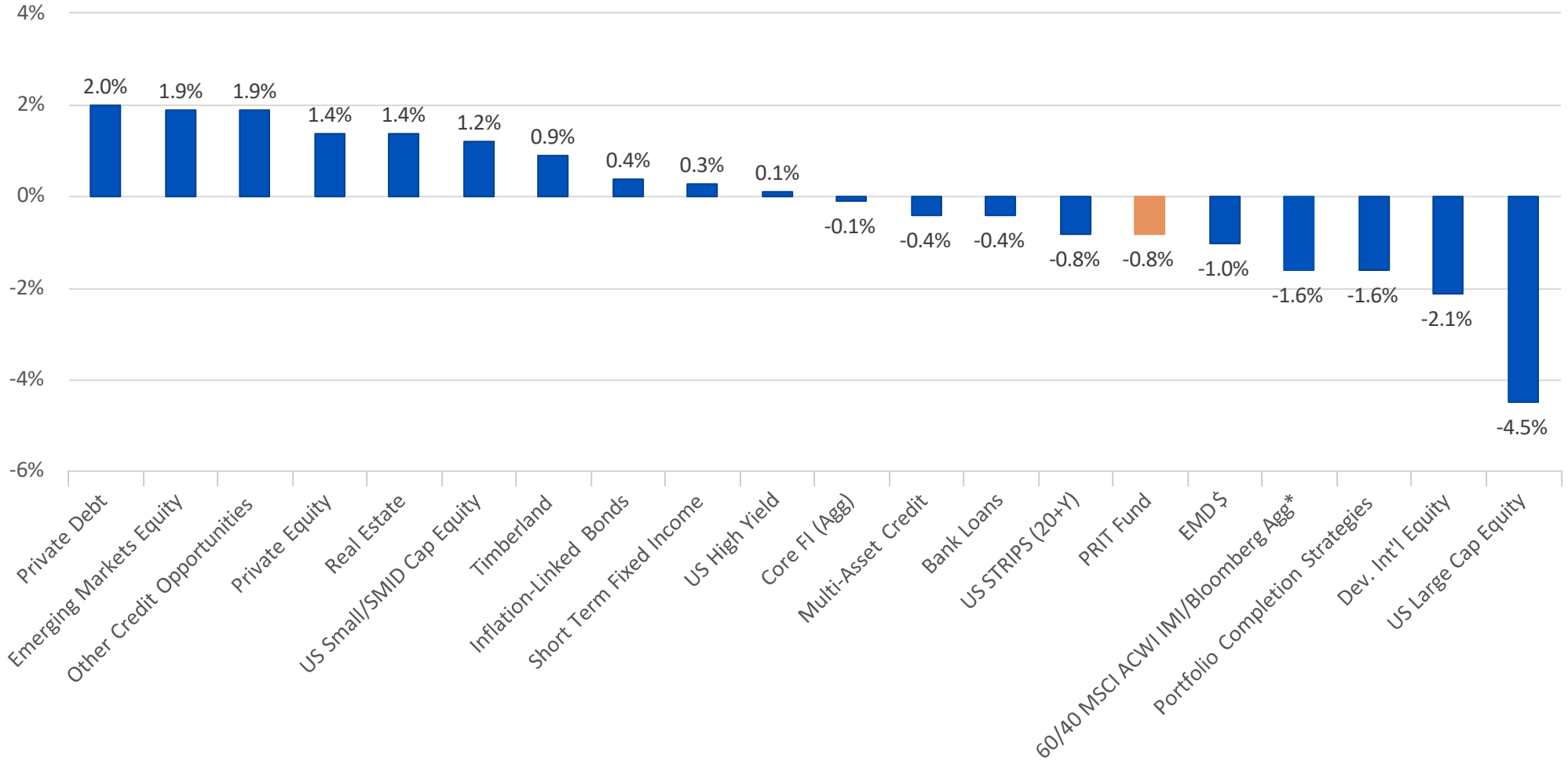
Value (\$Billions)



Source: BNY. As of March 31, 2026

# PRIT Performance By Strategy - First Quarter 2026

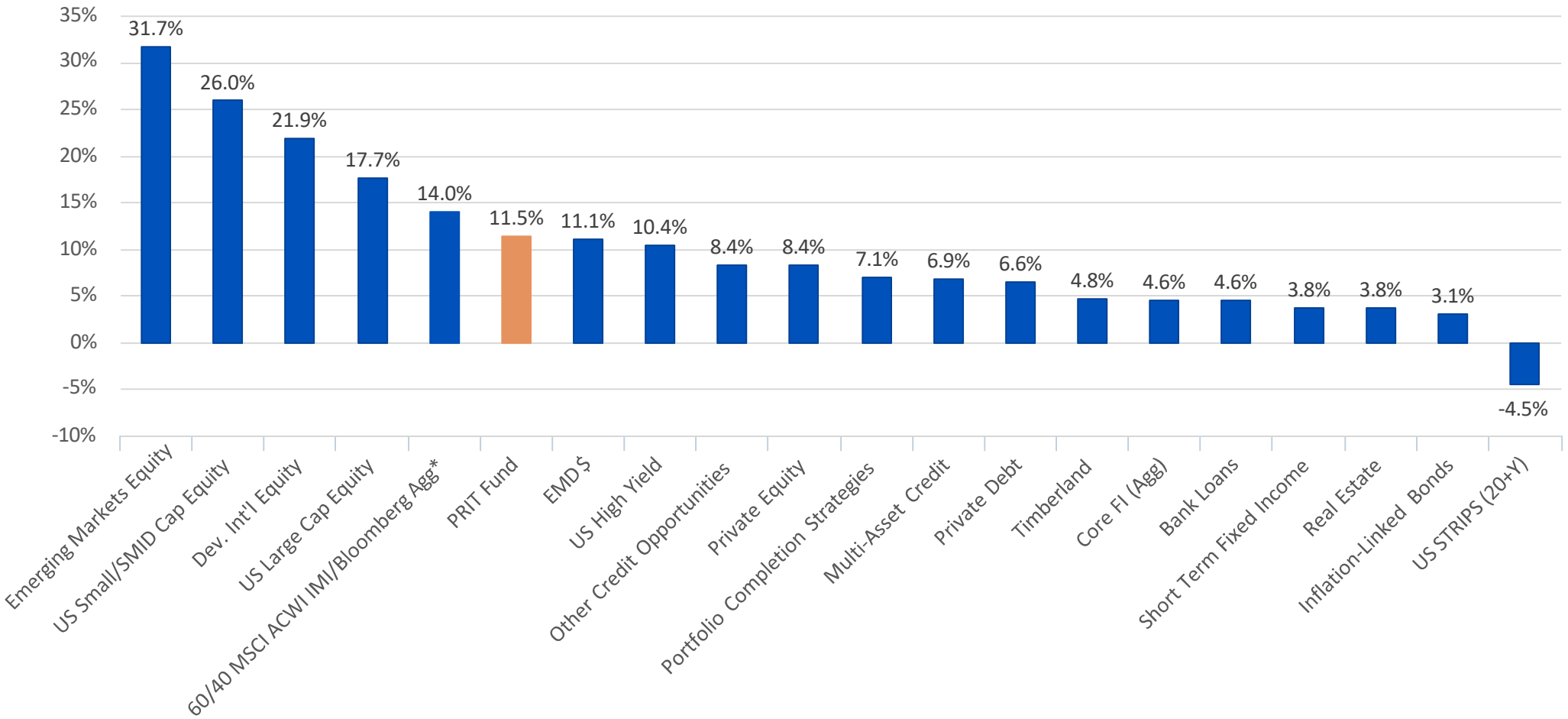
Quarter Ended March 31, 2026 (Net of Fees)



Source: BNY, Solovis. All performance figures reflected are PRIT Fund Asset Class returns. \*MSCI ACWI/Bloomberg Aggregate is derived from a 60/40 combination of index returns.

# PRIT Performance By Strategy - One Year

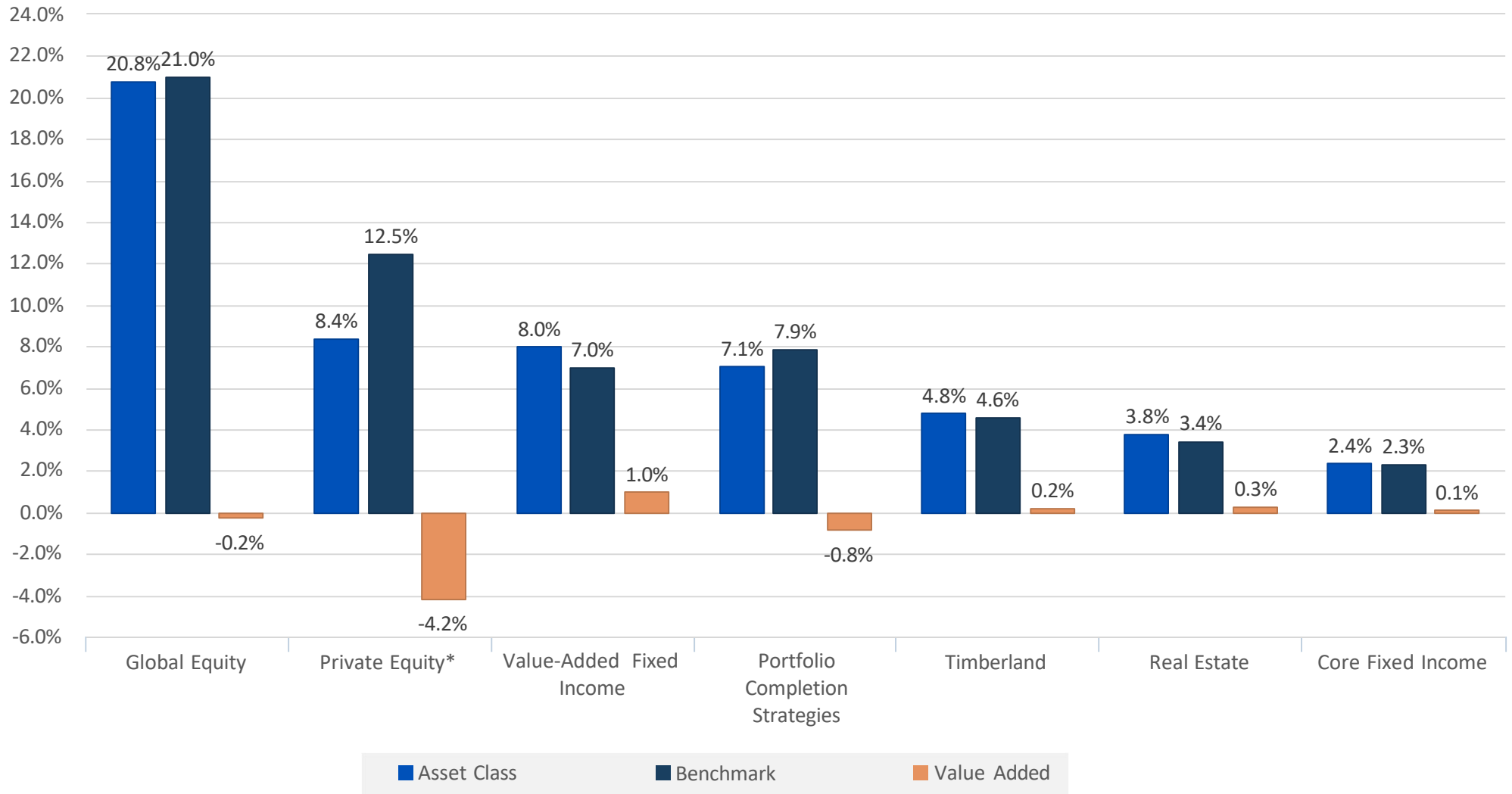
One-Year Ended March 31, 2026 (Net of Fees)



Source: BNY, Solovis. All performance figures reflected are PRIT Fund Asset Class returns. \*MSCI ACWI/Bloomberg Aggregate is derived from a 60/40 combination of index returns.

# PRIT Asset Class Performance Summary

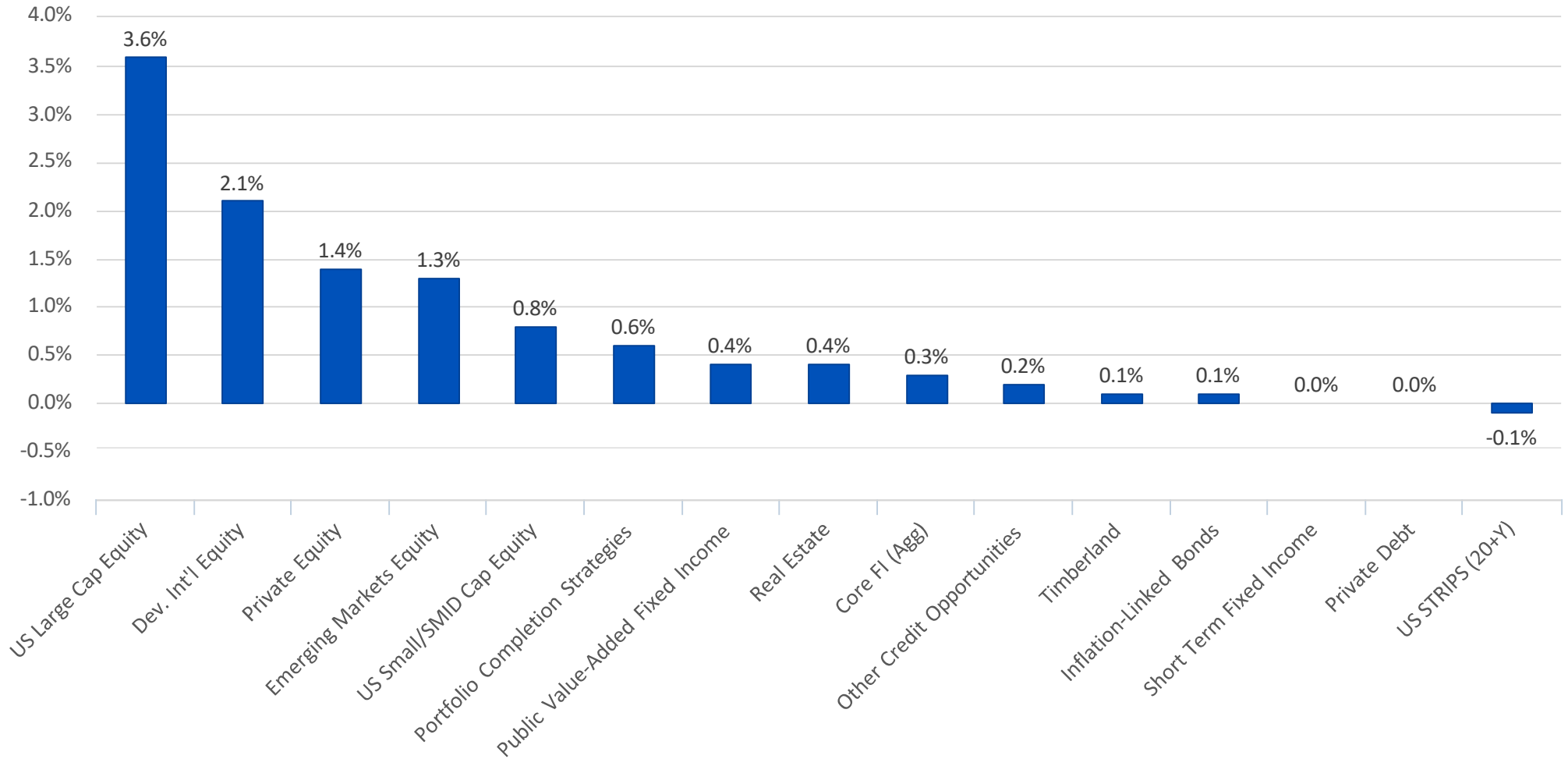
One-Year Ended March 31, 2026 (Net of Fees)



Source: BNY. Totals may not add due to rounding. \*Benchmark is State Street PE Index.

# PRIT Fund Contribution to Return By Strategy

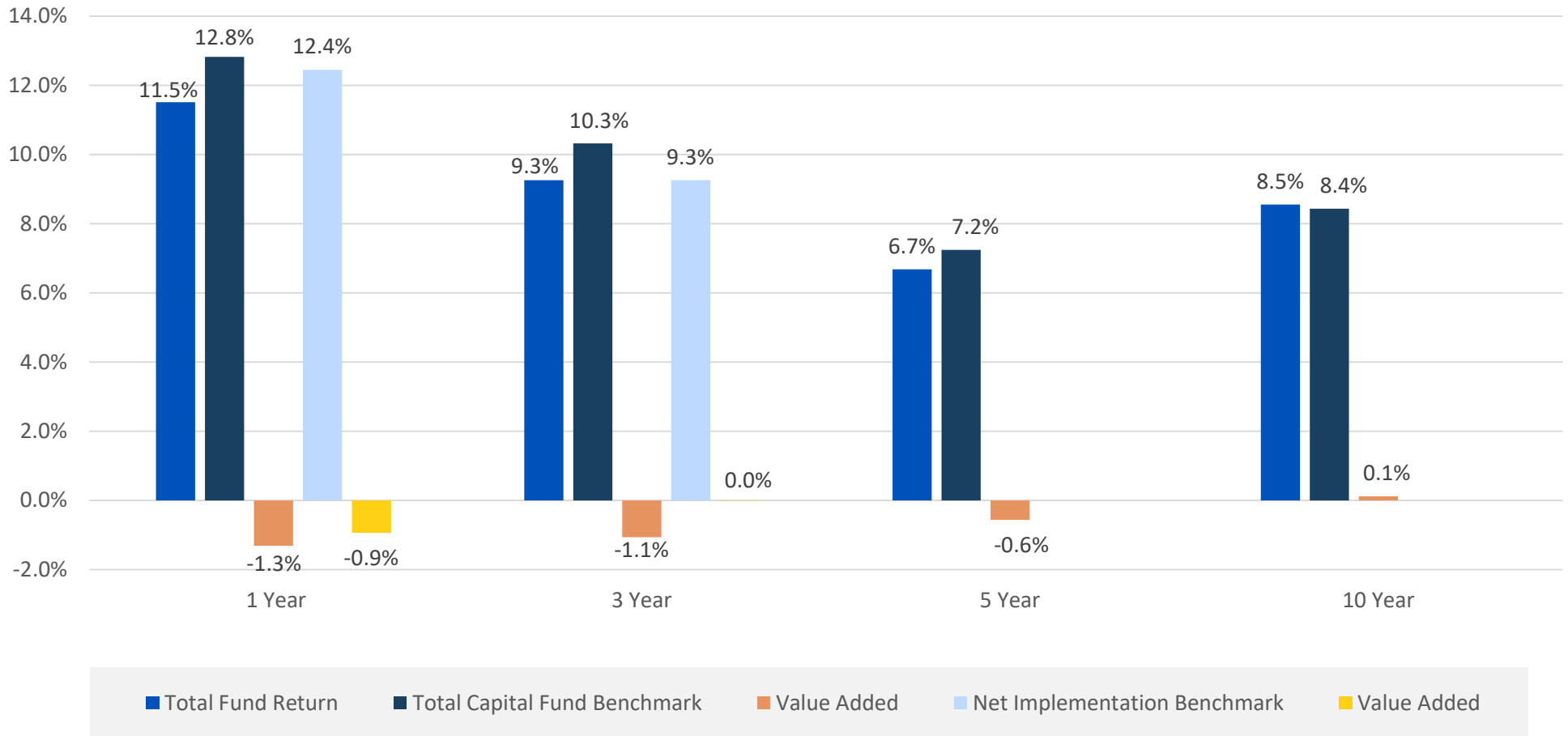
One-Year Ended March 31, 2026 (Net of Fees)



Source: Solovis. Totals may not add due to rounding.

# PRIT Fund Total Returns

Annualized Returns as of March 31, 2026 (Net of Fees)



Source: BNY. Totals may not add due to rounding. Total Capital Fund Benchmark includes private equity benchmark.

# PRIT Fund Annualized Returns by Asset Class

As of March 31, 2026 (Net of Fees)

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 20.8%	GLOBAL EQUITY 16.1%	PRIVATE EQUITY 11.0%	PRIVATE EQUITY 15.7%
PRIVATE EQUITY 8.4%	VALUE-ADDED FIXED INCOME 9.2%	GLOBAL EQUITY 9.1%	GLOBAL EQUITY 11.3%
VALUE-ADDED FIXED INCOME 8.0%	PORTFOLIO COMPLETION STRATEGIES 8.9%	TIMBER 7.5%	VALUE-ADDED FIXED INCOME 6.2%
PORTFOLIO COMPLETION STRATEGIES 7.1%	PRIVATE EQUITY 7.6%	VALUE-ADDED FIXED INCOME 6.5%	TIMBER 5.7%
TIMBER 4.8%	TIMBER 6.3%	PORTFOLIO COMPLETION STRATEGIES 5.9%	REAL ESTATE 5.5%
REAL ESTATE 3.8%	CORE FIXED INCOME 1.6%	REAL ESTATE 4.5%	PORTFOLIO COMPLETION STRATEGIES 5.4%
CORE FIXED INCOME 2.4%	REAL ESTATE (1.2%)	CORE FIXED INCOME (1.1%)	CORE FIXED INCOME 1.3%

Source: BNY.



# RISK REVIEW

Mass  
PRIM

AS OF MARCH 31, 2026

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# **EQUITY RISK**

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# Equity Risk Exposure

## Beta (risk) Adjusted Weights – Total Fund

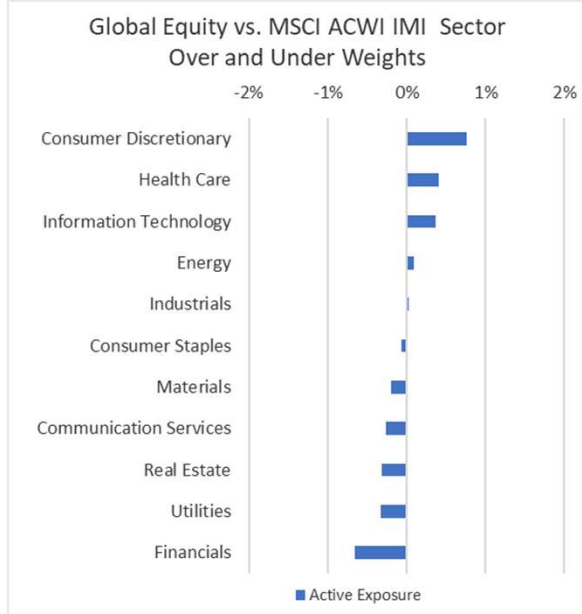
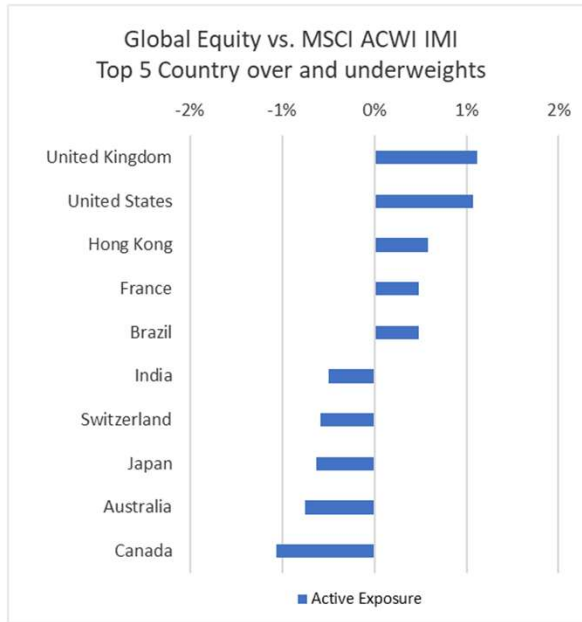
### Equity Exposure – Beta (risk) adjusted weight

Asset Class Name	Equity exposure		
	3/31/26 Actual Weight (%)	Beta (risk) estimate*	Beta adjusted (%)
GLOBAL EQUITY	38.5%	1.00	38.5%
PRIVATE EQUITY	16.0%	1.10	17.4%
PRIVATE REAL ESTATE	7.6%	0.67	5.1%
REITS	1.2%	0.67	0.8%
DIRECTIONAL HEDGE FUNDS	3.0%	0.50	1.5%
PRIVATE DEBT (Equity Portion)	0.3%	1.00	0.3%
OVERLAY	0.6%	0.45	0.3%
<b>TOTAL CAPITAL FUND</b>	<b>67.5%</b>		<b>64.4%</b>

\* Beta (risk) is an estimated risk measure. It is different from a returns-based beta or experience beta.

# Summary Exposures

## Global Equity vs. MSCI ACWI IMI as of 3/31/26



### FactSet Risk Statistics

Portfolio	Active Risk (Predicted Tracking Error)	Factset (Predicted Beta)	Size Active Exposure	Value (bp,dp,ep) Active Exposure	Growth Active Exposure	Benchmark
GLOBAL EQUITY	0.53%	0.99	-0.09	0.03	-0.02	ACWI IMI

Source: FactSet

### Market Values and Weights by Asset Class

Sub-Asset Class	Total Market Value (\$000)	% of Global Equity	% ACWI IMI
DOMESTIC EQUITY	\$29,362,113	62.30%	61.98%
INTERNATIONAL EQUITY	\$12,172,646	25.83%	26.38%
EMERGING MARKETS	\$5,596,670	11.87%	11.64%
Global Equity	\$47,131,429	100.0%	100.0%

Source: BNY for Market Values, MSCI for ACWI weights

- Modest tracking error (53 bp)
- Tight risk exposures (beta and style); smaller capitalization
- Modest Country and Sector Bets (+/- 2.0%)
- Region weights managed to be in line with ACWI IMI
- Managers focus on security selection

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# **INTEREST RATE AND CREDIT RISK**

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# Interest Rate Risk

## Core and Value-Added Fixed Income as of 3/31/26

	PRIT Fund Exposure		Asset Class Weights		Interest Rate Risk		
	Market Value (\$'000)	Weight in PRIT Fund	Weight in Asset Class	Benchmark Weight	Portfolio Effective Duration	Benchmark Effective Duration	Relative Effective Duration
<b>Core Fixed Income</b>							
Total Investment Grade	\$8,966,166	7.35%	46.4%	46.7%	6.10	5.82	0.27
STRIPS	\$3,819,623	3.13%	19.8%	20.0%	24.38	24.38	-0.01
1-3 Yr	\$1,292,789	1.06%	6.7%	6.7%	1.88	1.88	0.00
ILBs	\$1,312,066	1.07%	6.8%	6.7%	8.48	8.31	0.17
TIPS	\$3,942,254	3.23%	20.4%	20.0%	6.41	6.41	0.00
<b>Total Core FI</b>	<b>\$19,332,898</b>	<b>15.84%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>9.65</b>	<b>9.51</b>	<b>0.14</b>
<b>Public Value added FI</b>							
Total High Yield	\$1,368,568	1.12%	21.6%	40.0%	3.04	3.09	-0.05
Total Bank Loans	\$1,353,675	1.11%	21.3%	40.0%	0.36	0.26	0.10
Total MAC (Multi-Asset Credit)	\$2,369,682	1.94%	37.3%	0.0%	1.62	1.89	-0.27
Total EM Debt	\$1,257,378	1.03%	19.8%	20.0%	6.43	6.17	0.25
<b>Total Public Value added FI</b>	<b>\$6,349,303</b>	<b>5.20%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.61</b>	<b>2.65</b>	<b>-0.04</b>
<b>Total Other Credit Opps</b>	<b>\$3,085,915</b>	<b>2.53%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.52</b>	<b>1.89</b>	<b>-1.37</b>
<b>Total Private Debt</b>	<b>\$546,101</b>	<b>0.45%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.62</b>	<b>2.62</b>	<b>0.00</b>

- Sub-asset class weights are managed to be in line with the benchmark in terms of asset allocation
- Interest rate risk is slightly higher than the benchmark in Core Fixed Income
- Interest rate risk is slightly less than the benchmark in Public Value-Added Fixed Income

Note: Source BNY for MVs. Total Public Value Added Benchmark is 40% High Yield, 40% Bank Loans and 20% EM Debt. MAC and OCO benchmarks are 50% High Yield/50% Bank Loans. Analysis excludes the Core FI FUTURE Initiative and liquidating portfolios. OCO is one quarter lagged (as of 12/31/25). OCO target return is 9-12%. OCO Yield to Worst is the triangulation of Current Yield, Gross Expected IRR, YTM or Weighted Avg Spread + SOFR depending on data availability. One of the Investment grade managers has a different methodology for spread duration and treats off-the-run Treasuries as "spread" product. Private Debt and its benchmark are proxied using a multiple of the ICE CCC or Lower HY Index

# Credit Risk

## Core and Value-Added Fixed Income as of 3/31/26

### Credit Risk

	PRIT Fund Exposure		Asset Class Weights		Portfolio				Benchmark				Relative High Yield Equivalents
	Market Value (\$000)	Weight in PRIT Fund	Weight in Asset Class	Weight in Benchmark	Yield to Worst	Option adjusted Spread	Spread Duration	High Yield Equivalents	Yield to Worst	Option adjusted Spread	Spread Duration	High Yield Equivalents	
<b>Core Fixed Income</b>													
Total Investment Grade	\$8,966,166	7.35%	46.4%	46.7%	4.96%	59	4.48	0.27	4.57%	34	3.93	0.13	0.13
STRIPS	\$3,819,623	3.13%	19.8%	20.0%	5.10%	-3	0.00	0.00	5.10%	-3	0.00	0.00	0.00
1-3 Yr	\$1,292,789	1.06%	6.7%	6.7%	3.82%	-1	0.00	0.00	3.82%	-1	0.00	0.00	0.00
ILBs	\$1,312,066	1.07%	6.8%	6.7%	4.18%	13	1.71	0.02	4.10%	6	1.40	0.00	0.02
TIPS	\$3,942,254	3.23%	20.4%	20.0%	4.09%	-4	0.00	0.00	4.09%	-4	0.00	0.00	0.00
<b>Total Core FI</b>	<b>\$19,332,898</b>	<b>15.84%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.68%</b>	<b>27</b>	<b>2.19</b>	<b>0.12</b>	<b>4.50%</b>	<b>15</b>	<b>1.92</b>	<b>0.06</b>	<b>0.06</b>
<b>Public Value added FI</b>													
Total High Yield	\$1,368,568	1.12%	21.6%	40.0%	6.43%	220	3.68	0.81	7.44%	327	3.02	0.99	-0.18
Total Bank Loans	\$1,353,675	1.11%	21.3%	40.0%	8.07%	452	2.84	1.30	8.55%	537	2.36	1.27	0.02
Total MAC (Multi-Asset Credit)	\$2,369,682	1.94%	37.3%	0.0%	8.56%	508	3.41	1.74	7.91%	393	3.21	1.26	0.48
Total EM Debt	\$1,257,378	1.03%	19.8%	20.0%	8.23%	263	6.11	1.61	6.80%	206	6.19	1.28	0.33
<b>Total Public Value added FI</b>	<b>\$6,349,303</b>	<b>5.20%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7.93%</b>	<b>386</b>	<b>3.88</b>	<b>1.42</b>	<b>7.72%</b>	<b>372</b>	<b>3.58</b>	<b>1.21</b>	<b>0.21</b>
<b>Total Other Credit Opps</b>	<b>\$3,085,915</b>	<b>2.53%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>11.29%</b>	<b>853</b>	<b>3.37</b>	<b>3.68</b>	<b>7.91%</b>	<b>393</b>	<b>3.21</b>	<b>1.26</b>	<b>2.41</b>
<b>Total Private Debt</b>	<b>\$546,101</b>	<b>0.45%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>18.80%</b>	<b>1491</b>	<b>2.62</b>	<b>3.93</b>	<b>18.80%</b>	<b>1491</b>	<b>2.62</b>	<b>3.93</b>	<b>0.00</b>

- Credit risk is modestly higher than the benchmark for Core and Public Value-Added Fixed Income
- Other Credit Opportunities and Private Debt are more opportunistic and have much higher credit risk.

Note: Source BNY for MVs. Total Public Value-Added Benchmark is 40% High Yield, 40% Bank Loans and 20% EM Debt. MAC and OCO benchmarks are 50% High Yield/50% Bank Loans. Analysis excludes the Core FI FUTURE Initiative and liquidating portfolios. OCO is one quarter lagged (as of 12/31/25). OCO target return is 9-12%. OCO Yield to Worst is the triangulation of Current Yield, Gross Expected IRR, YTM or Weighted Avg Spread + SOFR depending on data availability. One of the Investment grade managers has a different methodology for spread duration and treats off-the-run Treasuries as "spread" product. Private Debt and its benchmark are proxied using a multiple of the ICE CCC or Lower HY Index

# Fixed Income

## Glossary of Terms

### Interest rate risk

- Effective duration is a measure of interest rate risk
- Effective duration \* change in interest rates = percentage change in price
- If interest rates rise 1% and the effective duration is 5 years, the percentage changes in price will be -5%

### Credit risk

- "High Yield Equivalents" is a measure of credit risk that incorporates duration and credit spread. It is normalized relative to the high yield benchmark.

$$\text{High yield equivalents} = \frac{\text{Duration}_{\text{portfolio}} * \text{Spread}_{\text{portfolio}}}{\text{Duration}_{\text{HY Index}} * \text{Spread}_{\text{HY Index}}}$$

- If high yield spreads widen by 100bps (1%) and you assume a HY benchmark duration of 3 yrs, the percentage price change of 1 High yield equivalent will be -3%



## **Appendix D**

Draft Fiscal Year 2027 Operating Budget

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# Pension Reserves Investment Management Board

DRAFT FISCAL YEAR 2027 OPERATING BUDGET

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# BUDGET DISCUSSION

The Pension Reserves Investment Management (PRIM) Board's Fiscal Year 2027 (FY2027) Operating Budget reflects the investment management, advisory, and operational costs necessary to implement, measure, and monitor the projected \$129 billion in investments of the Pension Reserves Investment Trust (PRIT) Fund.

PRIM believes that any investment must be evaluated on three equally important parameters: return, risk and cost. One of PRIM's core beliefs is that a basis point of cost reduction is more valuable than a basis point of return, as PRIM can count on yearly cost savings, but no one knows what the markets will deliver. In 2013 PRIM launched Project SAVE, a firm-wide effort to continually reduce costs while enhancing value. More than a decade later, Project SAVE and the continuous focus on lowering costs and improving organizational efficiencies remain firmly a part of PRIM's DNA.

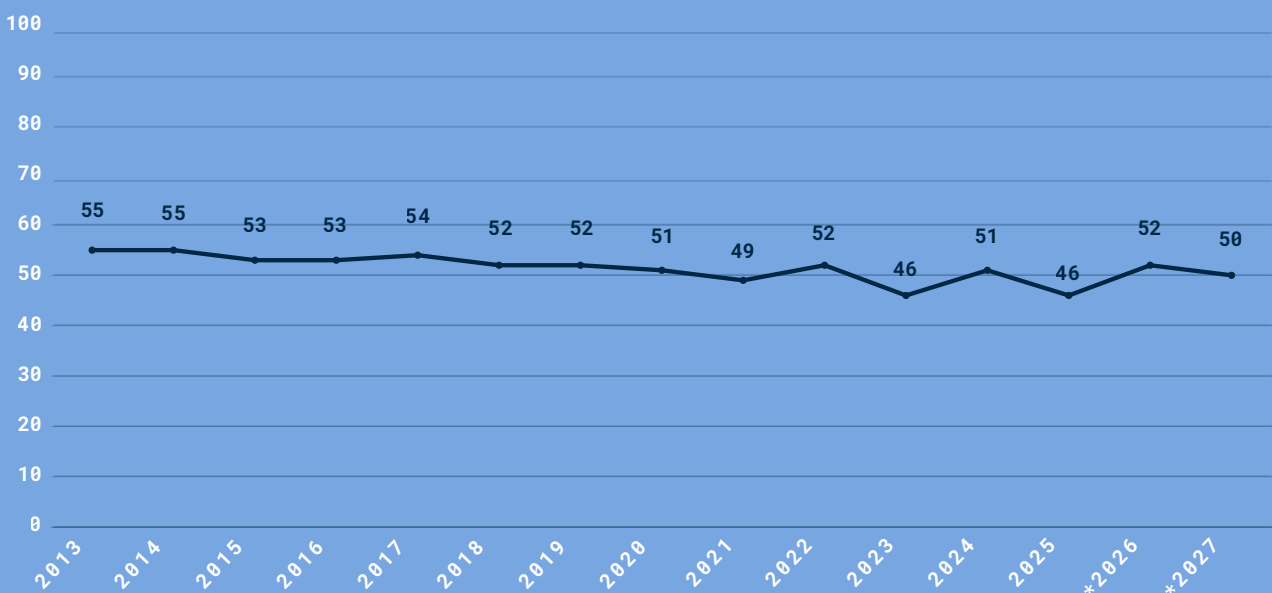
## Budget Highlights

The projected FY2027 budget of \$645.9 million is 50.0 basis points (bps) of projected average PRIT Fund assets (\$129 billion). The expense ratio has remained steady, even while consistently growing the investment program and PRIM's internal resources to pursue several innovative, industry-leading key initiatives (Chart 1).

The FY2027 budget includes an increase of \$42.3 million, or 7.0%, from the prior year due primarily to a projected growth in assets (\$129 billion compared to \$116 billion of budgeted assets). As is our custom, budgeted expenses for FY2027 are conservative and foresee continued asset growth. Actual expenses incurred may vary because most expenses are a function of asset levels and investment performance is not predictable.

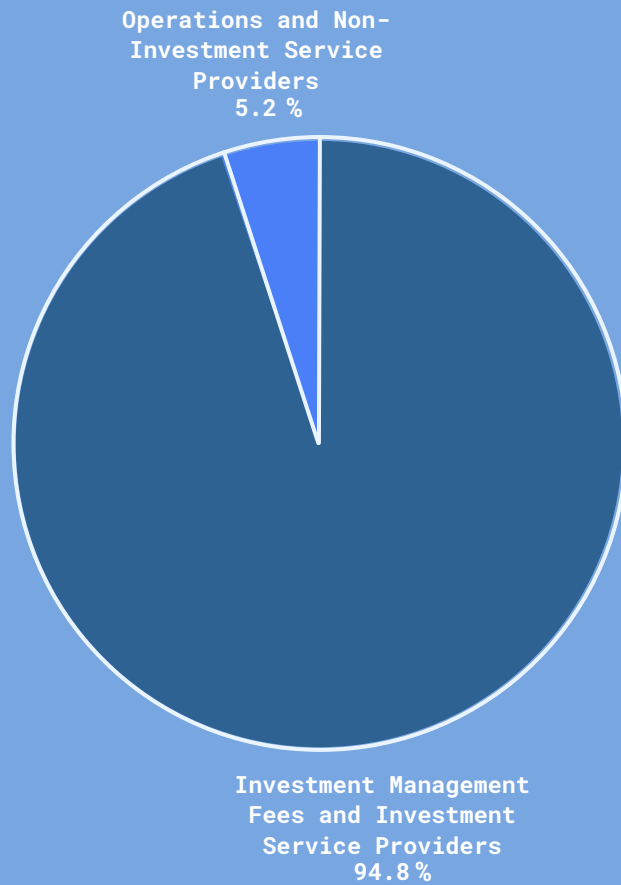
CHART 1

## Total PRIT Fund - Ratio of Expenses in Basis Points



\*Estimate based on preliminary/budgeted data.

## Fiscal Year 2027 Investment and Operations Budget



Investment Management Fees and Investment Service Providers Fees comprise \$612.3 million, or 94.8%, of the projected total budget. Operations and Non-Investment Service Providers Fees comprise \$33.6 million, or 5.2%, of the total budget (Chart 2).

Investment Management Fees increased by \$39.7 million, or 7.3%, based on the projected growth in assets (\$129 billion vs \$116 billion in fiscal year 2026).

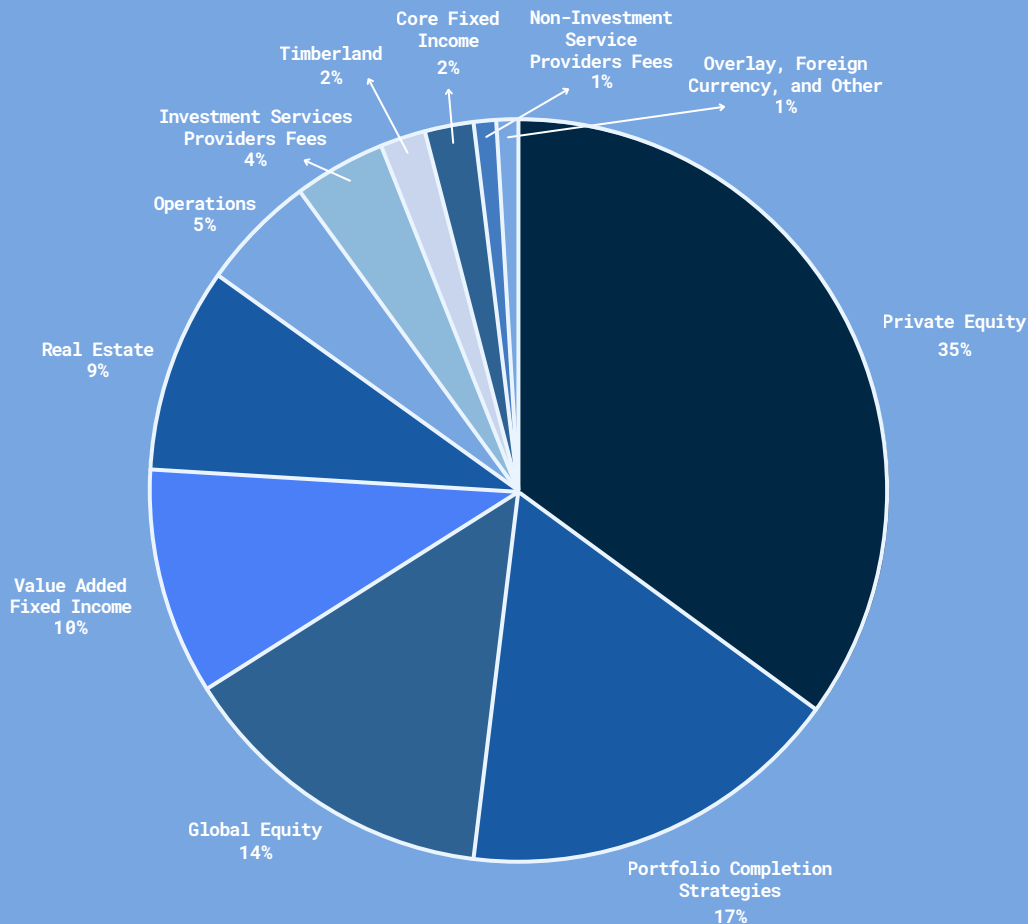
Projected costs for Investment Service Providers Fees increased by \$0.8 million, or 2.9%, mainly due to higher budgeted assets within managed account platforms, which provide for better control and transparency. Operations and Non-Investment Service Providers Fees increase by \$1.9 million, or 5.8%, due primarily to projected organizational growth.

The PRIT Fund's current target asset allocation ranges, approved in February 2026, are depicted in the table below. There were no changes for FY2027. The allocation of fees in Chart 3 reflect these asset allocation ranges.

Asset Class	Range
Global Equity	31 - 41%
Core Fixed Income	12 - 18%
Value Added Fixed Income	6 - 12%
Private Equity	13 - 19%
Real Estate	7 - 13%
Timberland	1 - 7%
Portfolio Completion Strategies	7 - 13%

CHART 3

### Fiscal Year 2027 Operating Budget Allocation



# PENSION RESERVES INVESTMENT MANAGEMENT BOARD

(AMOUNTS IN THOUSANDS)

<b>Investment Expenses</b>	<b>FY27 (BPS)#</b>	<b>FY26 (BPS)#</b>	<b>FY2027</b>	<b>FY2026</b>
<b>Investment Management Fees ^</b>				
Global Equities	18.2	17.8	95,896	80,839
Core Fixed Income	7.1	6.2	13,740	11,001
Value Added Fixed Income	63.4	62.9	65,660	55,070
Real Estate	53.2	56.0	58,355	58,122
Timberland	31.3	34.4	10,200	11,100
Private Equity	114.2	120.1	228,350	229,750
Portfolio Completion Strategies (PCS)	97.7	98.5	111,050	97,890
Overlay, Foreign Currency, and Other	12.5	12.0	1,465	1,220
<b>Total Investment Management Fees</b>	<b>45.2</b>	<b>47.1</b>	<b>584,716</b>	<b>544,992</b>
<b>Investment Service Providers Fees</b>				
Custody	0.1	0.1	935	935
General	0.2	0.2	3,031	2,731
Real Estate & Timberland	2.0	1.9	2,800	2,650
Public Markets	0.4	0.4	3,400	3,200
Private Equity	1.3	1.4	2,600	2,600
Portfolio Completion Strategies	9.6	10.5	10,950	10,450
Research	0.0	0.1	500	600
Audit & Tax	0.0	0.0	477	459
Risk Measurement and Analytics	0.2	0.3	2,900	3,200
<b>Total Investment Service Providers Fees</b>	<b>2.1</b>	<b>2.3</b>	<b>27,593</b>	<b>26,825</b>
<b>Total Investment Expenses</b>	<b>47.4</b>	<b>49.4</b>	<b>612,309</b>	<b>571,817</b>

## Non-Investment Expenses

	FY27 (BPS)#	FY26 (BPS)#	FY2027	FY2026
<b>Operations Expenses</b>				
Compensation & Employee Benefits	2.0	2.1	26,150	24,500
Occupancy	0.2	0.2	2,350	2,275
Insurance	0.0	0.0	540	490
General Office Expenses	0.0	0.0	510	460
Technology Expenses	0.1	0.1	1,230	1,230
Travel, Prof. Develop, Dues & Subscriptions	0.0	0.1	640	590
Client Service	0.0	0.0	55	55
PRIM Board Elections	0.0	0.0	-	250
<b>Total Operations Expenses</b>	<b>2.4</b>	<b>2.6</b>	<b>31,475</b>	<b>29,850</b>

## Non-Investment Service Providers Fees

General	0.1	0.1	1,370	1,145
Audit & Tax-PRIM	0.0	0.0	120	115
Legal	0.0	0.1	600	600
Governance	0.0	0.0	70	70
<b>Total Non-Investment Service Providers Fees</b>	<b>0.2</b>	<b>0.2</b>	<b>2,160</b>	<b>1,930</b>
<b>Total Non-Investment Expenses</b>	<b>2.6</b>	<b>2.7</b>	<b>33,635</b>	<b>31,780</b>

	FY27 (BPS)#	FY26 (BPS)#	FY2027	FY2026
<b>Total Operating Budget</b>	<b>50.0</b>	<b>52.2</b>	<b>645,944</b>	<b>603,597</b>

# Basis points (bps) for Investment Management Fees are calculated by dividing the budgeted fees by the estimated assets under management (AUM) for each asset class. Basis points for Service Providers for Real Estate & Timberland, Public Markets, Private Equity, and PCS are also calculated based upon each asset classes estimated AUM. For all other expenses, the bps are calculated based upon the total PRIT Fund AUM, which is estimated to be \$129 billion and \$116 billion for FY27 and FY26 respectively.

^ No investment performance, incentive, or carried interest fees are budgeted.

# INVESTMENT MANAGEMENT FEES

## GLOBAL EQUITIES

(AMOUNTS IN THOUSANDS)

### Domestic Equity

	FY 2027	FY 2026
State Street (MSCI USA Index)	950	915
Rhumblin (MSCI USA Index)	250	213
State Street (MSCI USA Small Cap Index)	100	146
Frontier	3,200	3,218
Riverbridge	-	1,716
Summit Creek	2,700	4,111
Acadian	800	677
Lord Abbett	2,000	2,223
Driehaus	3,500	2,722
Rhumblin (EIA Index)	800	871
Enhanced Domestic Equity-Potential New Managers	2,500	-
<b>Total</b>	<b>16,800</b>	<b>16,812</b>

### International Equity

	FY 2027	FY 2026
SSGA (World Ex-US Index)	280	213
SSGA (Small Cap World Ex – US Index)	56	57
Marathon	10,100	9,212
Baillie Gifford	-	1,320
Mondrian Investment	3,000	2,396
Xponance	1,800	2,136
ARGA	3,600	2,966
Acadian	2,600	2,120

## International Equity (continued)

	FY 2027	FY 2026
AQR	2,650	2,082
Driehaus	1,850	1,399
Artisan	1,500	1,923
Causeway	3,750	2,648
Columbia	2,200	1,828
Pzena	2,500	2,069
C WorldWide	1,800	1,525
Pinestone	2,200	2,068
Walter Scott	2,400	2,284
<b>Total</b>	<b>42,286</b>	<b>38,246</b>

## Emerging Markets Equity

	FY 2027	FY 2026
Baillie Gifford	7,500	5,092
Driehaus	6,500	4,563
Pzena	10,000	7,353
AQR (Performance Fees Only)^	-	-
Acadian	7,000	5,570
Wasatch	-	1,700
<b>Total</b>	<b>31,000</b>	<b>24,278</b>

## Integrated Global Equity Mandate

	FY 2027	FY 2026
Potential New Managers	4,000	-
<b>Total</b>	<b>4,000</b>	<b>-</b>

## FUTURE Initiative

	FY 2027	FY 2026
Xponance	965	797
Various Managers	845	706
<b>Total</b>	<b>1,810</b>	<b>1,503</b>

<b>Total Global Equities</b>	<b>95,896</b>	<b>80,839</b>
------------------------------	---------------	---------------

^ No investment performance, incentive, or carried interest fees are budgeted.

# CORE FIXED INCOME

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Blackrock (Agg Index)	120	124
Blackrock (TIPS Index)	340	307
Blackrock (ILB)	1,700	1,337
Blackrock (STRIPS Index)	325	286
Blackrock (Short Term FI Index)	115	103
Potential New Managers (Active Core)	700	-
PIMCO	2,700	2,097
Loomis Sayles	3,300	2,871
AFL-CIO*	190	174
Longfellow	1,200	1,022
New Century	1,200	1,016
Pugh	1,300	1,159
FUTURE Initiative – Core Bivium Fixed Income	250	236
FUTURE Initiative – Various Managers	300	269
<b>Total Core Fixed Income</b>	<b>13,740</b>	<b>11,001</b>

# VALUE-ADDED FIXED INCOME

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Fidelity	2,300	2,061
Loomis Sayles	1,200	1,036
Shenkman	1,500	1,320
Eaton Vance*	-	251
Voya*	-	170
PIMCO	2,200	1,921
Ashmore*	-	1,000
Beach Point	1,500	1,303
Ares Management	2,200	1,945
RBC Global Asset Management	2,100	1,862
Private Debt – Various Managers*	8,000	8,000
Other Credit Opportunities – Various Managers*	35,700	26,500
Anchorage Capital	2,300	1,737
Shenkman-MAC	2,200	2,030
KKR-KMAC	1,800	1,505
KKR-GCOF	1,900	1,764
FUTURE Initiative – Bivium Value-Added Fixed Income	260	231
FUTURE Initiative – Various Managers	500	434
<b>Total Value-Added Fixed Income</b>	<b>65,660</b>	<b>55,070</b>

\* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

# REAL ESTATE

(AMOUNTS IN THOUSANDS)

REITs	FY 2027	FY 2026
CenterSquare	3,200	2,525
PGIM	970	776
DWS	940	826
<b>Total</b>	<b>5,110</b>	<b>4,127</b>

Core Strategy	FY 2027	FY 2026
AEW*	7,800	8,000
INVESCO*	10,800	11,300
LaSalle*	10,100	10,300
CBRE Global Investors*	3,900	3,800
Stockbridge Advisors*	5,400	4,500
DivcoWest Core*	1,000	1,000
<b>Total</b>	<b>39,000</b>	<b>38,900</b>

Non - Core and Direct Strategies	FY 2027	FY 2026
Various Managers*	9,850	11,800
<b>Total</b>	<b>9,850</b>	<b>11,800</b>

FUTURE Initiative	FY 2027	FY 2026
Cambridge Associates	600	500
Various Managers*	3,795	2,795
<b>Total</b>	<b>4,395</b>	<b>3,295</b>
<b>Total Real Estate</b>	<b>58,355</b>	<b>58,122</b>

\*Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

# TIMBERLAND

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Forest Investment Associates*	4,400	4,700
Campbell Group*	5,800	6,400
<b>Total Timberland</b>	<b>10,200</b>	<b>11,100</b>

# PRIVATE EQUITY

(AMOUNTS IN THOUSANDS)

<b>Private Equity Managers</b>	FY 2027	FY 2026
Various Managers*	224,000	225,400
FUTURE Initiative - Various Managers*	4,350	4,350
<b>Total Private Equity</b>	<b>228,350</b>	<b>229,750</b>

\* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

# PORTFOLIO COMPLETION STRATEGIES (PCS)

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Replication Strategies	200	190
PAAMCO – Hedge Fund-of-Funds* <sup>^</sup>	6,850	6,450
Hedge Funds Various Managers*	90,000	78,000
Emerging Manager Program Various Managers*	7,000	7,000
Real Assets Various Managers*	7,000	6,250
<b>Total PCS</b>	<b>111,050</b>	<b>97,890</b>

# OVERLAY, FOREIGN CURRENCY, AND OTHER

(AMOUNTS IN THOUSANDS)

	FY 2027	FY 2026
Parametric (Overlay)	565	470
Russell (Foreign Currency)	900	750
<b>Total Overlay, Foreign Currency, and Other</b>	<b>1,465</b>	<b>1,220</b>

**Total Investment Management Fees**

**584,716**

**544,992**

\* Investments are in investment structures (commingled funds, partnerships, etc.) where management fees are not directly paid to the investment managers by PRIM, but rather fees are indirectly paid via a reduction of PRIM's investment.

<sup>^</sup> Excludes costs of underlying hedge funds. These costs are embedded in net hedge fund performance and grow in proportion to the assets under management.

# INVESTMENT SERVICE PROVIDERS FEES

(AMOUNTS IN THOUSANDS)

<b>Custody</b>	<b>FY 2027</b>	<b>FY 2026</b>
Master Custody Services	935	935
<b>Total</b>	<b>935</b>	<b>935</b>

<b>General</b>	<b>FY 2027</b>	<b>FY 2026</b>
Asset Allocation Advisor	230	230
Benchmarking Advisory Services	126	126
Operational Due Diligence Advisor	750	750
Legislative Restrictions & Benchmarking Services	225	225
Compliance Advisors	100	100
Stewardship & Sustainability Initiatives	700	550
Miscellaneous Service Providers and Other Initiatives	900	750
<b>Total</b>	<b>3,031</b>	<b>2,731</b>

<b>Real Estate and Timberland</b>	<b>FY 2027</b>	<b>FY 2026</b>
Real Estate and Timberland Advisors	800	800
Debt Compliance and Reporting	1,200	1,050
Direct Investment Advisory & Other Advisory Projects	800	800
<b>Total</b>	<b>2,800</b>	<b>2,650</b>

<b>Public Markets</b>	<b>FY 2027</b>	<b>FY 2026</b>
Public Markets Advisors	900	700
Managed Account Platform Providers-OCO	1,900	1,900
Other Advisory Services	600	600
<b>Total</b>	<b>3,400</b>	<b>3,200</b>

## Private Equity

	FY 2027	FY 2026
Private Equity Advisor	1,350	1,800
Other Advisory Services	1,250	800
<b>Total</b>	<b>2,600</b>	<b>2,600</b>

## Portfolio Completion Strategies

	FY 2027	FY 2026
Portfolio Completion Strategies Advisors	1,300	1,500
Managed Account Platform Provider	9,200	8,500
Other Advisory Services	450	450
<b>Total</b>	<b>10,950</b>	<b>10,450</b>

## Research

	FY 2027	FY 2026
Research Software, Systems, and Tools	500	600
<b>Total</b>	<b>500</b>	<b>600</b>

## Audit and Tax

	FY 2027	FY 2026
Annual Financial Statement Audits <sup>^</sup>	290	275
Agreed-Upon Procedures	72	69
Tax Services & Other	115	115
<b>Total</b>	<b>477</b>	<b>459</b>

## Risk Measurement and Analytics

	FY 2027	FY 2026
Risk Measurement Systems	400	1,000
Investment Tools and Analytics	2,500	2,200
<b>Total</b>	<b>2,900</b>	<b>3,200</b>

## Total Investment Service Providers Fees

	<b>27,593</b>	<b>26,825</b>
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## Total Investment Expenses

	FY 2027	FY 2026
	<b>612,309</b>	<b>571,817</b>

<sup>^</sup> Additional audit fees are incurred and are charged directly to the investments.

## OPERATIONS EXPENSES

# NON-INVESTMENT EXPENSES

(AMOUNTS IN THOUSANDS)

### Compensation & Employee Benefits

	FY 2027	FY 2026
Full-Time Staff (including vacant positions)	25,500	23,900
Benefits, Taxes, and Other	650	600
<b>Total</b>	<b>26,150</b>	<b>24,500</b>

### Occupancy

	FY 2027	FY 2026
Lease	2,300	2,200
Leasehold Improvements and Other	50	75
<b>Total</b>	<b>2,350</b>	<b>2,275</b>

### Insurance

	FY 2027	FY 2026
Fiduciary	350	300
Business Insurance Policies	65	65
Workers Compensation	25	25
Cyber	50	50
Other	50	50
<b>Total</b>	<b>540</b>	<b>490</b>

### General Office Expenses

	FY 2027	FY 2026
Printing, Postage, and Courier	70	65
Payroll / Employee HRIS	85	75
Stenographer and other meeting expenses	30	30
Records Storage	125	90
Office Supplies, Equipment, and Other	130	130
Temporary Labor	70	70
<b>Total</b>	<b>510</b>	<b>460</b>

## Technology Expenses

	FY 2027	FY 2026
Hardware & Software	800	800
Support and Development	285	285
MIS Other / ISP & Remote Access	145	145
<b>Total</b>	<b>1,230</b>	<b>1,230</b>

## Travel, Prof. Development & Dues and Subscriptions

	FY 2027	FY 2026
Due Diligence Travel	250	240
Professional Development	170	160
Professional Dues and Subscriptions	220	190
<b>Total</b>	<b>640</b>	<b>590</b>

## Client Service

	FY 2027	FY 2026
Client Meetings and Conferences	55	55
<b>Total</b>	<b>55</b>	<b>55</b>

## Board Elections

	FY 2027	FY 2026
PRIM Board Member Elections	-	250
<b>Total</b>	<b>-</b>	<b>250</b>

	FY 2027	FY 2026
<b>Total Operations Expenses</b>	<b>31,475</b>	<b>29,850</b>

# NON-INVESTMENT SERVICE PROVIDERS FEES

(AMOUNTS IN THOUSANDS)

<b>General</b>	<b>FY 2027</b>	<b>FY 2026</b>
Information Technology Advisors	950	800
Communications Advisors	150	125
Compensation and Human Resources Advisors	120	120
Miscellaneous Service Providers and Other Initiatives	150	100
<b>Total</b>	<b>1,370</b>	<b>1,145</b>

<b>Audit and Tax</b>	<b>FY 2027</b>	<b>FY 2026</b>
Annual Financial Statements Audits	50	46
Tax Services & Other	70	69
<b>Total</b>	<b>120</b>	<b>115</b>

<b>Legal</b>	<b>FY 2027</b>	<b>FY 2026</b>
Outside Counsel	600	600
<b>Total</b>	<b>600</b>	<b>600</b>

<b>Governance</b>	<b>FY 2027</b>	<b>FY 2026</b>
Board Education	20	20
Advisory Services and Other	50	50
<b>Total</b>	<b>70</b>	<b>70</b>

<b>Total Non-Investment Service Providers Fees</b>	<b>2,160</b>	<b>1,930</b>
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	<b>FY 2027</b>	<b>FY 2026</b>
<b>Total Non-Investment Expenses</b>	<b>33,635</b>	<b>31,780</b>

	<b>FY 2027</b>	<b>FY 2026</b>
<b>Total Operating Budget</b>	<b>645,944</b>	<b>603,597</b>

# OPERATING BUDGET NARRATIVE

The FY2027 Operating Budget is presented in four broad expense categories:

- Investment Management Fees
- Investment Service Providers Fees
- Operations Expenses
- Non-Investment Service Providers Fees

## Investment Management Fees

PRIM employs professional investment managers and gives them discretion, consistent with specified objectives and guidelines, to manage the PRIT Fund's assets. Investment management fees are the fees paid to these investment managers for their services. Each investment manager operates under a contract (generally an investment management agreement or a partnership agreement) that delineates its responsibilities and appropriate performance expectations. Budget projections for investment management fees are based on the following factors and year-to-year budget fluctuations reflect changes to one or more of these factors:

- The PRIT Fund asset allocation
- Assets under management (AUM)
- Contractual fee schedules
- Capital commitments

No performance fees, incentive fees, or carried interest are included in this budget due to the difficulty in estimating these fees in advance.

## Investment Service Providers Fees

PRIM employs investment service providers to support the PRIM Board, committees, and staff in managing the PRIT Fund. Budget projections for Investment service providers are generally estimated based upon current service contracts and estimated future potential services.

## Operations

Operations expenses are projected based on current expenses and strategic initiatives that are deemed to be both probable and estimable.

## Non-Investment Service Providers Fees

PRIM employs non-investment service providers to support the PRIM Board, committees, and staff in managing the operations of the PRIM Board. Budget projections for non-investment service providers are generally estimated based upon current service contracts and estimated future potential services.

# INVESTMENT MANAGEMENT FEES

## Global Equities

Global Equities is comprised of Domestic Equity, International Equity, Emerging Markets Equity and Integrated Global Equity Mandate.

### ➤ Domestic Equity

The total Domestic Equity fee budget of \$16.8 million stays relatively flat in FY2027, due in part to our disciplined rebalancing process.

Manager	Mandate*	Active/Passive	Fee Type
State Street	MSCI USA Index	Passive	Net Asset Value (NAV)
Rhumblin	MSCI USA Index	Passive	NAV
State Street	MSCI USA Small Cap Index	Passive	NAV
Frontier	Russell 2000 Value	Active	NAV
Summit Creek	Russell 2000 Growth	Active	NAV
Acadian	Russell Microcap	Active	NAV and Performance
Lord Abbett	Russell Microcap – Growth	Active	NAV
Driehaus	Russell Microcap - Growth	Active	NAV
Rhumblin	EIA IFED – LG Index	Passive	NAV
<b>Enhanced Domestic Equity- Potential New Managers</b>	MSCI USA	Active	NAV

\*All mandates are customized to exclude legislatively mandated restricted securities.

## ➤ International Equity

The total International Equity fee budget of \$42.3 million, increases \$4.0 million, or 10.6%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027 compared to FY2026, which reflects the strength of non-US equity markets.

Manager	Mandate*	Active/Passive	Fee Type
State Street	World Ex-US	Passive	NAV
State Street	World Ex-US Small Cap	Passive	NAV
Marathon	MSCI World Ex-US	Active	NAV
Mondrian	MSCI World Ex-US	Active	NAV
Xponance	MSCI World Ex-US	Active	NAV
ARGA	MSCI World Ex-US	Active	NAV
Acadian	MSCI World Ex-US Small Cap	Active	NAV
AQR	MSCI World Ex-US Small Cap	Active	NAV
Driehaus	MSCI World Ex-US Small Cap	Active	NAV
Artisan	MSCI World Ex-US Small Cap	Active	NAV
Causeway	MSCI World Ex-US	Active	NAV
Columbia	MSCI World Ex-US	Active	NAV
Pzena	MSCI World Ex-US	Active	NAV
C WorldWide	MSCI World Ex-US	Active	NAV
Pinestone	MSCI World Ex-US	Active	NAV
Walter Scott	MSCI World Ex-US	Active	NAV

\*All mandates are customized to exclude legislatively mandated restricted securities.

## ➤ Emerging Markets Equity

The total Emerging Markets Equity fee budget of \$31.0 million, increases \$6.7 million, or 27.7%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027 compared to FY2026, reflecting the strength of non-US equity markets.

Manager	Mandate*	Active/Passive	Fee Type
Baillie Gifford	MSCI Emerging Markets	Active	NAV
Driehaus	MSCI Emerging Markets	Active	NAV
Pzena	MSCI Emerging Markets	Active	NAV
AQR	MSCI Emerging Markets	Active	Performance
Acadian	MSCI EM Small Cap	Active	NAV

\*All mandates are customized to exclude legislatively mandated restricted securities.

## ➤ Integrated Global Equity Mandate

The initial budget for Integrated Global Equity Mandate is \$4.0 million.

Manager	Mandate	Active/Passive	Fee Type
Potential New Managers	MSCI ACWI	Active	NAV

## ➤ FUTURE Initiative

PRIM's FUTURE Initiative is the strategic plan to achieve the goals set forth by the legislation to increase the use of diverse (women, minority, or persons with disabilities) investment managers and to remove barriers to the full participation of diverse managers and investment opportunities. A component of the FUTURE Initiative program utilizes manager-of-managers to invest in emerging and diverse managers. The FUTURE Initiative Program for Global Equities fee budget of \$1.8 million increases \$0.3 million, or 20.4%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027.

Manager	Mandate	Active/Passive	Fee Type
Xponance	Various	Active	NAV
Various Managers	Various	Active	NAV

## Core Fixed Income

The total Core Fixed Income fee budget of \$13.7 million increases \$2.7 million, or 24.9%, in FY2027. This is mainly due to an increase in budgeted assets in FY2027 compared to FY2026 due in part to our disciplined rebalancing process and a potential new active core strategy.

Manager	Mandate*	Active/Passive	Fee Type
BlackRock	US Aggregate Index	Passive	NAV
BlackRock	TIPS Index	Passive	NAV
BlackRock	ILB	Active	NAV
BlackRock	STRIPS 20+Year Index	Passive	NAV
BlackRock	Treasury 1-3 Year	Passive	NAV
Potential New Managers	US Aggregate FI	Active	NAV
PIMCO	US Aggregate FI	Active	Funded and Performance
Loomis Sayles	US Aggregate FI	Active	NAV
AFL-CIO	US Aggregate FI-ETI	Active	Commingled Fund – NAV
Longfellow	US Aggregate FI	Active	NAV
New Century	US Aggregate FI	Active	NAV
Pugh	US Aggregate FI	Active	NAV
FUTURE Initiative- Bivium	Various	Active	NAV
FUTURE Initiative Various Managers	Various	Active	NAV

\*All mandates are customized to exclude legislatively mandated restricted securities.

## Value-Added Fixed Income

The total Value-Added Fixed Income fee budget of \$65.7 million, increases by \$10.6 million, or 19.2%, in FY2027. This is due to an increase in budgeted assets in FY2027 compared to FY2026 with continued growth of OCO allocation.

Manager	Mandate*	Active/Passive	Fee Type
Fidelity	High Yield Bonds	Active	NAV
Loomis Sayles	High Yield Bonds	Active	NAV
Shenkman	High Yield Bonds	Active	NAV
PIMCO	EM Debt Hard Currency	Active	NAV
Beach Point	Bank Loans	Active	NAV
Ares Management	Bank Loans	Active	NAV
RBC Global Asset Mangt.	EM Debt Hard Currency	Active	NAV
Various Managers	Private Debt	Active	Commingled Funds – Committed Capital
Various Managers	Other Credit Opportunities	Active	Commingled Funds - Committed Capital and Performance
Anchorage Capital	Multi-Asset Credit	Active	NAV
Shenkman-MAC	Multi-Asset Credit	Active	NAV
KKR-KMAC	Multi-Asset Credit	Active	NAV
KKR-Global Credit - GCOF	Multi-Asset Credit	Active	NAV
FUTURE Initiative – Bivium	Various	Active	NAV
FUTURE Initiative Various Managers	Various	Active	NAV

\*All mandates are customized to exclude legislatively mandated restricted securities.

## Real Estate

### ➤ Real Estate Investment Trusts (REITs)

The total REITs fee budget of \$5.1 million, increases by \$1.0 million, or 23.8%, in FY2027. This change is mainly due to an increase in budgeted assets in FY2027 compared to FY2026. PRIM increased its REIT exposure in January 2026.

Manager	Mandate	Active/Passive	Fee Type
CenterSquare	US REITs	Active	NAV
PGIM	US REITs	Active	NAV
DWS	US REITs	Active	NAV

### ➤ Core Strategy

The total Core Strategy fee budget of \$39.0 million, stays relatively flat in FY2027.

Manager	Mandate	Active/Passive	Fee Type
AEW	Core Real Estate	Active	Funded and Performance
INVESCO	Core Real Estate	Active	Funded and Performance
LaSalle	Core Real Estate	Active	Funded and Performance
CBRE Global Investors	Core Real Estate	Active	NAV and Performance
Stockbridge Advisors	Core Real Estate	Active	NAV and Performance
DivcoWest Core	Core Real Estate	Active	NAV and Performance

### ➤ Non – Core and Direct Strategy

The total Non - Core and Direct Strategy fee budget of \$9.9 million, decreases by \$(2.0) million, or (16.5%), in FY2027, as existing fund positions will continue to mature and distribute capital back to PRIM.

Manager	Mandate	Active/Passive	Fee Type
Various Managers	Non-Core & Direct Strategies	Active	Generally– Funded and Performance

### ➤ FUTURE Initiative Program

The total FUTURE Initiative Program for Real Estate fee budget of \$4.4 million, increases by \$1.1 million, or 33.4% in FY2027. PRIM expects to add additional commitments to high conviction managers.

Manager	Mandate	Active/Passive	Fee Type
FUTURE Initiative Cambridge Associates	Various	Active	Various
FUTURE Initiative Various Managers	Various	Active	Various

## Timberland

The total Timberland fee budget of \$10.2 million, decreases by \$(0.9) million, or (8.1)% in FY2027. This change is mainly due to lower negotiated fees in FY2027 than budgeted for in FY2026.

Manager	Mandate	Active/Passive	Fee Type
Forest Invest Associates	Timberland	Active	Funded and Performance
Campbell Global	Timberland	Active	Funded and Performance

## Private Equity

The total Private Equity fee budget of \$228.4 million decreases by \$(1.4) million, or (0.6)%, in FY2027, as the target commitment range has decreased this year compared to last. Private Equity management fees are typically a percentage of committed capital during the active investment period and become a percentage of cost of remaining investments later in the life of the partnership.

Manager	Mandate	Active/Passive	Fee Type
Various Managers	Private Equity	Active	Generally Committed Capital
FUTURE Initiative - Various Managers	Private Equity	Active	Generally Committed Capital

## Portfolio Completion Strategies (PCS)

The total Portfolio Completion Strategies fee budget of \$111.1 million, increases by \$13.2 million, or 13.4%, in FY2027. This change is mainly due to an increase in budgeted Hedge Fund assets in FY2027 compared to FY2026 with additional mandates added at the margin as opportunities arise.

Manager	Mandate	Active/Passive	Fee Type
Various Managers	PCS and Hedge Funds	Active	Generally NAV and Performance

## Overlay, Foreign Currency, and Other

The total Overlay, Foreign Currency and Other fee budget of \$1.5 million, increases by \$0.3 million or 20.1% in FY2027. This change is mainly due to an increase in budgeted foreign currency transactions.

Manager	Mandate	Active/Passive	Fee Type
Parametric	Overlay	Active	NAV
Russell	Foreign Currency Trading	Active	NAV

# INVESTMENT SERVICE PROVIDER FEES

The FY2027 budget for Investment Service Provider Fees (including Custody and Advisors as well as Research, Audit & Tax, and Risk Measurement & Investment Analytics) of \$27.6 million increases by \$0.8 million, or 2.9%. The increase is driven primarily by an increase in budgeted assets in the Managed Account Platforms. Costs in this category are generally the result of competitively bid contracts and estimates for future potential services.

## › Custody

BNY Mellon currently provides the PRIT Fund with global custody, accounting and performance measurement services. BNY Mellon provides custody for PRIT assets, records all investment transactions for the PRIT Fund, and provides recordkeeping for all participant activity for member retirement systems, including participant performance analysis.

## › General

PRIM employs several professional advisors to provide comprehensive advisory services to staff and the Board including recommendations on asset allocation, benchmarking and operational due diligence.

## › Real Estate & Timberland

The FY2027 budget reflects the advisory fees for a bench of professional real estate advisors and PRIM's timberland advisor, International Woodland Company, financial reporting costs associated with the real estate leverage program, expenses related to potential direct investments, data tools, legal and other consulting costs.

## › Public Markets

The FY2027 budget reflects contractual fees for PRIM's Public Market advisors: Meketa, Aberdeen and Innocap. It also includes fees related to operational due diligence, legal and other consulting costs.

## › Private Equity

The FY2027 budget reflects contractual fees for PRIM's Private Equity advisor Stepstone. In addition, it includes fees for monthly accounting, and detailed performance reporting for the PRIT Fund's Private Equity program. The budget also includes projected fees for data tools, legal and other consulting costs.

## › Portfolio Completion Strategies

The FY2027 budget reflects the contractual fees for PRIM's PCS advisors: Aberdeen, New Alpha, and Innocap. The budget also includes projected fees for data tools, legal and other consulting costs.

## ➤ Audit & Tax

KPMG currently provides the annual financial statement audits for the PRIT Fund. KPMG also performs an annual examination of the internal controls surrounding PRIM's procurement of investment managers and other service providers and reviews the PRIT Fund's benchmark calculations in accordance with the guidance contained in the AICPA Statement on Standards for Attestation Engagements.

KPMG also provides audit services for PRIT's Real Estate, Timberland, and certain PCS investments. The audit fees for this work are charged to the underlying investments and are not included in the PRIM budget.

Deloitte provides PRIT with tax advisory services. Real Estate and Timberland property level tax return preparation fees and tax advisory fees are charged to the underlying properties and, as such, are not a part of the PRIM budget. However, the general tax advisory work is paid directly by PRIM.

## ➤ Research

The FY2027 budget reflects projected fees for data infrastructure, research tools, and other research initiatives.

## ➤ Risk Measurement and Investment Analytics

Risk measurement and Other investment analytical tools include FactSet, eVestment, Bloomberg, and others.

# OPERATIONS

The FY2027 Operations budget of \$31.5 million increases \$1.6 million or, 5.4%, reflecting primarily an increase in Compensation and Employee Benefits due to projected organizational growth.

## ➤ Compensation & Employee Benefits

The FY2027 Compensation budget includes allocations for new positions and additional resources to support the PRIT Fund's growth and PRIM's many new initiatives, as well as potential increases for existing staff based on the Board approved salary bands.

Per PRIM's Compensation Philosophy, to ensure PRIM remains competitive with market trends, a comprehensive compensation level analysis is conducted by PRIM's compensation consultant, McLagan. To continue to make incremental progress within these Board approved salary bands we have included amounts in the FY2027 budget for potential base salary increases and for potential promotions. The budget for employee benefits consists primarily of dental, vision, and disability costs for employees as well as a contingency to cover potential unemployment claims since PRIM does not participate in the state's unemployment insurance pool. The budget also includes estimated Medicare taxes and Massachusetts Paid Family Medical Leave for all employees.

## ➤ Occupancy

The occupancy budget includes expenses associated with office space, including rent, maintenance charges, and utilities.

## ➤ General Office Expenses

This budget category includes expenses relating to the general administration of PRIM's office operations.

## ➤ Technology Expenses

This category includes telecom, internet service providers, hardware, software and support agreements, offsite data storage, and equipment for the expected growth of staff.

## ➤ Client Service

Currently, 100 entities, including the State Retiree Benefits Trust Fund, invest in the PRIT Fund. The client service budget allows for PRIM-sponsored client conferences and on-site client meetings. This budget includes the cost of traveling to client meetings, conferences, and related activities.

## ➤ Insurance

The budget includes insurance premium costs for various business and liability policies. PRIM's current insurance policies are summarized in the following table:

Policy Type	Coverage	Deductible
Fiduciary Liability	\$15,000,000	\$250,000
Commercial Crime	\$10,000,000	\$100,000
Employment Practices Liability	\$1,000,000	\$100,000
Workers Compensation	\$1,000,000	N/A
Cyber Insurance	\$3,000,000	\$25,000
Commercial General Liability	\$1,000,000	N/A
Commercial Property	\$1,060,000	\$250
Umbrella Liability	\$4,000,000	\$10,000
Hired Auto	\$1,000,000	N/A

## ➤ Travel, Professional Development & Dues and Subscriptions

This budget category represents costs associated with due diligence travel, ongoing professional education of PRIM Board and committee members and staff, including related travel expenses and dues & subscriptions, which includes membership dues in professional associations and subscription costs for professional journals, investment industry publications, and newspaper subscriptions. The budget includes tuition reimbursement charges (e.g., for approved CFA and higher education courses), required continuing education costs for maintaining professional licenses (e.g., CPA license), and attendance at professional conferences and seminars. PRIM is committed to supporting its Board members and staff in their pursuit of professional development.

# NON-INVESTMENT SERVICE PROVIDER FEES

The FY2027 budget for Non-Investment Service Provider Fees (Including Audit & Tax, Legal and Governance) of \$2.2 million increases by \$0.2 million, or 11.9%. The increase is primarily due to projected additional Information Technology cost associated with AI research. Costs in this category are generally the result of competitively bid contracts.

## ➤ General

PRIM employs several professional advisors to provide comprehensive advisory services to staff and the Board related to communications, information technology, human resources, compensation and other policies.

## ➤ Audit & Tax

Currently, KPMG provides annual financial statement audits for PRIM and Deloitte provides PRIM with tax advisory services.

## ➤ Legal

PRIM retains outside counsel as necessary to provide legal services to PRIM. Outside legal expenditures can be difficult to predict and have historically fluctuated significantly based on the nature of activities of PRIM.

## ➤ Governance

The governance budget includes fees for administration of the Board self-evaluation, potential governance manual updates, and anticipated costs for PRIM Board Education sessions.

# KEY ASSUMPTIONS

## **Estimated Assets Under Management and Asset Allocation in FY2027**

Many of the budgeted expenses for FY2027 are based upon the estimated average assets under management. The estimated average assets under management for FY2027 is \$129 billion. To estimate PRIM's FY2027 average assets under management, the beginning AUM of FY2027 (July 1, 2026) was estimated to equal the PRIT Fund assets under management as of January 31, 2026. The ending AUM of FY2027 (June 30, 2027) was estimated to increase by NEPC's expected 10-year return forecast of 6.3%. The estimated average AUM of FY2027 is the average of the estimated beginning and ending AUM, which is approximately \$129 billion. Please note that future investment performance is not predictable and actual performance will vary.

## **Performance, Incentive, or Carried Interest Fees**

No investment performance, incentive, or carried interest fees are budgeted in FY2027. These fees can vary dramatically from year to year and are not predictable.



# |||Mass**PRIM**



## **Appendix E**

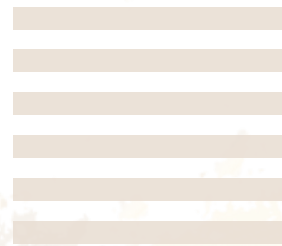
Foley Hoag – PRIM Board Self-Evaluation Results

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# Report of Findings on 2026 PRIM Board Self-Evaluation Survey

Kevin Conroy, Dan Carlston



# Introduction

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- Description of Foley Hoag
- Purpose of the report:
  - PRIM Self-Evaluation policy requires an independent third party to administer a confidential survey as part of the Board's assessment

# Process

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- Board members used an online platform, Survey Monkey, to complete the survey
- The substance of the survey mirrored surveys from 2024, 2020, and 2019
- Seven Board members completed the survey
- Foley Hoag then analyzed the responses and data and prepared the Report

# Overview of Responses to Open-Ended Questions

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- Survey asked Board members to answer open-ended questions about Board's strengths and areas for improvement
- In general, very positive responses
  - The Board is high functioning
  - The Board is effective and aligned with management
  - PRIM's leadership and staff are strong
  - The Board has maintained its strategy during volatile market conditions
  - Satisfaction with expanded work in shareholder actions and proxy voting
  - Board members think their fellow Board members are smart, thoughtful, and respectful

# Findings

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- Board member interactions and decision making:
  - The Board is collaborative; decision-making is effective
  - The Board adheres to its own policies and takes timely action to address issues
- Board's interactions with management:
  - The Board works well together and creates a supportive environment for management and staff
  - The Board provides alternative points of view to management at the committee level
- Communication and goal setting:
  - The Board communicates and sets goals effectively

# Findings

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- Board meetings and time distribution:
  - The number of Board meetings is optimal; some members indicated that Board meetings are too long
  - Board members suggest streamlining meetings by reducing time spent on operational details and keeping focus at higher, more strategic level
- In-house Board education:
  - Top priorities: Portfolio risk management, asset allocation/asset mix, investments, governance and fiduciary duty, and characteristics of alternative investments
  - Different education tracks for newer vs. more experienced Board members
- Other:
  - Board members suggest a review of Board governance documents and an enhancement of the Board code of conduct

## Conclusions

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- The views expressed by the Board members and the data support several broad conclusions

1. Board member interactions are viewed positively and the Board's decision-making functions at a high level.
2. The Board's interactions with management are viewed favorably by the Board.
3. The Board adequately accomplishes its communication and goal-setting functions.
4. Board meeting frequency is ideal, but meetings should be streamlined and less focused on operational issues.
5. Newer Board members may have different needs and preferences for Board education efforts compared to more experienced Board members.

# Comparisons to 2024 Assessment

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- The 2024 assessment was also very positive; this year showed a modest decrease from over 95% to approximately 93% positive responses
- Decrease is attributable primarily to Board members' views on meeting duration and time allocation to certain topics
- Board member comments in 2026 were action-oriented and identified meeting design changes and suggestions for increasing focus and efficiency of the Board

# Suggestions for Improvement

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1. Full Board meetings should be shorter and more strategically focused. Operational details—particularly individual manager hire discussions—should shift to committees, with condensed, higher-level briefings to the full Board. Presentations should not repeat Board book materials word-for-word.
2. One Board member recommends that committee-to-Board reporting would be enhanced by having committee members explain why the committee supports its recommendations and how it reached its conclusions.
3. The Board should prioritize a review of its governance documents and consider enhancing its code of conduct with formal enforcement procedures.
4. For Board education, portfolio risk management, asset allocation/asset mix, investments, governance and fiduciary duty, and alternative investments received the strongest interest. The Board should also consider different education tracks for newer vs. more experienced Board members.
5. For future self-evaluation surveys, consider whether certain questions should be split between newer and more experienced Board members.



FOLEY  
HOAG

Questions?



## **Appendix F**

PRIM Board Governance Manual - Redline

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## BOARD GOVERNANCE MANUAL

### THE PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Adopted October 5, 2004

Reviewed and Reconfirmed August 9, 2007

Amended December 4, 2012

Amended August 14, 2018

Amended August 17, 2022

~~Last~~ Amended November 30, 2023

Last Amended [ ], 2026

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## 1. INTRODUCTION

This Board Governance Manual (“Manual”) was established to support the effective governance and management of the Massachusetts Pension Reserves Investment Management Board (the “PRIM Board” or the “Board”). It sets forth the roles and responsibilities of the Board ~~of PRIM (“the Board”)~~, the Chair of the Board (“Chair”), ~~standing~~ committees of the Board, and PRIM staff (“Staff”), and describes the manner in which various Board functions will be carried out. The Manual is intended to serve as a resource for both new and experienced Board members, Staff, and other interested parties. Its ultimate purpose is to help ensure that all parties work effectively together to serve the best interests of ~~PRIM members and~~PRIM’s beneficiaries and achieve the investment goals and objectives of PRIM.

### **THE PRIM BOARD**

The ~~nine members~~nine members of the Board act as Trustees for each retirement system that invests in the Massachusetts Pension Reserves Investment Trust Fund (the “PRIT Fund” or the “Fund”) and is responsible for the control and management of the Fund. The Treasurer and Receiver-General of the Commonwealth is a member ex officio and serves as the Chair. The Treasurer appoints one additional member who is a private citizen with an investment/business background. The Governor, or the Governor’s designee, is also an ex officio member and appoints two additional members ~~of the Board~~: one is a non-state official or employee and one is a representative of a public safety union. The State Teachers’ Retirement System has two representatives on the Board: the members of that Retirement System elect one, and one is an Elected Member of the Massachusetts Teachers’ Retirement Board. The State Employees’ Retirement System also has two representatives on the Board: the members of that Retirement System elect one, and one is an Elected Member of the State Employees’ Retirement Board.

### **GOVERNANCE FRAMEWORK**

PRIM operates in accordance with the various requirements and guidelines described below:

#### Governing Statute

Massachusetts General Laws (“MGL”), Chapter 32, Section 23, ~~–~~ provides that the Board shall be responsible for general supervision of the investment and reinvestment of the PRIT Fund, created by Chapter 32, Section 22(8) of such Laws, which Fund is responsible for receiving, investing, and ~~dispensing~~disbursing amounts set aside to meet future liabilities of ~~the various~~ public retirement systems of Massachusetts. Chapter 32 is generally referred to herein as the “Statute.”

#### Operating Trust

The Board is authorized and required by MGL, ~~–~~ Chapter 32, Section 23 (2A)(e)(i) to act as Trustee for each retirement system that participates in the Fund and to adopt a declaration of trust setting forth the duties and obligations of PRIM. Accordingly, the Board adopted an Operating Trust Agreement in September 1998, and is required to act in accordance with said Agreement. The Board may, however, amend the Operating Trust Agreement, subject to the approval of the joint committee on public service.

By-Laws, Governance Charters, ~~and Governance Board~~ Policies, and Code of Conduct

The Board has established by-laws and governance policies ~~setting forth how the Board.~~ Charters for the Board, the Chair, the Executive Director and Board committees are set forth below in items 2-9. Board policies are set forth below in items 10-14. Finally, a Code of Conduct for Board members and committee members, whether or not they are also members of the Board (collectively “Board and Committee Members”) is set forth below in item 15. Together, the by-laws, charters, policies and Code of Conduct establish how the Board and Committee members, and the Executive Director shall operate with respect to meetings and the transaction of business, ~~Board education, Board communications,~~ and other related matters. ~~The Board has also established governance charters describing the roles of the Board, its committees, the Chair, and the Executive Director. While the by-laws, governance charters, and governance policies do not have the force of law, the Board and Staff believe they reflect good business practice and shall strive to act in accordance with them.~~

~~The~~Periodically, the Board shall review the by-laws, governance charters, board policies, and ~~governance charters may be amended by~~Code of Conduct and may amend any such documents by a majority vote of the Board at any regular or special meeting of the Board, provided that the notice of such meeting shall specify the subject matter of the proposed amendments.

Other Law

PRIM is subject to a myriad of other state and federal laws dealing with such issues as taxation, open meetings, and ethics. Board and Committee Members shall familiarize themselves with these laws with the assistance of Staff and external legal counsel ~~shall keep the Board apprised of these and other and shall conduct themselves in accordance with such~~ laws ~~and requirements.~~

**2. BOARD CHARTER OF**  
**THE PENSION RESERVES INVESTMENT MANAGEMENT BOARD**

**BACKGROUND**

- 1) In accordance with the M.G.L. Statute, the Board is responsible for the general supervision of the investment and reinvestment of the Fund.
- 2) The Board consists of nine members and is required to discharge its duties for the exclusive purpose of providing benefits to members and their beneficiaries with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and by diversifying the investments of the system so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.
- 3) The general ~~roles~~ roles and responsibilities of the Board are set out in M.G.L., MGL Chapter 32, section 23, ~~and in~~ the Operating Trust Agreement adopted by the Board, the by-laws and the Code of Conduct. In order to provide further guidance concerning ~~the Board's~~ Board and Committee Members' duties, the Board ~~has~~ also has established this charter.

**DUTIES AND RESPONSIBILITIES**

Governance

- 4) The Board shall adopt and amend as necessary the Operating Trust Agreement.
- 5) The Board shall adopt, amend, or repeal by-laws governing the conduct and management of PRIM's business and affairs.
- 6) The Board shall establish charters describing, at a minimum, the roles of:
  - a) The Board;
  - b) The Chair;
  - c) Each committee of the Board; and
  - d) The Executive Director.
- 7) The Board shall establish any other policies necessary to ensure appropriate and effective governance practices on the part of the Board.
- 8) ~~The Board shall establish and amend as necessary a Code of Conduct to govern the conduct of Board and Committee Members.~~
- 9) ~~8) The Committees of the Board shall:~~
  - a) ~~Establish any committees or sub-committees that it considers necessary; and~~
    - a) ~~The by-laws establish the following standing committees of the Board: Administration and Audit, Investment and Real Estate and Timber (the Real Estate and Timber Committee is also known as the "Real Estate and Timberland Committee"). The Board has established two additional committees: Compensation and Stewardship and Sustainability and the Board may establish any additional committees or sub-committees that it considers necessary for the conduct of its business.~~
    - b) ~~Appoint Board~~The chairpersons and other members ~~to of standing and other~~ committees ~~or sub-committees of the Board and appoint a chair for each committee or sub-committee. All such~~

~~appointments shall be upon the recommendation of the Chair of the Board shall be appointed by the Chair after consultation with other members of the Board and shall be ratified by a vote of the Board. Such committees may include members who are not members of the Board.~~

~~10) 9) The Board shall appoint and may remove Outside Committee Members to Board committees may remove any member of a committee of the Board who is not also a member of the Board by a majority vote.~~

~~11) 10) The Board shall maintain a record of its proceedings.~~

#### Investments

~~12) 11) The Board shall approve the Investment Policy Statement and all other investment policies that may be necessary to provide Staff and investment managers sufficient guidance to effectively invest the assets of the Fund.~~

~~13) 12) The Board shall approve the major strategies for implementing the asset allocation policy of the Board, including broad portfolio structures, active/passive management strategies, and internal/external investment management strategies.~~

~~14) 13) The Board shall ensure that an investment risk management process is in place for the Fund.~~

~~15) The Board has delegated to the Investment Committee and the Real Estate and Timber Committee the responsibility for approving the engagement of investment managers and investment partners; subject to the requirement that the Investment Committee or the Real Estate and Timber Committee, as the case may be, shall act at all times in a manner that is consistent with the Investment Policy or other policies of the Board, and provided, further, that any investment decision that is outside of the Investment Policy or other Board policies shall be reserved for the Board.~~

#### Finance, Accounting, and Audit

~~16) 14) The Board shall keep full records and books of account and shall require that appropriate accounting policies and internal controls are in place to account for and safeguard the assets of PRIM, including but not limited to:~~

- ~~a) A formula to measure the value of the shares in the Fund purchased by or held by participating retirement systems and other purchasing retirement systems; (MGL, ~~Ch32, S22~~ Chapter 32, Section 22) and~~
- ~~b) Policies to determine and allocate annually to participating and other purchasing retirement systems earnings on shares owned by said systems. (MGL, ~~Ch32, S22~~ Chapter 32, Section 22)~~

~~17) 15) The Board shall require that an effective system of enterprise risk management is in place to protect the operations of PRIM. Such system shall include internal or external audits designed to help ensure that:~~

- ~~a) PRIM's The Fund's assets are safeguarded;~~
- ~~b) PRIM operates in accordance with applicable laws and policies; and~~
- ~~c) PRIM's financial, human, and physical resources are managed economically and efficiently, and that PRIM operates effectively.~~

~~18) 16) The Board shall, at least once each year, cause an independent certified public accountant ("Financial Auditor") to audit the Fund, and shall ensure that a copy of the report of such audit is furnished to each participating or purchasing system.~~

~~19) 17) The Board shall:~~

- a) Cause statements of assets and transactions to be prepared and distributed to each participating and purchasing system; and
- b) Annually furnish a written account of the operations of the Fund for the preceding year to the board of each participating or purchasing system, ~~and do so within 90 days after the close of the Fund's fiscal year.~~

~~20) 18)~~ In addition to the filing required in Section ~~1619~~ above, the Board shall annually file with the Clerks of the House of Representatives and the Senate and with the secretary of the board of each participating system, a sworn statement of the financial condition of the Fund as of December 31 of the previous year.

#### Operations and Planning

~~21) 19)~~ The Board shall approve the organizational structure of PRIM.

~~22) 20)~~ The Board shall establish ~~a planning policy~~ an annual plan to guide the strategic or business planning process of PRIM. ~~[Note: This policy does not yet exist]~~

~~23) 21)~~ The Board shall approve the annual operating budget.

#### Human Resources

~~24) 22)~~ The Board shall appoint, direct, and terminate the Executive Director.

~~25) 23)~~ The Board shall establish a process for evaluating the performance of the Executive Director relative to pre-established goals or criteria, ~~and shall annually carry out such evaluation.~~

~~26) 24)~~ The Board shall approve human resource and compensation policies designed to provide guidance in managing the organization's human resources. Examples of issues that may be addressed by such policies include:

- a) Compensation philosophy and guidelines;
- b) Goals and objectives concerning the attraction and retention of Staff;
- c) Commitment to Staff training and development; and
- d) Discrimination and harassment.

~~27) 25)~~ In developing the above human resources policies, the Board shall focus on establishing broad objectives, principles, and parameters; and shall delegate to the Administration and Audit Committee, the Compensation Committee or the Staff the responsibility to establish appropriate procedures to support and fulfill the Board's policies and comply with applicable legislation.

~~28) 26)~~ The Board shall ensure that succession provisions exist to facilitate continuity in key Staff positions.

#### Legal Affairs

~~29) 27)~~ As appropriate, the Board ~~shall~~ may establish positions regarding proposed state and federal legislation and shall initiate, support, or oppose legislative proposals affecting PRIM or the Fund.

- a) The Board shall approve actions concerning settlements or other legal actions affecting the investments or operations of PRIM or the Fund.

#### Service Providers

~~30) 28)~~ The Board shall appoint and may terminate the following key service providers in accordance with any applicable Board policy; provided that the Board also may from time-to-time delegate the responsibility for the appointment or termination of any such service providers to the Investment Committee, to the Real Estate and Timber Committee or to another Standing Committee of the Board:

- a) Custodians;
- b) Legal counsel;
- c) Investment consultants;
- ~~d) Investment managers and investment partners;~~
- ~~d) e)~~ Securities lending managers;
- ~~e) f)~~ Proxy voting service providers; and
- ~~f) g)~~ Other advisors who serve the Board directly.

~~31) 29)~~ The Board shall ~~approve a policy~~ establish a process for setting out minimum general standards and criteria for the selection of key service providers.

#### Stakeholder Communications

~~32) 30)~~ The Board ~~shall approve a communications plan~~ has established a Communications Policy, set forth below, designed to help ensure effective communications with all constituents of PRIM.<sup>4</sup>

~~31) The Board shall establish a primary spokesperson(s) for PRIM.~~

~~33) In accordance with the Communications Policy, the Chair has been designated as the primary spokesperson for the Board.~~

#### Reporting and Monitoring

~~34) 32)~~ The Board shall ensure that necessary reporting and monitoring practices are established to provide the Board with the information it requires to effectively oversee the operations of PRIM and meet all requirements set out in law.

~~35) 33)~~ The Board shall, among other things:

- a) Regularly review all policies of the Board, and amend said policies as appropriate;
- b) Monitor compliance with all Board policies;
- c) Regularly review the investment performance of the Fund, and each asset class within the Fund, ~~and each investment manager and partner of the Fund;~~
- d) Monitor the cost-effectiveness of the investment program, including trading and execution costs, and the cost-effectiveness of the organization as a whole; ~~and~~
- e) Regularly review the performance of the Board-; and
- ~~f) Monitor the compliance of members of the Board and members of committees of the Board with the Code of Conduct.~~

#### **CHARTER REVIEW**

~~34) The Board shall review this charter at least every three years.~~

#### **CHARTER HISTORY**

~~36) 35)~~ Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

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<sup>4</sup> ~~May be incorporated into the PRIM Business Plan or Strategic Plan.~~

### 3. CHARTER OF THE CHAIR OF THE BOARD

#### BACKGROUND

- 1) The Chair of the Board shall be the Treasurer and Receiver-General of the Commonwealth or his or her designee.

#### DUTIES AND RESPONSIBILITIES

- 2) The Chair shall exercise the powers and shall perform the duties and functions specified below:
  - a) Recommend to the Board the Board members and chairs to serve on each Board committee;
  - b) Recommend to the Board the Outside Committee Members to serve on each Board committee;
  - c) Serve as ex-officio member of each Board committee;
  - d) Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with state open meeting laws ~~and~~, agreed-upon rules of order and the Code of Conduct;
  - e) Ensure coordination of Board meetings, agendas, schedules, and presentations, in consultation with the Executive Director;
  - f) Serve as spokesperson for the Board;
  - g) Serve as spokesperson for PRIM in situations where the Board deems it would be inappropriate for the Executive Director to serve in such capacity; ~~and~~
  - h) Enforce the Code of Conduct; and
  - i) ~~h)~~ Carry out other functions and duties as prescribed by the Board.

#### ~~CHARTER REVIEW~~

- ~~3) The Board shall review this charter at least every three years.~~

#### CHARTER HISTORY

- ~~3) 4)~~ Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

#### 4. ADMINISTRATION AND AUDIT COMMITTEE CHARTER

##### **BACKGROUND**

- 1) The Board has established an Administration and Audit Committee to assist the Board in overseeing all issues related to the governance, administration, and audit functions of PRIM, and to provide recommendations for the Board's consideration.
- 2) The Administration and Audit Committee shall meet independently of Staff at least once per calendar year, as per Section 41 of Chapter 68 of the Acts of 2011.<sup>21</sup>

##### **DUTIES AND RESPONSIBILITIES**

###### Governance

- 3) The Administration and Audit Committee shall review from time to time the following and, as necessary, recommend changes to the Board with respect to:
  - a) The Operating Trust Agreement;
  - b) The by-laws;
  - c) Charters for the Chair, Executive Director, each standing committee of the Board, and the Board itself;
  - d) Other governance policies of the Board; ~~and~~
  - e) The Code of Conduct; and
  - f) ~~e)~~ The Board committee structure;
- 4) The Administration and Audit Committee shall:
  - a) Coordinate the Board self-evaluation process in accordance with the Board Self-Evaluation Policy, and report to the Board on the results.
  - b) Retain any advisors necessary to assist in the administration of the Board self-evaluation process.
- 5) The Administration and Audit Committee shall develop a ~~multi-year~~ Board education plan ~~for approval by the Board~~.

###### Operations, Finance and Legal

- 6) The Administration and Audit Committee shall provide the Board with recommendations on the following matters:
  - a) Organizational structure;
  - b) Operating budget;
  - c) Positions on proposed state and federal legislation;
  - d) Settlements and other legal actions involving PRIM; and
  - e) Suitability of office location and premises.

###### Human Resources

- 7) The Administration and Audit Committee shall:
  - a) Coordinate the annual review of the Executive Director's performance.
  - b) Recommend to the Board any necessary human resource policies requiring Board approval, excluding policies pertaining to compensation and benefits.

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<sup>21</sup> This requirement of Law pertains specifically to the Committee's audit-related mandate.

- c) Meet ~~annually~~ with the Executive Director to discuss succession planning for key Staff positions within PRIM.

## The Audit Function

### *General Investigatory Powers*

- 8) The Administration and Audit Committee may:
  - a) Recommend to the Board that the Committee investigate any matter relating to the integrity of PRIM's financial statements, internal financial and operational controls, and system of operational risk management.
  - b) Seek any relevant information it requires from PRIM employees, all of whom shall be required to cooperate with the Administration and Audit Committee and any external parties working on its behalf.

### *Financial and Operational Risk Management*

- 9) The Administration and Audit Committee shall:
  - a) Review the scope of Staff's review of operational risk management and obtain risk assessment reports.
  - b) Review the scope of any consultant's review of operational risk management.

### *Internal Controls*

- 10) The Administration and Audit Committee shall:
  - a) Require that the organization have an effective system of internal controls, and mechanisms for periodically assessing them.
  - b) Review the effectiveness of the organization's internal control system, including information technology security and control.
  - c) Review the scope of the Financial Auditor's review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with Staff's responses.
  - d) Approve internal audit plans.

### External Audits

- 11) The Administration and Audit Committee shall:
  - a) Review the Financial Auditor's proposed audit procedures, scope, and approach; as well as the scope of services to be provided by other external auditors.
  - b) Review and meet at least annually with the Financial Auditor regarding the financial audit.
  - c) Oversee the work of other external auditors retained by PRIM.
  - d) Review the independence of the external auditors by obtaining statements from the auditors on relationships between these auditors and PRIM, including any non-audit or non-attest services, and by discussing the relationships with the auditors. Obtain from Staff a listing of all services provided by these external audit firms. Obtain information from other sources as necessary.
  - e) Review and approve the reports of external auditors.
  - f) Provide a forum for follow-up of findings from the audit reports.
  - g) Provide an open avenue of communication between the external auditors, Staff, and the Board.

### *Compliance*

- 12) The Administration and Audit Committee shall:

- a) Ensure that the organization has a policy and framework for compliance with laws and regulations, and mechanisms for periodic assessment of compliance.
- b) Review the effectiveness of the system for monitoring compliance with laws and regulations, and the results of Staff's investigation and follow-up of any instances of non-compliance.
- c) Obtain updates from Staff and legal counsel regarding compliance matters, as they arise.
- d) Monitor changes and proposed changes in laws, regulations, and rules affecting the audit function.

Appointment of Service Providers

- 13) The Administration and Audit Committee shall provide recommendations to the Board in connection with the appointment of the following key service providers:
  - a) ~~Custodian~~Custodians;
  - b) Legal counsel; and
  - c) Other service providers relevant to the Committee's charter, as may be directed by the Board.
- 14) The Administration and Audit Committee shall retain an independent Financial Auditor to conduct an annual financial audit of PRIM.
- 15) The Administration and Audit Committee may retain other accountants or specialists to advise or assist it in the conduct of an investigation, consistent with the Committee's general investigatory powers.
  - a) The Administration and Audit Committee may retain advisors to assist it with the performance evaluation of the Executive Director and with other human resource or board governance matters.

Monitoring and Reporting

- 16) The Administration and Audit Committee shall assist the Board with its oversight responsibilities by:
  - a) Monitoring compliance with the operating budget;
  - b) Monitoring compliance with, and the continued appropriateness of, the Board's governance and human resource policies (excluding compensation and benefit policies);
  - c) Monitoring litigation involving PRIM;
  - d) Monitoring Staff and Board member travel expenditures;
  - e) Reviewing any reports PRIM may issue relating to the responsibilities of the Administration and Audit Committee; and
  - f) Reviewing the performance of the Financial Auditor.

Other Duties

- 17) The Administration and Audit Committee shall:
  - a) Maintain minutes of its meetings;
  - b) Report regularly to the Board on its activities; and
  - c) Perform any other duties assigned to it by the Board.

~~CHARTER REVIEW~~

~~18) The Board shall review this charter at least every three years.~~

**CHARTER HISTORY**

~~18) 19)~~ Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018, Amended August 17, 2022. Amended [ ], 2026.

## 5. INVESTMENT COMMITTEE CHARTER

### BACKGROUND

- 1) The Board has established an Investment Committee to advise the Board with respect to the asset allocation policy of PRIM and related investment policies, and to assist the Board in overseeing the investment program. The mandate of the Investment Committee does not include real estate and timber, apart from advising the Board on the investment allocations to be made to these asset classes. The Real Estate and Timber Committee of the Board shall advise the Board on policy and strategy within the real estate and timber asset classes.

### DUTIES AND RESPONSIBILITIES

- 2) The Investment Committee shall advise the Board regarding the policies, structures, and strategies of the overall Fund – including the allocations to the real estate and timber asset classes. As noted above, the Real Estate and Timber Committee shall advise the Board regarding policies, structures, and strategies that are specific to the real estate and timber asset classes.
- 3) The Investment Committee shall require Staff to develop a system of investment risk management and shall recommend investment risk management policies to the Board for approval.
  - a) The Investment Committee shall: Recommend amendments to the Board’s investment due diligence and selection policies pertaining to:
    - i) Investment managers, investment partners, transition managers, and securities lending managers in connection with all portfolios except real estate and timber; and
    - ii) Investment consultants retained in connection with investment portfolios, except the real estate and timber portfolios.
  - b) Provide recommendations to the Board concerning the appointment of investment consultants other than those retained in connection with the real estate and timber portfolios.
- ~~4) e) Recommend the appointment of~~The Investment Committee may appoint and may terminate investment managers and investment partners ~~to the Board, except those pertaining to other than those retained in connection with~~ the real estate and timber portfolios in accordance with any applicable Board policy.
- ~~5) 4)–~~The Investment Committee shall review periodically the investment performance and risk characteristics of the Fund and report its findings to the Board.
- ~~6) 5)–~~The Investment Committee shall periodically review the performance of investment consultants retained by the Board, except for those pertaining to the real estate and timber portfolios.
- ~~7) 6)–~~The Investment Committee shall:
  - a) Maintain minutes of its meetings;
  - b) Regularly report to the Board on its activities; and
  - c) Perform any other duties that may be assigned to it by the Board.

### ~~CHARTER REVIEW~~

- ~~7) The Board shall review this charter at least every three years.~~

### CHARTER HISTORY

8) Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

## 6. REAL ESTATE AND TIMBER COMMITTEE CHARTER

### BACKGROUND

- 1) The Board has established a Real Estate and Timber Committee to advise the Board in setting investment policy within the real estate and timber portfolios and to assist the Board in overseeing these portfolios.

### DUTIES AND RESPONSIBILITIES

- 2) The Real Estate and Timber Committee shall:
  - a) Review the policies, structure, and strategies of the real estate and timber portfolios and provide recommendations to the Board.
  - b) Recommend amendments to the Board's investment due diligence and selection policies pertaining to:
    - i) Real estate and timber investment managers and partners;
    - ii) Real estate and timber investment consultants; and
    - iii) Other consultants or advisors retained exclusively in connection with the real estate and timber portfolios.
  - c) Provide recommendations to the Board concerning the appointment of real estate and timber investment consultants.

~~d) Recommend to the Board any investments or investment partners for the real estate and timber portfolios.~~

- 3) The Real Estate and Timber Committee may appoint and may terminate investment managers and investment partners other than those retained in connection with the Investment Committee in accordance with any applicable Board policy.

- 4) ~~3)~~The Real Estate and Timber Committee shall regularly review the investment performance and risk characteristics of the real estate and timber portfolios of the Fund, and report its findings to the Board.

- 5) ~~4)~~The Real Estate and Timber Committee shall periodically review the performance of the real estate and timber investment consultants retained by the Board.

- 6) ~~5)~~The Real Estate and Timber Committee shall:
  - a) Maintain minutes of its meetings;
  - b) Regularly report to the Board on its activities; and
  - c) Perform any other duties that may be assigned to it by the Board.

### ~~CHARTER REVIEW~~

~~6) The Board shall review this charter at least every three years.~~

### CHARTER HISTORY

- 7) Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

## 7. COMPENSATION COMMITTEE CHARTER

### BACKGROUND

- 1) Consistent with state law, the Board has established a Compensation Committee to assist the Board in overseeing Staff compensation and benefit policies.
- 2) The role of the Compensation Committee is focused on matters directly relating to Staff compensation and benefits. The Administration and Audit Committee is responsible for assisting the Board with other human resource matters such as Executive Director performance evaluation.
- 3) To ensure effective and efficient oversight of the human resources function, the Chair of the Compensation Committee shall coordinate, as appropriate, with the Chair of the Administration and Audit Committee.

### DUTIES AND RESPONSIBILITIES

- 4) In accordance with Section 41 of Chapter 68 of the Acts of 2011, the Compensation Committee shall be responsible for:
  - a) Meeting independently of management at least once per calendar year.
  - b) Evaluating and recommending to the Board total compensation for all Staff including but not limited to:
    - i) Base salaries;
    - ii) Bonuses;
    - iii) Severance;
    - iv) Retirement or deferred compensation benefit packages; and
    - v) Other benefits including but not limited to tuition re-imbusement, and accrual and payment of sick and vacation time.
  - c) Analyzing and assessing compensation and benefit levels for similar positions in public and private sector entities both within and outside the stateCommonwealth of Massachusetts.
- 5) The Compensation Committee shall select and appoint compensation consultants or other compensation experts required to advise or support the Compensation Committee.
- 6) The Compensation Committee shall:
  - a) Maintain minutes of its meetings;
  - b) Regularly report to the Board on its activities; and
  - c) Perform any other duties that may be assigned to it by the Board.

### CHARTER REVIEW

~~8) The Board shall review this charter at least every three years.~~

### CHARTER HISTORY

~~7) 9)~~ Adopted by the Board on December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

## 8. STEWARDSHIP AND SUSTAINABILITY COMMITTEE CHARTER

### INTRODUCTION

- 1) ~~1-~~The Board has established a Stewardship and Sustainability Committee to assist the Board in overseeing all issues related to the development and ongoing implementation of ~~an ESG~~ stewardship, sustainability and engagement framework and related engagement activities, and to provide recommendations for the Board's approval. The Stewardship and Sustainability Committee charter should be a model of good governance.
- 2) ~~2-~~The Stewardship and Sustainability Committee will not make specific investment recommendations but will work collaboratively with the Investment and Real Estate & ~~Timberland and Timber~~ Committees on suggesting ~~ESG investment~~ stewardship, sustainability and engagement investment strategies, concepts, and themes. The Investment and Real Estate & ~~Timberland and Timber~~ Committees remain responsible for making all investment recommendations to the Board. The Stewardship and Sustainability Committee will be responsible for proxy voting recommendations to the Board.
- 3) ~~3-~~The ~~PRIM~~ Executive Director and Chief Investment Officer will identify appropriate staff to support the Stewardship and Sustainability committee. Staff will conduct and provide research, participate with external organizations and partners in ESG stewardship, sustainability and engagement initiatives, source and provide ESG stewardship, sustainability and engagement education for the Stewardship and Sustainability Committee and the Board, assist in selecting external ESG stewardship, sustainability and engagement advisors, and work with PRIM ~~investment staff~~ Staff to help ensure approved ESG stewardship, sustainability and engagement initiatives are integrated into overall investment strategies.

### DUTIES AND RESPONSIBILITIES

- 4) ~~4-~~The Stewardship and Sustainability Committee shall:
  - a) Recommend to the Board a statement of investment beliefs relating to ESG stewardship, sustainability and engagement, and a related ESG stewardship, sustainability and engagement policy statement.
  - b) Plan regular Board education on general and emerging ESG stewardship, sustainability and engagement topics, as well as periodically consult with outside experts, including the Board's investment consultant(s), regarding relevant research and diligence, legal and regulatory issues, and peer ESG stewardship, sustainability and engagement practices.
  - c) Recommend to the Board a system or process for prioritizing ESG stewardship, sustainability and engagement initiatives and issues.
  - d) Recommend to the Board the objectives, policies, structure, and strategies governing shareholder engagement related to ESG stewardship, sustainability and engagement.
  - e) Seek to collaborate with other like-minded investors, advocacy groups, and other capital market participants to maximize the impact of the Board's ESG stewardship, sustainability and engagement initiatives.
  - f) Receive briefings on ESG stewardship, sustainability and engagement initiatives from staff and external partners annually and review the impact of ESG stewardship, sustainability and engagement related policies on business operations and provide recommendations to the Board.
  - g) Recommend and review any annual performance goals related to ESG stewardship, sustainability and engagement.

- h) Review and recommend proxy voting policies and engagement or stewardship practices to the Board.
- i) Collaborate with other standing committees that advise the **PRIM** Board.

#### **APPOINTMENT OF SERVICE PROVIDERS**

- 5)** ~~5-~~The Stewardship and Sustainability Committee shall provide recommendations to the Board in connection with the appointment of the following key service providers:
- a) Proxy voting providers;
  - b) ESG Stewardship, sustainability and engagement consultants; and
  - c) Other service providers relevant to the Committee's charter, as may be approved by the Board.

#### **COMMITTEE COMPOSITION**

- 6)** ~~6-~~The Stewardship and Sustainability Committee members shall include:
- a) Four trustees, Board members including at least one from each standing committee, of the following committees: Administration and Audit, Investment, and Real Estate and Timber, each appointed by the Board Chair in consultation with each trustee~~the members of the Board~~ and ratified by the Board.
  - b) ~~Independent~~Additional Committee members who are not members of the Board and independent advisors selected in either case as recommended by the Chair in consultation with members of the Board, and ratified by the Board ~~that must have~~having qualifications and experience relevant to ESG stewardship, sustainability and engagement policy making, engagement, and/or education, including advocacy, finance, investment management, corporate governance, and business management.

#### **MEETING FREQUENCY**

- 7)** ~~7-~~The Stewardship and Sustainability Committee will generally meet quarterly, or at the call of the Committee Chair.

#### **OTHER DUTIES**

- 8)** ~~8-~~The Stewardship and Sustainability Committee shall:
- a) Maintain minutes of its meetings;
  - b) Report regularly to the Board on its activities; and
  - c) Perform any other duties assigned to it by the Board.

#### **Charter Review**

~~9. The Board shall review this charter at least every three years.~~

#### **CHARTER HISTORY**

- 9)** ~~10-~~Adopted by the Board on August 17, 2022; Amended on November 30, 2023. Amended [ ], 2026.

## 9. EXECUTIVE DIRECTOR CHARTER

### **BACKGROUND**

- 1) The Executive Director is appointed by the Board and serves at the pleasure of the Board.
- 2) The Executive Director is the senior executive in charge of ~~PRIM~~the Staff and is responsible for planning, directing, coordinating, and executing the administrative and investment functions of ~~PRIM~~the Staff in accordance with the policies and directives of the Board.

### **DUTIES AND RESPONSIBILITIES**

#### Leadership

- 3) The Executive Director shall provide executive leadership to PRIM in setting and achieving its mission, goals, and objectives. In doing so, the Executive Director shall delegate responsibilities to other Staff-- in such manner as to maximize the efficiency and effectiveness of the operations of PRIM.

#### Policy and Procedures

- 4) The Executive Director shall provide support to the Board in establishing all Board policies. This shall involve working with the Board to continually identify issues requiring Board policy, ensuring the necessary analysis is performed, and providing clear and well-supported recommendations for Board consideration.
- 5) The Executive Director shall ~~approved~~develop and implement operating procedures necessary to ensure effective operations and guidance for Staff, provided the issues addressed by such procedures would not reasonably be considered matters of Board policy, and thus would require Board approval.

#### Investments

- 6) The Executive Director shall develop and recommend to the Board or its committees the investment philosophy and policies that will guide the management of the Fund; as well as the major strategies and structures for achieving the investment goals and objectives of the Fund. These may include, but are not limited to:
  - a) Portfolio structures and asset allocation plans;
  - b) Active/passive strategies;
  - c) Internal/external management strategies; and
  - d) Hedging strategies.
- 7) The Executive Director shall execute all investment policies and strategies, including but not limited to, asset allocation plans, portfolio rebalancing, and transitions.
- 8) The Executive Director shall be responsible for performing, or causing to be performed, all necessary investment due diligence and manager search-related activities.

#### Operations

- 9) The Executive Director shall:

- a) Be responsible for managing the day-to-day operations of PRIM, delegating to Staff as the Executive Director deems appropriate, provided such delegation is consistent with the organizational structure and policies approved by the Board.
- b) Develop and recommend for Board approval the organizational structure of PRIM.
- c) Have the authority to make all necessary operational expenditures, subject to operating budgets, policies, and internal controls.
- d) Have the authority to execute and deliver contracts and formal documents on behalf of the Board, subject to applicable internal controls and procedures.
- e) Develop and recommend to the Board an annual operating budget.
- f) Approve divisional business plans, as appropriate.

#### Finance and Accounting

10) The Executive Director shall:

- a) Establish appropriate financial and internal controls to protect the assets of the Fund;
- b) Maintain books of account for the Fund;
- c) Maintain records of the investments held by the Fund; and
- d) Ensure that external audits of PRIM are performed.

#### Human Resources

11) The Executive Director shall:

- a) Recommend to the Administration and Audit Committee any necessary human resource policies, excluding those concerning compensation.
- b) Approve all human resource procedures necessary to implement the human resource policies of the Board.
- c) Ensure all Staff are provided, or have access to, the human resource policies and procedures of PRIM.
- d) Recruit, hire, direct, and supervise all Staff and develop any necessary training programs to support them.
- e) Determine appropriate levels of compensation for Staff, subject to the compensation and benefit policies of the Board.
- f) When recruiting the General Counsel, Chief Financial Officer, and Chief Investment Officer, the Executive Director will generally consult with the Chair and the chair of the appropriate Board committee, and invite them to meet the final candidate and offer any comments to the Executive Director, provided such meetings can be held expeditiously and without impacting the time-sensitive and confidential nature of the recruitment process. The authority and responsibility for selecting and hiring senior executives and staff, however, shall continue to rest exclusively with the Executive Director.

#### Appointment of Key Service Providers

12) The Executive Director shall:

- a) Establish search committees, where appropriate, to coordinate searches, perform due diligence, and develop recommendations.

- b) Recommend key service providers for Board or Board committee approval (see Board ~~Charter, Investment Committee, and Real Estate and Timber Committee Charters~~), and negotiate and execute their contracts, in accordance with Board policies.
- c) Select, hire and terminate those service providers for which the Board has not specifically retained hiring authority, subject to the operating budget, applicable Board policies, and internal controls and procedures.

Stakeholder Communications

13) The Executive Director shall serve as the spokesperson for PRIM, unless the Board determines that, in certain situations, it would be inappropriate for the Executive Director to do so; in which case, the Chair shall serve as spokesperson for PRIM.<sup>32</sup>

~~14) The Executive Director shall recommend a stakeholder communications plan to the Board for approval at least every three years.<sup>4</sup>~~

Monitoring and Reporting

~~14) 15)~~ The Executive Director shall ensure that the Board is provided relevant, appropriate, and timely information to enable it to carry out its monitoring and oversight responsibilities.

~~15) 16)~~ The Executive Director shall, on a regular and periodic basis:

- a) Review the investment performance of the Fund, each asset class within the Fund, and each investment manager;
- b) Monitor and evaluate the activities and performance of Staff and service providers;
- c) Monitor the cost-effectiveness of the investment program and the organization as a whole;
- d) Review the investment policies and all other policies of PRIM; and
- e) Monitor that PRIM operates within applicable laws, policies, and procedures;

~~16) 17)~~ The Executive Director shall prepare and recommend for Board approval an annual report on the operations of PRIM.

**~~CHARTER REVIEW~~**

~~18) The Board shall review this charter at least every three years.~~

**CHARTER HISTORY**

~~17) 19)~~ Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

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<sup>32</sup> The Chair shall serve as spokesperson for the Board.

<sup>4</sup> ~~May be incorporated into the PRIM Business Plan or Strategic Plan.~~

## CODE OF CONDUCT

### INTRODUCTION

~~1) Board members are subject to the governing statutes of PRIM and numerous other laws. In particular, members of the Board are fiduciaries and are required to act solely in the interest of the participating retirement systems' participants and beneficiaries, for the exclusive purpose of providing benefits and defraying reasonable costs of managing the systems' pension assets. This Code of Conduct ("Code") is intended to establish additional guidance as to how the Board expects individual Board members to conduct themselves and sets out various enforcement mechanisms available to the Board.~~

### GENERAL PROVISIONS

~~2) Board members shall:~~

- ~~a) Conduct themselves with decorum, integrity, and professionalism in all aspects of their Board duties and in their relations with fellow Board members, Staff, vendors, and other constituents;~~
- ~~b) Attend all regular and special meetings of the Board and of any committees on which they serve, unless unable to do so for reasons beyond their control;~~
- ~~c) Actively prepare for each meeting by thoroughly reading all meeting materials in advance;~~
- ~~d) Be familiar with and abide by all charters and policies of the Board including but not limited to the education policy, communications policy, Executive Director evaluation policy, and Board self-evaluation policy; and~~
- ~~e) Enforce this Code when it is apparent that a Board member may have committed a breach of its provisions.~~

### ENFORCEMENT PROVISIONS

- ~~3) The Chair, in presiding over meetings of the Board, shall enforce and attempt to rectify any breaches of this Code that may occur during meetings of the Board. Committee chairs shall do the same during committee meetings.~~
- ~~4) Board members shall inform the Chair and the Executive Director in confidence of the nature of any perceived misconduct, and provide them with any supporting material, documentation, or other evidence.~~
- ~~5) In the event the conduct of the Chair is of concern to a Board member, the Board member shall inform the Chair of the Administration and Audit Committee and the Executive Director of such concern in confidence, and provide them with supporting materials, if available. In such cases, the Chair of the Administration and Audit Committee shall assume the role of the Chair for purposes of enforcing this Code.~~
- ~~6) Once informed of a concern by a Board member, the Executive Director and the Chair shall meet with the Board member who is alleged to have breached the Code to discuss the matter.~~
- ~~7) If it is deemed that there is substance to the concern, the Chair shall determine an appropriate course of action, which may include, but is not limited to, any of the following:
  - ~~a) Referring the matter to legal counsel or the appropriate authorities, if the issue appears to involve a breach of the law;~~~~

- ~~b) Requesting that the Board member in question rectify past actions or refrain from similar actions in future;~~
- ~~c) Recommending education or counseling that may be of assistance to the Board member in the matter; and~~
- ~~d) Providing a report to the Board with a recommendation for action, which may include:
  - ~~i) Removal of the Board member from the position of committee chair, or from any Board committee assignment the Board member may hold;~~
  - ~~ii) Barring the Board member from serving as a committee chair or from serving on a Board committee, for a specified period of time;~~
  - ~~iii) Suspension of education-related travel privileges, if the matter involves an abuse of such privileges; or~~
  - ~~iv) Censure.~~~~

**POLICY REVIEW**

~~8) The Board shall review this policy at least every three years.~~

**POLICY HISTORY**

~~9) Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018.~~

## 10. BOARD EDUCATION POLICY

### INTRODUCTION

- 1) The Board believes that each Board member has an obligation to be well informed on matters pertaining to pension and trust fund management. ~~In order to help~~To assist Board members ~~fulfillin~~fulfilling this obligation, the Board has established this Board Education Policy.

### GUIDELINES

#### Standards and Expectations

- 2) Board members are encouraged to participate in at least one PRIM-paid education event per year. ~~The event(s) should contain at least eight hours of educational content relevant to the control and management of the Fund.~~ This expectation may be satisfied by similar training events required by other entities to which one may belong (e.g., college- and alumni-sponsored events, union-sponsored events; etc.). PRIM however shall not reimburse for such training events if they are not generally available to all Board members.
- 3) Board members are also expected to attend and participate in any in-house Board education events that may be organized.
- ~~4) The Board shall approve a Board education plan on the recommendation of the Administration and Audit Committee, and which is intended to guide the Board's education efforts over 1-2 year periods. The education plan shall target specific education topics for the period, but may be adjusted at any time to reflect the changing needs and circumstances of the Board.~~

#### Orientation Program

- ~~4)~~ 5) The Executive Director shall design and administer a formal orientation program for the benefit of new Board members. The aim of the orientation program shall be to ensure that new Board members are in a position to contribute fully to Board and committee deliberations, and to effectively carry out their fiduciary duties as soon as possible after joining the Board. The orientation program shall provide new Board members with a broad introduction to PRIM and their responsibilities as Board members including but not limited to:
  - a) Fiduciary duties;
  - b) PRIM mandate and history;
  - c) Organizational and Board structure;
  - d) Board governance policies and charters;
  - e) Code of Conduct;
  - f) e) Investment fundamentals;
  - g) f) Key PRIM service providers; ~~and~~
  - h) Confidentiality obligations and the handling of confidential materials;
  - i) g) Open meeting laws and other relevant legislation.

#### Continuing Education: In-house

- ~~5)~~ 6) ~~At least once each year~~Periodically, the Executive Director shall organize an educational session for the benefit of all Board members at a special meeting of the Board ~~of at least 5-6 hours in duration~~. The Executive Director shall consult the Board annually to identify topics of interest. Efforts shall be made to ensure the session is held at a time and location that will maximize the likelihood of strong attendance by Board members. Such sessions may provide an opportunity to:

- a) Meet and be informed by PRIM’s advisors or other external experts;
  - b) Gain education on investment topics and other topics relevant to the Board;
  - c) Facilitate interaction and discussion among Board members, Staff, and advisors; and
  - d) Engage in long-term planning.
- ~~6)~~ 7) In addition to the special meeting noted above, Staff shall incorporate shorter education sessions into regularly scheduled Board or committee meetings. If incorporated into a committee meeting, all Board members shall be invited to attend.
- ~~7)~~ 8) The continuing education program shall include a refresher on fiduciary duties and related legal requirements (e.g. open meeting laws and confidentiality obligations) at least every 18 months.

Continuing Education: Conferences

- ~~8)~~ 9) All Board members are encouraged to attend appropriate conferences subject to the Board Travel Policy.
- ~~9)~~ 10) The Executive Director shall regularly provide the Board with information on any conferences the Executive Director believes may benefit Board members.
- ~~10)~~ 11) Attendance by Board members at any conference shall require prior approval by the ~~Executive Director~~ Chief Operating Officer or the Chief Financial Officer.

Outside Committee Members

~~11)~~ 12) Outside Committee Members are typically invited to serve on a committee of the Board because they have specialized expertise and experience. Notwithstanding such expertise and experience, Outside Committee Members are fiduciaries and may benefit from additional education that will allow them to better serve the Board and carry out their fiduciary duties. Accordingly, the Board supports the education of its Outside Committee Members, if such education will benefit PRIM. In particular:

- a) Outside Committee Members shall be provided an orientation session with Staff and consultants, and possibly Board members, to introduce them to PRIM, the investment program, and the expectations and requirements of Outside Committee Members.
- b) Outside Committee Members shall be invited to attend all in-house education sessions. The Board recognizes that Outside Committee Members may face significant time constraints; therefore, Outside Committee Members may attend such sessions at their discretion. Outside Committee Members are however strongly encouraged to attend all education sessions specifically organized for any committee on which they serve.
- c) Outside Committee Members may request to attend a conference or seminar at PRIM’s expense, and the ~~Board~~ Chief Operating Officer or the Chief Financial Officer may approve such attendance, ~~if the Board is satisfied that~~ the associated expenses will provide sufficient benefit to PRIM.

Reporting

- ~~12)~~ 13) On an annual basis, the Executive Director shall submit a report to the Board on the educational activities of the Board. ~~At a minimum, the~~ The report ~~shall~~ may summarize:
- a) Attendance by Board members at conferences during the year;
  - b) Attendance at in-house educational sessions held during the year; and

c) Other Board education activities that took place during the year.

**POLICY REVIEW**

~~14) The Board shall review this policy at least every three years.~~

**POLICY HISTORY**

~~13) 15)~~ The Board adopted this policy on October 5, 2004, Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

## 11. BOARD COMMUNICATIONS POLICY

### POLICY GUIDELINES

#### Communication among Board ~~and Committee~~ Members

- 1) The Board and committees shall carry out ~~its~~their communications in the spirit of open governance and in accordance with open meeting laws and other applicable law. The Board and committees may conduct certain business in executive (closed) session as provided for in MGL Chapter 30A, Section 11A 1/2 ~~of the MGL~~.
- 2) Board ~~members~~and Committee Members shall communicate in an open and constructive manner during meetings of the Board and committees. and robust debate of issues is encouraged
- 3) To help ensure Board ~~members~~and Committee Members have a broad awareness of the entire workings of the Board and its committees, minutes of all committee meetings shall be made available to all Board and Committee members.
  - a) ~~Board members are encouraged to attend meetings of all committees; and~~
  - b) ~~Minutes of all committee meetings shall be made available to all members of the Board.~~

#### Communication with PRIM Staff

- 4) Any Board ~~member~~or Committee Member information requests that may require ~~a~~ significant expenditure of Staff time or ~~the~~any use of external resources shall:
  - a) Be directed initially to the Executive Director, Chief Investment Officer, Chief Operating Officer, or General Counsel;
  - b) Be consistent with the role of the Board or a committee of the Board; and
  - c) Be formally requested at a Board or committee meeting. If the information request is not tied to an agenda item before the Board or a committee of the Board, it may only be approved if it can be addressed without material disruption to PRIM's operations and resources.
- 5) In the spirit of open communication, individual Board ~~members~~or Committee Members shall share any information they may obtain that is material to PRIM with the Executive Director in a timely manner. ~~The Executive Director shall similarly share any material information with the Board in a timely manner.~~
- 6) The Executive Director shall ensure that information that has been requested by the Board or by individual Board or committee members is made available to all Board and ~~committee members~~Committee Members, as appropriate.

#### Spokesperson

- 7) The Chair shall serve as spokesperson for the Board. The Executive Director shall serve as spokesperson for PRIM, unless the Board determines that, in certain situations, it would be inappropriate for the Executive Director to do so, in which case the Chair shall serve as spokesperson for PRIM.
- 8) The Executive Director and the Chair shall confer as necessary to determine or confirm the appropriate spokesperson in specific situations.
- 9) The following guidelines shall apply with respect to spokespersons:

- a) If time permits, the spokesperson shall address sensitive, high-profile issues with the Board or committee prior to engaging in external communications.
  - b) In situations where Board policy concerning an issue has not been established, the Board or an appropriate committee shall, if possible, meet to discuss the issue prior to the spokesperson engaging in external communications.
  - c) The spokesperson shall limit statements to official Board policy and directives.
- 10) When communicating with external parties on matters pertaining to PRIM:
- a) Unless authorized by the Board to do so, Board ~~members~~ and Committee Members shall not communicate on behalf of the Board ~~or PRIM, a committee of the Board or Staff~~, nor shall they make any remarks that a person might reasonably assume or infer represent the official position of the Board ~~or PRIM, any Committee of the Board or Staff~~.
  - b) Board and Committee Members shall at all times be mindful of the confidential nature of certain information including information provided in executive sessions of the Board or a committee, information that PRIM receives which consists of trade secrets or commercial or financial information that relates to the investment of public trust or retirement funds and shall refrain from disclosing any such information.
  - c) ~~b)~~ Board ~~members~~ and Committee Members shall not make any unilateral commitments on behalf of the Board or committee or PRIM, nor give the impression of making any commitment on behalf of the Board or committee or PRIM.
- 11) When Board ~~members~~ and Committee Members find themselves in situations where they are communicating in their own personal capacity or in a capacity other than as a member of the Board or committee, and there is a reasonable likelihood that their audience may assume or perceive that they are speaking on behalf of the Board or committee, Board ~~members~~ and Committee Members shall preface their written or verbal communications with the following disclaimer (modified as appropriate under the circumstances and to reflect verbal versus written communications).
- I am speaking today [or writing] in my personal capacity [or in my capacity as X] and not on behalf of the PRIM Board [or committee of the PRIM Board]. All opinions expressed [herein or in my presentation] are strictly my own and do not necessarily reflect the official positions or views of PRIM or the PRIM Board.*
- 12) Board and Committee members may disagree publicly with a policy or decision of the Board or committee, but shall do so respectfully and shall nevertheless abide by the policy or decision ~~to the extent they believe it is consistent with their fiduciary duties~~.
  - 13) Communications by Board and ~~committee members~~ Committee Members, when acting in their capacity as Board ~~members~~ or Committee Members, shall be limited to communicating official Board policy, positions, actions, or directives and shall be consistent with their fiduciary duty to represent the interests of all PRIM ~~members~~ member retirement boards and beneficiaries ~~of the Fund~~.
  - 14) Press releases concerning PRIM shall be the responsibility of the Executive Director and shall be limited to communicating official Board policy, positions, actions, or directives.
  - 15) To ensure the accuracy of materials prepared by Board ~~members~~ or Committee Members for publication or general distribution that are related to PRIM, Board ~~members agree to~~ and Committee

Members shall provide such material to the Executive Director or General Counsel for review at least one week prior to distribution or publication.

#### Service Providers

- 16) PRIM shall institute black-out periods in the following situations, during which time communications between Board and ~~committee members~~Committee Members and specified services providers or classes of service providers shall be restricted:
  - a) When PRIM issues requests for proposals (“RFP”);
  - b) When a current service provider is placed on official “watch status” signifying that the service provider’s performance has fallen below expectations or other issues have arisen that warrant closer scrutiny of the service provider; or
  - c) When the Board deems it is in the best interest of PRIM to require that, for a limited period of time, communications between Board ~~members~~and Committee Members and specified service providers be restricted.
- 17) During black-out periods, Board ~~members~~and Committee Members and specified service providers shall not knowingly communicate with each other on matters pertaining to PRIM, except during Board and committee meetings. Furthermore, during black-out periods, Board and ~~committee members~~Committee Members, and specified service providers shall not meet for business or social purposes. Exceptions may be made in the case of industry conferences where PRIM Board members may socialize with specified service providers during open social events that are also attended by board members or staff of other systems, provided Board members do not discuss matters pertaining to PRIM business.
- 18) Board ~~members~~or Committee Members who need to communicate with specified service providers during a black-out period for reasons unrelated to PRIM business agree to disclose such need in writing to the Executive Director and the Board prior to undertaking such communications. Disclosure to the Board shall be made in writing, or in person at a meeting of the Board. If time does not permit timely disclosure to the Board, the Board member shall provide disclosure of the intended communication to the Chair and Executive Director.
- 19) For the purposes of the black-out provisions herein, prohibited communications include telephone, in-person, written, and electronic communications.
- 20) Staff shall provide Board ~~members~~and Committee Members with timely written notification of all black-out periods and of the service providers, or classes of service providers, to which the blackout periods apply.
- 21) Black-out periods shall cease when:
  - a) The RFP/search process has ended and the Board authorizes Staff to negotiate a contractual arrangement with a successful bidder, or the search process is otherwise ended by the Board;
  - b) When the service provider is removed from watch-status; or
  - c) When the black-out period is otherwise ended by the Board.
- 22) All RFPs and contracts shall include the blackout provisions of this policy and require that service providers and prospective service providers comply with such provisions.

#### **POLICY REVIEW**

~~23) The Board shall review this policy at least every three years.~~

**POLICY HISTORY**

~~23) 24)~~ Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

## **12. EXECUTIVE DIRECTOR EVALUATION POLICY**

### **BACKGROUND**

- 1) One of the most important functions of the Board is the oversight and supervision of the Executive Director. To ensure that this function is carried out effectively, the Board believes that formal evaluation practices are required. The Board has adopted this policy to set out such practices.
- 2) The primary objectives of this policy are to:
  - a) Assist the Board in developing and communicating clear and meaningful goals and performance targets for the Executive Director; and
  - b) Ensure that the Executive Director receives useful and objective performance feedback from the Board on a periodic basis.
- 3) This policy provides only the broad criteria and the general process to be followed each year in evaluating the performance of the Executive Director. More specific criteria shall be established each year.

### **GUIDELINES**

#### **Roles and Responsibilities**

- 4) The Board shall be responsible for evaluating the performance of the Executive Director.
- 5) The Chair of the Administration and Audit Committee shall coordinate the evaluation process.
- 6) The Administration and Audit Committee may retain a third-party to provide support in coordinating the evaluation process.

#### **Evaluation Criteria**

- 7) There shall be two phases to the Executive Director performance evaluation, as described below.

#### *Phase I – Evaluation Relative to Objective Criteria*

- 8) The Board shall evaluate the Executive Director's performance relative to objective criteria established or confirmed each year in advance of the time period being evaluated. Objective criteria may include:
  - a) Achievement of appropriate performance targets for PRIM (for example investment performance objectives).
  - b) Implementation of specified operational goals (for example, initiatives contained in the business plan).
  - c) Implementation of Board policies and reporting requirements.
  - d) Compliance with the Executive Director's charter.
  - e) Successful financial and internal audits.
  - f) Other objective criteria established by the Board.

#### *Timing*

- 9) In the fourth quarter of the fiscal year, the Executive Director shall review the objective evaluation criteria for the upcoming fiscal year with the Administration and Audit Committee.

- 10) After agreeing upon the objective evaluation criteria with the Executive Director, the Administration and Audit Committee shall recommend the criteria to the Board for approval.
- 11) At the end of each fiscal year, the Executive Director shall present to the Administration and Audit Committee an assessment of the extent to which the agreed-upon performance criteria were met in the preceding year. Where available, the Executive Director shall provide independent third-party verification of performance (e.g. third-party investment performance reports and independent financial audit reports). The Administration and Audit Committee may request additional supporting data as it deems appropriate.
- ~~12) The Administration and Audit Committee shall review the assessment and supporting information provided by the Executive Director and prepare a report summarizing the Committee's evaluation of the Executive Director. The Chair of the Administration and Audit Committee shall present the summary report to the Compensation Committee.~~
- ~~12) 13)~~ The Compensation Committee shall consider the above summary report when determining any recommended changes to the Executive Director's compensation and any incentive payments to be awarded to the Executive Director.
- ~~13) 14)~~ The Chair of the Administration and Audit Committee and the Chair of the Compensation Committee shall jointly present the recommendations of their committees to the Board.
- ~~14) 15)~~ The Chair of the Administration and Audit Committee shall cause a copy of the Executive Director's evaluation to be placed in the Executive Director's personnel file.

*Phase II – Subjective Criteria*

- ~~15) 16)~~ At the end of each fiscal year, the Chair of the Administration and Audit Committee shall distribute to each Board member a Discussion Guide developed by the Administration and Audit Committee to address subjective aspects of the Executive Director's performance and invite them to meet individually with the Executive Director to informally discuss the Executive Director's performance using the Discussion Guide as a reference if desired. The Discussion Guide is for the use of individual Board members only and is not to be submitted to any party for tabulation or analysis.

**POLICY REVIEW**

- ~~17) The Board shall review this policy at least every three years.~~

**POLICY HISTORY**

- ~~16) 18)~~ Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

### **13. BOARD SELF-EVALUATION POLICY**

#### **INTRODUCTION**

- 1) The Board believes that periodically reviewing the performance of the Board is an important step in continually improving the Board's effectiveness. To facilitate such a review, the Board has established this Board Self-Evaluation Policy.

#### **GUIDELINES**

- 2) The Administration and Audit Committee shall be responsible for overseeing the implementation of this policy, including approving the Board Performance Evaluation Questionnaire (the "Questionnaire") and making recommendations to the Board for addressing issues arising out of the evaluation.
- 3) The Administration and Audit Committee shall retain a third-party advisor to assist it in overseeing the implementation of this policy.

#### **Annual Board Evaluation Process**

- 4) The Board performance evaluation shall be initiated by the Administration and Audit Committee in the ~~fourth~~first quarter of ~~the calendar~~every third year.
- 5) The Administration and Audit Committee shall review the Questionnaire and make modifications, as appropriate. The purpose of the Questionnaire shall be to provide Board members with a framework for evaluating the performance of the Board and for confidentially raising any concerns or suggestions Board members may have. The Questionnaire must allow Board members to provide written comments or suggestions.
- 6) The Questionnaire shall be administered to each Board member using on-line survey technology. Board members are expected to complete the Questionnaire within a timeframe to be specified in the Questionnaire. An independent third-party shall tabulate the results and provide them to the Chair of the Administration and Audit Committee, who shall in turn present the results to the Administration and Audit Committee and facilitate discussion by the Committee.
- 7) Following the presentation of the results to the Administration and Audit Committee, the Chair of the Administration and Audit Committee and the Chair shall report to the Board on the conclusions and recommendations of the Administration and Audit Committee.
- 8) A summary of the Board discussions and resulting Board actions shall be recorded in the minutes of the Board meeting.
- 9) To assist Board members in completing the Questionnaire, Staff shall provide Board members with the following:
  - a) A summary of Board member meeting attendance during the prior year.
  - b) A summary of Board member education efforts during the prior year (i.e. conferences and in-house education sessions attended).
  - c) Other information Staff or the Administration and Audit Committee deem useful.

#### **POLICY REVIEW**

- ~~10) The Board shall review this policy at least every three years.~~

#### **POLICY HISTORY**

10) ~~11)~~ The Board adopted this policy on October 5, 2004, Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.

## **14. EXECUTIVE DIRECTOR SUCCESSION POLICY**

### **BACKGROUND**

- 1) According to MGL, Chapter 32, Section 21(f), the Board shall select an Executive Director who shall serve at the pleasure of the Board.
- 2) This policy has been prepared to provide additional details to guide the Executive Director search process.

### **GUIDELINES**

- 3) When the Board becomes aware of the retirement, departure, or impending retirement or departure, of the Executive Director:
  - a) The Chair shall appoint an Ad Hoc Succession Committee and recommend the members of said Committee to the Board for approval.
  - b) The Ad Hoc Succession Committee shall consist of not less than six members including:
    - i) The Treasurer, or the Board member appointed by the Treasurer to the PRIM Board;
    - ii) The Governor, the Governor's designee to the PRIM Board, or one of the two Board members appointed by the Governor to the PRIM Board;
    - iii) A Board member who is a representative of the State Teachers' Retirement System;
    - iv) A Board member who is a representative of the State Employees' Retirement System; and
    - v) Up to three Outside Committee Members, though the Board may elect to have no Outside Committee Members on the Ad Hoc Succession Committee.
  - c) The Ad Hoc Succession Committee shall recommend to the Board a preliminary search plan for filling the position of Executive Director and addressing such issues as minimum and desired skill sets and experience, evaluation criteria, interview process, time frames, whether a search consultant is to be used, and any other relevant issues. The Ad Hoc Succession Committee need not recommend that a formal search be undertaken, but may instead recommend that the Board consider an internal candidate for the position.
  - d) If a search consultant is to be used in the search process, the Ad Hoc Succession Committee shall:
    - i) Be responsible for reviewing proposals from candidate firms, and selecting and appointing the winning candidate.
    - ii) Meet with the selected search consultant as soon as practical to review the preliminary search plan and modify it as necessary. The Ad Hoc Succession Committee shall report any material changes to the search plan to the Board at the Board's next regularly scheduled meeting.
  - e) No member of Staff shall serve on the Ad Hoc Succession Committee, participate in deliberations of the Ad Hoc Succession Committee or in interviews with candidates for the position of Executive Director, or otherwise be asked to provide input into the selection of the Executive Director. Notwithstanding the above, Staff may provide administrative support and coordination services to the Ad Hoc Succession Committee.
  - f) The Ad Hoc Succession Committee may meet in closed session to the extent permitted by law.

### **POLICY REVIEW**

- ~~4) The Board shall review this policy at least every three years.~~

## POLICY HISTORY

4) Adopted by the Board on December 4, 2012. Amended August 14, 2018. Amended [ ], 2026.

## 15. CODE OF CONDUCT

### INTRODUCTION

- 1) Board ~~members are subject to the governing statutes of PRIM and numerous other laws. In particular, members of the Board and Committee Members~~ are fiduciaries and are required to act solely in the interest of the participating retirement systems' participants and beneficiaries, for the exclusive purpose of providing benefits and defraying reasonable costs of managing the systems' pension assets. They are subject requirements of the Statute and numerous other state and federal laws, to the Operating Trust, the by-laws, the Board charter, the charters of Board Committees of which they are a member, and the Policies described in this Manual. Board and Committee Members are expected to carry out their duties with professionalism and integrity and without the appearance of conflict, being mindful of the public trust that has been placed in them, both individually and collectively.
- 2) This Code of Conduct ("Code") is intended to establish additional guidance as to how the Board expects individual Board ~~members and Committee Members~~ to conduct themselves and sets out various enforcement mechanisms available to the ~~Board Chair or to the Board in the event a Board or Committee Member fails to meet these standards of conduct.~~

### GENERAL PROVISIONS

- 3) ~~2)~~ Board ~~members and Committee Members~~ shall:
  - a) Abide by the Operating Trust, the by-laws, the Board charter, the charters of Board Committees of which they are a member, and the Policies described in this Manual;
  - b) ~~a)~~ Conduct themselves with decorum, integrity, and professionalism in all aspects of their Board or committee duties and in their relations with fellow Board ~~members and Committee Members~~, Staff, vendors, ~~and~~ other constituents and the public at large;
  - c) ~~b)~~ Attend all regular and special meetings of the Board and of any committees on which they serve, unless unable to do so for reasons beyond their control;
  - d) ~~c)~~ Actively prepare for each meeting by thoroughly reading all meeting materials in advance;
  - e) Refrain from disclosing to the public information that PRIM receives which consists of trade secrets or commercial or financial information that relates to the investment of public trust or retirement funds if disclosure is likely to impair the government's ability to obtain such information in the future or is likely to cause substantial harm to the competitive position of the person or entity from which information was obtained or is protected by attorney client privilege;
  - f) Abide by PRIM's Fiduciary Standards as described in MGL Chapter 32, section 23(3), including the statutory requirement to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and by diversifying the investments of the system so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so;

- g) ~~e)~~ Be familiar with and abide by all charters and policies of the Board including but not limited to the education policy, communications policy, Executive Director evaluation policy, and Board self-evaluation policy; and
- h) ~~e)~~ Enforce this Code or support the Chair in enforcing this Code when it is apparent that a Board ~~member~~ Committee Member may have committed a breach of its provisions.

#### ENFORCEMENT PROVISIONS

- 4) ~~3)~~ The Chair, in presiding over meetings of the Board, and Committee Chairs, in presiding over meetings of committees, shall enforce and attempt to rectify any breaches of this Code that may occur during ~~meetings of the Board. Committee chairs shall do the same during committee meetings, such meetings using customary procedures for the governance of meetings including ruling a member's statement out of order, expunging an inappropriate statement from the record, refusing to call on a member, silencing the microphone or virtual connection of a disruptive member or, in egregious cases removing a disruptive member from the meeting.~~
- 5) ~~4) Board members~~ The Chair also shall enforce and attempt to rectify any breaches of the Code that may occur outside of meetings whether such breaches are observed directly or brought to their attention by a Board or Committee Member or by the Executive Director, who shall inform the Chair and the Executive Director (if applicable) in confidence of the nature of any perceived misconduct, and provide them with any supporting material, documentation, or other evidence.
- 6) ~~5)~~ In the event the conduct of the Chair is of concern to a Board ~~member~~ Committee Member, the Board member shall inform the Chair of the Administration and Audit Committee and the Executive Director of such concern in confidence, and provide them with supporting materials, if available. In such cases, the Chair of the Administration and Audit Committee shall assume the role of the Chair for purposes of enforcing this Code.
- 7) ~~6)~~ Once informed of a concern by a Board ~~member~~ Committee Member or the Executive Director, the Executive Director and the Chair shall meet with the Board member who is alleged to have breached the Code to discuss the matter.
- 8) ~~7)~~ If it is deemed that there is substance to the concern, the Chair shall determine an appropriate course of action, which may include, but is not limited to, any of the following:
  - a) Referring the matter to legal counsel or the appropriate authorities, if the issue appears to involve a breach of the law;
  - b) Requesting that the Board ~~member~~ Committee Member in question rectify past actions or refrain from similar actions in the future;
  - c) Recommending education or counseling that may be of assistance to the Board ~~member~~ Committee Member in the matter; and
  - d) Providing a report to the Board with a recommendation for action by a majority vote, which may include:
    - i) Suspension of the Board or Committee Member from one or more meetings or portions of meetings until the breaches of conduct have been resolved;
    - ii) ~~i)~~ Removal of the Board ~~member~~ Committee Member from the position of committee chair, or from any Board committee assignment the Board member may hold;
    - iii) ~~ii)~~ Barring the Board ~~member~~ Committee Member from serving as a committee chair or from serving on a Board committee, for a specified period of time;

- ~~iv) ~~iii)~~ Suspension of education-related travel privileges, if the matter involves an abuse of such privileges; ~~or~~~~
- ~~v) ~~iv)~~ Censure; ~~or~~~~
- ~~vi) In the case of a Board or Committee Member who is not the Governor or the Treasurer or their designees and is not an appointee of the Governor or Treasurer, and upon a vote of the majority of members of the Board then in office, removal of such Board or Committee Member from the Board or any committee of the Board for cause<sup>3</sup>~~

**POLICY REVIEW**

~~8) The Board shall review this policy at least every three years.~~

**POLICY HISTORY**

~~9) Adopted by the Board on October 5, 2004. Reviewed August 9, 2007; December 4, 2012; Amended August 14, 2018. Amended [ ], 2026.~~

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<sup>3</sup> The Statute and by-laws provide that only the Governor or Treasurer have the right to remove their appointees to the Board for cause.

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## **Appendix G**

Foley Hoag - PRIM Board Governance Manual Review Presentation

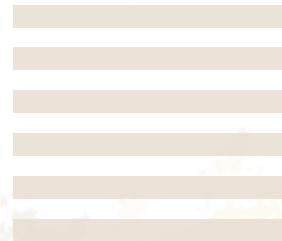
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FOLEY  
HOAG

# 2026 PRIM Board Governance Manual Review

Kevin Conroy, Jim Smith, Dan Carlston



# Introduction

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- The PRIM Board is authorized and required by MGL Chapter 32, Section 23 (2A)(e)(i) to act as Trustee for each retirement system that participates in the Fund and to adopt a declaration of trust setting forth the duties and obligations of PRIM. The Board adopted an Operating Trust Agreement in September 1998, and is required to act in accordance with said Agreement.
- In addition to the Enabling Act and the Operating Trust Agreement, PRIM has adopted a set of by-laws and the Board Governance Manual.
- The Board Governance Manual was established in 2004 to support the effective governance and management of the Board and sets forth the roles, responsibilities and functions of the Board, the Chair of the Board, standing committees of the Board, and PRIM staff.
- The Board Governance Manual contains Board and Board Committee Charters, Board Policies and a Board and Committee Member Code of Conduct.

# Governance Manual Review Process

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- The Manual was last amended in 2023 and in its current form provides that the Manual shall be reviewed every three years.
- In response to the 2026 Board Survey, Board members suggested that:
  - a review of the Board’s governance manual should take place;
  - the Board should consider enhancing its code of conduct with formal enforcement procedures; and
  - full Board meetings should be shorter and more strategically focused. Operational details—particularly individual manager hire discussions—should shift to committees, with condensed, higher-level briefings to the full Board.
- PRIM’s General Counsel, other staff members and Foley Hoag have reviewed the governance manual and proposed certain amendments.

# Recommended Board Governance Manual Changes

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- Alter the frequency of Board Governance Manual review.
- Enhance the Board and Committee Member Code of Conduct.
- Delegate approval authority for the engagement of investment managers and individual investments to the Investment and the Real Estate and Timber Committees.
- Make administrative and cosmetic changes that provide clarification to certain sections.

## Alter the frequency of Board Governance Manual review

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- The current version of the Board Governance Manual provides that it shall be reviewed at least every three years.
- A review every three years is arbitrary and Foley Hoag recommends that the Governance Manual be reviewed as needed at the discretion of the Board without specifying a certain time period.

# Enhance the Board Code of Conduct

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- Foley Hoag recommends that the Code of Conduct be enhanced to reflect the requirements of the Enabling Act, the importance of the work of the Board and its committees and the fact that the Board and its committees are exposed to proprietary and confidential information. The proposed changes include:
  - Extending the Code to members of Board Committees, whether or not committee members are also members of the Board;
  - Incorporating the Fiduciary Duties as described in the Enabling Act into the Code;
  - Incorporating the obligation to protect confidential material into the Code;
  - Ensuring the Chair has sufficient tools to run Board meetings efficiently;
  - Enhancing the Enforcement Provisions in the Code including obligating the Board to enforce the Code of Conduct and to support the Chair in enforcing the Code;
  - Clarifying the process for suspension and removal of non-designee Board members; and
  - Making the Code of Conduct its own section in the Manual (in addition to the Charters and the Policies).

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- Industry best practice is for public pension boards to delegate approval authority for investment manager hiring to staff and/or one or more investment committees, rather than requiring full Board approval for each recommendation.
  - This approach is widely adopted by large U.S. public pension plans, as well as endowments, foundations, and family offices for the following reasons:
    - **Better use of Board time**
      - Frees the Board to focus on strategy, risk, and fiduciary oversight.
      - Reduces the repetitive nature of PRIM Board meetings that the Board noted was a concern in the survey.
    - **Stronger governance structure**
      - Clarifies roles: Board (oversight) vs. Committee/Staff (execution).
      - Better aligns decision-making with expertise at Committee and staff level.
    - **More efficient and timely decision-making**
      - Enables participation in competitive opportunities, particularly in private markets.

Delegate approval authority for the engagement of investment managers and individual investments to the Investment and the Real Estate and Timber Committees

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- The Manual includes the delegation of authority to the Investment and the Real Estate and Timber Committees to select investment managers and investment partners and to approve individual investments. The Board retains the power to revoke the authority when it wishes.

# Make administrative and cosmetic changes that provide clarification to certain sections

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- Clarifying the appointment process to Board Committees to reflect the current process.
- Clarifying the process for Board and committee member interaction with PRIM staff members.
- Clarifying the communication responsibilities of Board and committee members.
- Providing that the Board self-evaluation process should take place every three years and not annually.
- Clarifying the Board Education Policy to reflect current practices.



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Questions?



## **Appendix H**

KPMG FY 2026 Audit Plan

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# **Pension Reserves Investment Management Board Discussion with the Administration and Audit Committee**

**Audit plan and strategy for the year ending June 30, 2026**

May 7, 2026

# Key themes for our discussion

**A better audit  
experience**

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**Next-generation  
technology**

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**Scope of the audit**

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**Required  
communications**

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**Audit Committee  
insights**

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**Key risks and our  
Audit Plan**

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# A better audit experience:

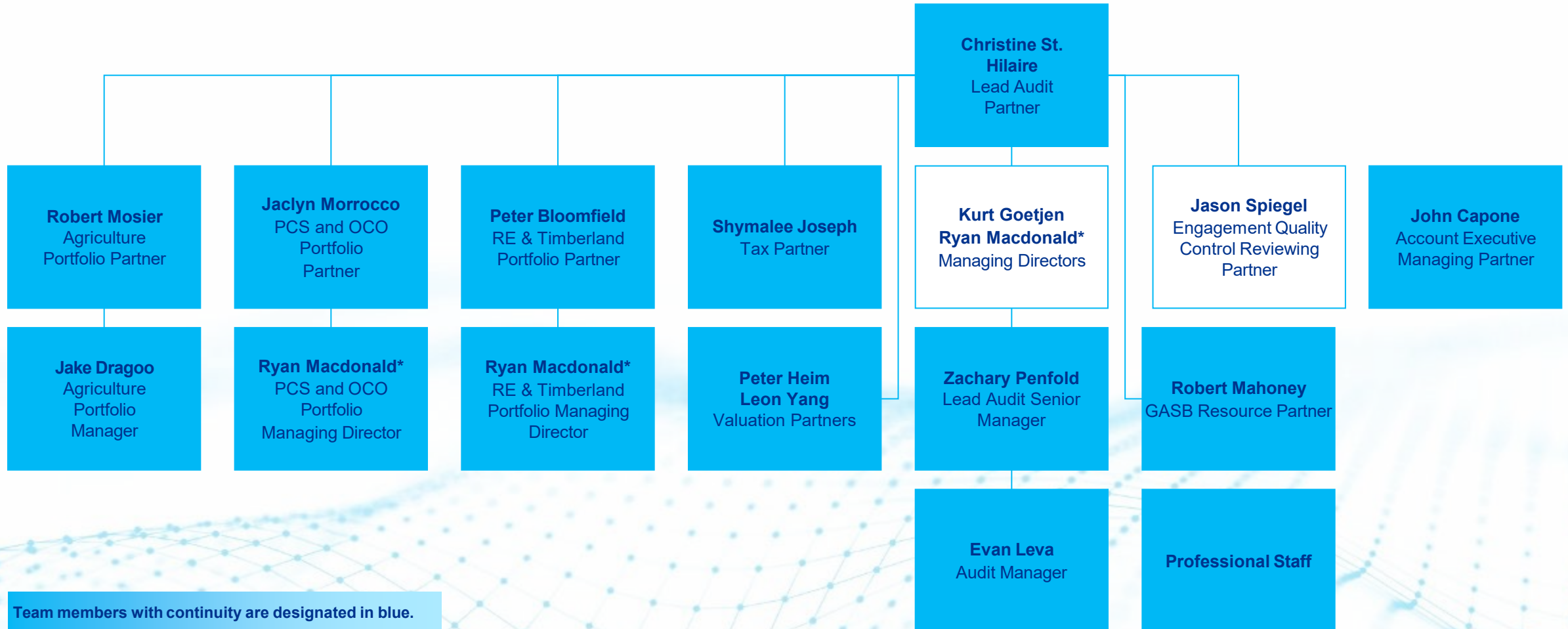
Providing a tailored, **client-centric** experience through the power of:

# People **X** Platform

**Agile, empowered teams**

**Next-generation technology**

# Client service team



Team members with continuity are designated in blue.

\* - This is the same individual

# Engagement management to fit your team

KPMG and PRIM have a joint interest in driving quality and eliminating peaks in workload, particularly in the post year end period. That's why we're continuing to:

## Communicate and coordinate

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with all levels of management and the Administration and Audit Committee, including updates on key milestones

## Accelerate work

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to drive quality and an exceptional client experience

## Improve the walkthrough and controls experience

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by accelerating and streamlining walkthrough efforts and standardizing requested evidence on controls

# Required communications to those charged with governance

# Audit plan required communications & other matters

Our audit of the financial statements of the PRIM Board and PRIT Fund as of and for the year ended June 30, 2026, will be performed in accordance with auditing standards generally accepted in the United States of America.

Performing an audit of financial statements includes consideration of internal control over financial reporting (ICFR) as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's ICFR. In accordance with Government Auditing Standards, we will issue reports on our consideration of the PRIM Board's and PRIT Fund's ICFR.

Matters to communicate		Response
Role and identity of engagement partner	✓	Page 4
Significant findings or issues discussed with management	X	
Audit participants, including service delivery centers, and strategy	✓	Page 17
Materiality in the context of an audit	✓	Page 8
Our timeline	✓	Page 9
Risk assessment: Significant risks	✓	Page 14
Risk assessment: Additional risks identified	X	
Involvement of others	✓	Page 16
Newly effective accounting standards	✓	Page 18
Independence	✓	Page 19
Responsibilities	✓	Page 20
Inquiries	✓	Page 21

✓ = Matters to report      X = No matters to report

# Materiality in the context of an audit

We will apply materiality in the context of the preparation and fair presentation of the financial statements, considering the following factors:

Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Judgments about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement, or a combination of both.

Judgments about materiality involve both qualitative and quantitative considerations.

Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

Determining materiality is a matter of professional judgment and is affected by the auditor's perception of the financial information needs of users of the financial statements.

Judgments about the size of misstatements that will be considered material provide a basis for

- a. Determining the nature and extent of risk assessment procedures;
- b. Identifying and assessing the risks of material misstatement; and
- c. Determining the nature, timing, and extent of further audit procedures.

# Our timeline

## Audit timetable

Our approach is designed to provide maximum and continuous feedback. Accordingly, we gather and evaluate information on a real-time basis throughout the year.

	2026											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Planning meetings with management												
Meetings with the administration and audit committee												
Begin planning												
Complete planning												
Begin control assessment												
Complete substantial control assessment and testing												
Complete remaining substantive audit procedures												
Issue agreed-upon procedures report – procurement process												X
Issue agreed-upon procedures report – performance measurement presentation												X
Issue the PRIM Board’s audit report												X
Issue the PRIT Fund’s audit report												X
Issue management letter, as applicable												X
Annual Comprehensive Financial Report (ACFR)												X
Ongoing communications with management												

X – Indicates issuance of deliverable

# KPMG audit approach for the PRIM Board's audit

## Financial reporting risks and accounting matters

- We identify audit and accounting matters that could have a material impact on the PRIM Board's and the PRIT Fund's financial statements. We then consider these matters when developing our audit approach and tailor our procedures to address these risks.

Accounting matter	Financial statement items affected	Business process	KPMG's primary audit tests
<b>Operations (excluding the reimbursement of fees and other expenses from the PRIT Fund)</b>	<ul style="list-style-type: none"> <li>• Investment management fees</li> <li>• Accrued investment management fees</li> <li>• Investment advisory fees</li> <li>• Custodian fees</li> <li>• Salaries and employee benefits</li> <li>• Legal and audit fees</li> <li>• Occupancy</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• PRIM Board's operations</li> </ul>	<ul style="list-style-type: none"> <li>• Assess internal controls</li> <li>• Test details of transactions</li> <li>• Analytical procedures</li> <li>• Evaluate presentation and disclosure in the financial statements, including related-party transactions</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>• Reimbursement of fees and other expenses</li> </ul>	<ul style="list-style-type: none"> <li>• PRIM Board's operations</li> </ul>	<ul style="list-style-type: none"> <li>• Test details of transactions</li> <li>• Evaluate presentation and disclosure in the financial statements</li> </ul>
<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>• Financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• Financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Review of financial statements for compliance with Government Accounting Standards Board (GASB) Pronouncements</li> </ul>

# KPMG audit approach for the PRIT Fund's audit

## Financial reporting risks and accounting matters

Accounting matter	Financial statement items affected	Business process	KPMG's primary audit tests
Valuation and existence of alternative investments, and as applicable, related debt and swaps	<ul style="list-style-type: none"><li>• Investments, at fair value: real estate, timberland, private equity, and PCS</li><li>• Real estate debt</li><li>• Net realized gains/losses on investments and foreign currency translations</li><li>• Net change in unrealized appreciation/ depreciation on investments and foreign currency translations</li></ul>	<ul style="list-style-type: none"><li>• Investments</li></ul>	<ul style="list-style-type: none"><li>• Assess internal controls and risk over investments, including realized and unrealized gains/losses</li><li>• Confirm balances for a sample of alternative investments with third-party managers</li><li>• Review and agree appraisals and audited financial statements to monthly roll forwards for a sample of alternative investments</li><li>• Perform NAV back-testing and other procedures during the 12/31/25 – 6/30/26 roll-forward period for a sample of alternative investments</li><li>• Review reports and valuation appraisals provided by investment advisors and consultants</li><li>• Review reasonableness and consistency of valuation methods</li><li>• Test mortgage and unsecured debt, and related covenant compliance</li><li>• Evaluate presentation and disclosure in the financial statements</li></ul>

# KPMG audit approach for the PRIT Fund's audit (continued)

## Financial reporting risks and accounting matters

Accounting matter	Financial statement items affected	Business process	KPMG's primary audit tests
Valuation and existence of marketable securities (including REITs)	<ul style="list-style-type: none"> <li>Investments, at fair value: short-term, fixed income, and equity</li> <li>Net realized gains/losses on investments and foreign currency translations</li> <li>Net change in unrealized appreciation/depreciation on investments and foreign currency translations</li> </ul>	<ul style="list-style-type: none"> <li>Investment management</li> </ul>	<ul style="list-style-type: none"> <li>Obtain an understanding of internal controls</li> <li>Confirm existence for a sample of marketable securities</li> <li>Re-price a sample of marketable securities</li> <li>Evaluate presentation and disclosure in the financial statements</li> </ul>
Investment generated income and expense	<ul style="list-style-type: none"> <li>Interest income, net</li> <li>Dividend income, net</li> <li>Real estate income, net</li> <li>Timberland income, net</li> <li>Private equity income, net</li> <li>PCS income, net</li> <li>Investment expenses</li> <li>Administrative expenses</li> </ul>	<ul style="list-style-type: none"> <li>Investment management</li> </ul>	<ul style="list-style-type: none"> <li>Obtain an understanding of internal controls</li> <li>Perform risk assessment procedures to determine reasonableness of current year activity</li> <li>Evaluate presentation and disclosure in the financial statements</li> </ul>

# KPMG audit approach for the PRIT Fund's audit (continued)

## Financial reporting risks and accounting matters

Accounting matter	Financial statement items affected	Business process	KPMG's primary audit tests
Contributions from & Redemptions to participating and purchasing systems and related cash receipts/disbursements	<ul style="list-style-type: none"> <li>• Contributions</li> <li>• Redemptions</li> </ul>	<ul style="list-style-type: none"> <li>• Capital activity</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain an understanding of internal controls</li> <li>• Test details of transactions, as deemed appropriate</li> <li>• Analytical procedures</li> <li>• Evaluate presentation and disclosure in the financial statements</li> </ul>
Financial reporting	<ul style="list-style-type: none"> <li>• Financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• Financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Review of financial statements for compliance with Government Accounting Standards Board (GASB) Pronouncements</li> </ul>

# Risk assessment: Significant risk

Significant risk	Susceptibility to	
	Error	Fraud
<p><b>Management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.</p> <p>This risk exists in all audits that we perform and is consistent with the prior year audits.</p>	No	Yes

## Agreed-upon procedures

# Procurement process and Performance measurement presentation

### Agreed-upon procedures – Procurement process

- Review procurement process for investment management and other professional services during the period from July 1, 2025 to June 30, 2026
- Perform tests based on agreed-upon procedures
- Report observations
- Draft and finalize reports

Procurement areas	Procurement process
Public markets, PCS, real estate and timberland investment managers	<ul style="list-style-type: none"><li>• Review process controls per management's documentation</li><li>• Test procurements in accordance with agreed-upon procedures</li></ul>
Consultants, custodians, auditors and other professionals	
Alternative investments (PCS and private market limited partnership funds)	

### Agreed-upon procedures – Performance measurement presentation

- Review the performance measurement presentation as of June 30, 2026
- Perform tests of total capital fund, net of fees adjusted policy, and implementation benchmark returns based on agreed-upon procedures
- Perform tests of asset class benchmark returns based on agreed-upon procedures
- Report observations
- Draft and finalize reports

Performance measurement presentation areas	Performance measurement presentation process
BNY Mellon	<ul style="list-style-type: none"><li>• Review the performance measurement presentation</li><li>• Perform agreed-upon procedures over benchmark change letters and benchmark maintenance forms</li><li>• Recalculate asset class returns and recalculate total capital fund, adjusted policy and implementation benchmark returns in accordance with agreed-upon procedures</li></ul>
PRIM Board management	

# Involvement of others

Audit of financial statements	Extent of planned involvement
<b>KPMG professionals – Valuation specialists</b>	If required by the Audit methodology, valuation specialists will assist the engagement team to perform risk assessment procedures over investments held and/or to assist the engagement team in determining independent fair values for selected investments
<b>KPMG professionals – IT Audit</b>	IT Audit specialists will assist the engagement team to obtain an understanding and assess reliability of controls at the relevant service organizations through review of the SOC 1 reports
<b>KPMG professionals – Tax</b>	Tax specialists will assist the engagement team to review the financial statements for the appropriateness of disclosures and to assess the entities' tax status

# Audit participants, including service delivery centers, and strategy

## Entities/Business Units Where Further Audit Procedures are Planned

### Locations and Business Units

### Legal name/location of auditor

**KPMG US, GDC, and KGS**

KPMG LLP (US), including KPMG Global Delivery Center Private Limited (India) and KPMG Global Services Private Limited (India)

# Newly effective accounting standards

## Effective for fiscal year ending 2026

## Early adoption permitted

GASB 103 – Financial Reporting Model Improvements



GASB 104 – Disclosure of Certain Capital Assets



## Effective for fiscal year ending 2027

GASB 105 – Subsequent Events



# Shared responsibilities: Independence

Auditor independence is a shared responsibility and most effective when management, those charged with governance and audit firms work together in considering compliance with the independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, those charged with governance, and KPMG each play an important role.

## System of Independence Quality Control

The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information regarding upcoming transactions or other business changes is necessary to effectively maintain the firm's independence in relation to:

- New affiliates (which may include subsidiaries, equity method investees/investments, sister entities, and other entities that meet the definition of an affiliate under applicable independence rules)
- New officers or directors with the ability to affect decision-making, individuals who are beneficial owners with significant influence over the entities, and persons in key positions with respect to the preparation or oversight of the financial statements

## Certain relationships with KPMG

Independence rules prohibit:

- Certain employment relationships involving directors, officers, or others in an accounting or financial reporting oversight role and KPMG and KPMG covered persons.
- The entities or their directors, officers, from having certain types of business relationships with KPMG or KPMG professionals.

# Responsibilities

## Management responsibilities

- Communicating matters of governance interest to those charged with governance.
- The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## KPMG responsibilities – Objectives

- Communicating clearly with those charged with governance the responsibilities of the auditor regarding the financial statement audit and an overview of the planned scope and timing of the audit.
- Obtaining from those charged with governance information relevant to the audit.
- Providing those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process.
- Promoting effective two-way communication between the auditor and those charged with governance.
- Communicating effectively with management and third parties.

## KPMG responsibilities – Other

- If we conclude that no reasonable justification for a change of the terms of the audit engagement exists and we are not permitted by management to continue the original audit engagement, we should:
  - Withdraw from the audit engagement when possible under applicable law or regulation;
  - Communicate the circumstances to those charged with governance, and
  - Determine whether any obligation, either legal contractual, or otherwise, exists to report the circumstances to other parties, such as owners, or regulators.
- Forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared, in all material respects, in accordance with the applicable financial reporting framework.
- Establishing the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.
- Communicating any procedures performed relating to other information, and the results of those procedures.

# Required inquiries

- What are your views about fraud risks, including management override of controls, at the entity and whether you have taken any actions to respond to these risks?
- Are you aware of, or have you identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?  
If so, have the instances been appropriately addressed and how have they been addressed?
- Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- How do you exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Has the entity entered into any significant unusual transactions?
- Are you aware of any matters relevant to the audit, including, but not limited to, any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Has the entity complied with all covenants during the financial statement period and before the date of the auditor's report? Have there been any events of default during the financial statement period and before the dates of the auditor's report?
- What is the Administration and Audit Committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?
- Does any member of the Administration and Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what are the substance of those concerns?

# Peer Review

Our most recent peer review report was accepted by the AICPA's National Peer Review Committee (NPRC) on December 7, 2023. **The peer review report had a rating of pass, which is the highest rating possible.** The 2023 peer review report was unmodified and therefore did not require a KPMG response letter. As a reminder, the peer review covers our firm's system of quality control for the accounting and auditing practice applicable to those not subject to Public Company Accounting Oversight Board permanent inspection for the year ended March 31, 2023 (i.e., non-public company practice).



National Peer  
Review Committee

December 07, 2023

Paul Knopp  
KPMG LLP  
345 Park Ave  
New York, NY 10154

Dear Paul Knopp:

It is my pleasure to notify you that on December 07, 2023, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is September 30, 2026. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Michael Wagner  
Chair, National PRC

+1.919.402.4502

cc: Dawn Trapani, Stephen Hicks

Firm Number: 900010054128

Review Number: 601233

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# Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at <https://boardleadership.kpmg.us/audit-committee.html>

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# Appendix A

## Engagement letters\*

**\*Only the PRIM Board and PRIT Fund 2026 engagement letter is included in Appendix A; however, all other 2026 engagement letters are available for review upon request.**



April 9, 2026

Pension Reserves Investment Management Board  
53 State Street, Suite 600  
Boston, Massachusetts 02109

Attention: Ms. Deborah Coulter, Chief Financial Officer and Chief Administration Officer

This Engagement Letter, including the Standard Terms and Conditions for Audit and Attestation Services attached hereto as Appendix II and any other exhibits, attachments, addenda or appendices attached hereto (collectively, the "Agreement"), is between Pension Reserves Investment Management Board (PRIM Board) and Pension Reserves Investment Trust Fund (PRIT Fund) and KPMG LLP ("KPMG"), whereby PRIM Board and PRIT Fund are engaging KPMG to provide the professional services described herein.

### **Objectives and limitations of services**

#### *Audit services*

We will perform audits of the financial statements (the "Financial Statements") of the PRIM Board and PRIT Fund (collectively, PRIM) as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The objectives of our audit are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

As part of an audit in accordance with GAAS and Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also will:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to error or fraud, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall Financial Statement presentation, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PRIM's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

#### *Internal control over financial reporting*

We will obtain an understanding of PRIM's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The objective of our audit of the Financial Statements is not to report on PRIM's internal control over financial reporting and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the Financial Statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Financial Statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by the Administration and Audit Committee.

#### *Compliance and other matters*

As part of obtaining reasonable assurance about whether the Financial Statements are free of material misstatement, we will also perform tests of PRIM's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the Financial Statements. However, our objective is not to provide an opinion on compliance with such provisions.

#### *Required supplementary information*

We will perform certain limited procedures to the required supplementary information as required by GAAS. However, we will not express an opinion or provide any assurance on the information. Our report relating to the Financial Statements will include our consideration of required supplementary information.

#### *Supplementary information*

We also understand that the Financial Statements will include the schedule of pooled net position – capital fund and cash fund and schedule of changes in pooled net position – capital fund and cash fund as of and for the year ended June 30, 2026 ("Supplementary Information") which is presented for the purpose of additional analysis and is not a required part of the Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Financial Statements. The information will be subjected to the auditing procedures applied in the audit of the Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Financial Statements or to the Financial Statements themselves, and other additional procedures in accordance with GAAS with the objective of expressing an opinion as to whether the Supplementary Information is fairly stated, in all material respects, in relation to the Financial Statements as a whole.

#### *Our reporting responsibilities*

Subject to the remainder of this paragraph, we will issue a written report upon completion of our audit of the Financial Statements addressed to the PRIM Board. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditors' report, or if necessary, withdraw from the engagement. If, during the

performance of our audit procedures, such circumstances arise, we will communicate to the Administration and Audit Committee our reasons for modification or withdrawal.

In accordance with Government Auditing Standards, we will issue a written report, Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards ("GAGAS report"), describing our consideration of internal control over financial reporting and our tests of compliance made as part of our audit of the Financial Statements. We will include in this report any material weaknesses and significant deficiencies identified based on the audit work performed. We will also include in this report any of the following that we identify or suspect:

- Instances of noncompliance with certain provisions of laws, regulations, contracts, or grant agreements that could have a direct and material effect on the Financial Statements; or
- Instances of fraud that are material, either quantitatively or qualitatively, to the Financial Statements.

The GAGAS reports will describe their purpose and will state they are not suitable for any other purpose.

In accordance with Government Auditing Standards, we will communicate in writing when:

- Identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements comes to our attention during the course of our audit that has an effect on the Financial Statements that is less than material but warrants the attention of the Administration and Audit Committee; or
- We obtained evidence of identified or suspected instances of fraud that have an effect on the Financial Statements that are less than material but warrant the attention of the Administration and Audit Committee.

In accordance with Government Auditing Standards, we are also required in certain circumstances to report identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or instances of fraud directly to parties outside the auditee.

#### *Exempt offerings*

In the event PRIM requests our involvement with a future exempt filing that will include or incorporate by reference the Financial Statements and our audit report(s) thereon, professional standards require us to be separately engaged. The specific terms of our future services with respect to future exempt offerings will be determined at the time such services are to be performed and will be subject to the negotiation, agreement, and execution of a specific engagement letter or contract.

In the event PRIM does not engage us to be involved with the offering document, then PRIM agrees to include the following language in the offering document:

"KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement."

#### **Our responsibility to communicate with the Administration and Audit Committee**

We will communicate the planned scope and timing for our audit with the Administration and Audit Committee, including significant risks identified in planning our audit.

We will communicate to the Administration and Audit Committee, in writing, concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the Financial Statements that we have identified during the audit.

We will report to the Administration and Audit Committee the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditors' report, the effect of uncorrected misstatements related to prior periods, and that uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if the auditor has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.
- Our views about qualitative aspects of PRIM's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.
- Significant unusual transactions, if any.
- Significant difficulties, if any, encountered during our audit.
- Disagreements with management, if any.
- Circumstances that affect the form and content of our auditors' report, if any.
- Matters that are difficult or contentious for which the auditor consulted outside the engagement team and that are, in the auditor's judgment, significant and relevant to the Administration and Audit Committee regarding their responsibility to oversee the financial reporting process.
- Other matters required to be communicated by GAAS and Government Auditing Standards.

We will also determine that the Administration and Audit Committee have been informed of i) the initial selection of, and changes in, significant accounting policies, including the application of new accounting pronouncements during the period under audit, ii) our views on the policies and practices management used to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas, particularly when there is a lack of authoritative material or consensus.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the Administration and Audit Committee and determine that the Administration and Audit Committee have received copies of all material written communications between ourselves and management.

To the extent that we become aware of information concerning an instance of noncompliance or suspected noncompliance with laws and regulations, we will discuss the matter with management (at a level above those involved with the suspected noncompliance), unless they are clearly inconsequential. Additionally, to the extent they come to our attention, we will inform the appropriate level of management about material errors in the Financial Statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the Administration and Audit Committee matters involving noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the Financial Statements, and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the Financial Statements.

## **Management responsibilities**

### *Financial statements*

The management of PRIM acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with US generally accepted accounting principles, of the Financial Statements and all representations contained therein.

Management is responsible for adjusting the Financial Statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the Financial Statements being reported upon, taken as a whole.

It is also the responsibility of management, with the oversight of the Administration and Audit Committee:

- To ensure that PRIM's operations are conducted in accordance with the provisions of laws, and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements; and
- For disclosing to us, in writing, all instances of identified or suspected noncompliance with laws and regulations whose effects should be considered by management when preparing the financial statements.

Management is also responsible for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements and to provide reasonable assurance against the possibility of misstatements that are material to the Financial Statements whether due to error or fraud. Management is responsible for disclosing to us all deficiencies in the design or operation of internal control over financial reporting of which they are aware. Management will also separately disclose to us all such deficiencies that they believe to be significant deficiencies or material weaknesses in internal control over financial reporting. The audit of the Financial Statements does not relieve management or the Administration and Audit Committee of their responsibilities.

In accordance with Government Auditing Standards, it is the responsibility of management, with the oversight of the Administration and Audit Committee:

- To ensure that PRIM's operations are conducted in accordance with the provisions of contracts and grant agreements, including compliance with the provisions of contracts and grant agreements that determine the reported amounts and disclosures in an entity's financial statements; and
- For disclosing to us, in writing, all instances of identified or suspected noncompliance with the provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements.

In accordance with Government Auditing Standards, management and the Administration and Audit Committee, agree to:

- Identify and provide copies of reports, if applicable, of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether findings have been addressed and related recommendations have been implemented, prior to June 30, 2026 to facilitate our audit planning;
- Provide us with written responses and any planned corrective actions to the findings included in the GAGAS reports within 10 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the GAGAS reports, the GAGAS reports will indicate management did not provide written responses; and

- Distribute the reports issued by KPMG.

#### *Required supplementary information*

Management of the Entity also acknowledges and understands that they have responsibility for the preparation of the required supplementary information in accordance with the applicable criteria. Management is also responsible for providing us written representations regarding the required supplementary information.

#### *Supplementary information*

Management of PRIM acknowledges and understands that they have responsibility for the preparation of the Supplementary Information in accordance with the applicable criteria. Management is also responsible for providing us written representations regarding the Supplementary Information. Management is also responsible for including our report on the Supplementary Information in any document that contains and indicates that we have reported on the Supplementary Information, and for including the audited Financial Statements with any presentation of the Supplementary Information that includes our report thereon or making the audited Financial Statements readily available to intended users of the Supplementary Information no later than the date the Supplementary Information is issued with our report thereon.

#### *Other*

Management also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the Financial Statements such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audit; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by GAAS, we will make specific inquiries of management about the representations embodied in the Financial Statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. Management's responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the Financial Statements.

Because of the importance of management's representations to the effective performance of our services, PRIM will release KPMG and its personnel from any claims, liabilities, costs, and expenses relating to our services under the Agreement attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

#### **Other Government Auditing Standards matters**

Pursuant to Government Auditing Standards, and subject to applicable provisions of laws and regulations, we are required to make appropriate individuals and certain audit documentation available in a timely manner to others, upon request.

As required by Government Auditing Standards, we have attached a copy of KPMG's most recent peer review report.

#### **Reports, services and associated fees**

Appendix I to this Engagement Letter lists the reports we will issue and the services we will provide as part of this engagement (the "Services") and the fees associated with providing such Services.

In addition, fees for any additional audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this Engagement Letter.

\* \* \* \* \*

Our engagement herein is for the provision of annual audit services for the Financial Statements for the periods described in Appendix I, and it is understood that such Services are provided as a single annual engagement.

We shall be pleased to discuss this Agreement with you at any time. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our Services including our respective responsibilities.

Very truly yours,

KPMG LLP

Christine St. Hilaire  
*Partner*

cc:

ACCEPTED

The PRIM Board and PRIT Fund

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

DRAFT

### Reports, Services and Associated Fees

Based upon our discussions with and representations of management, our fees for the Services we will perform are estimated as follows:

Audit of the statements of fiduciary net position of PRIM Board as of June 30, 2026 and 2025, the related statements of changes in fiduciary net position for each of the years in the two-year period ended June 30, 2026 and the related notes to the financial statements	\$45,900
Audit of the statements of pooled net position of PRIT Fund as of June 30, 2026 and 2025, the related statements of changes in pooled net position for each of the years in the two-year period ended June 30, 2026 and the related notes to the financial statements	\$274,600
Total	\$320,500

Our fees will be billed in the following installments:

Progress Bill	PRIM	PRIT
May 31, 2026	\$12,900	\$31,900
June 30, 2026	12,900	63,900
July 31, 2026	16,000	87,100
August 31, 2026	0	79,300
November 30, 2026	4,100	12,400
<b>Total</b>	<b>\$45,900</b>	<b>\$274,600</b>

### Non-audit services

We will assist management by providing word processing assistance for the Financial Statements and related notes. It is understood and agreed that KPMG's non-audit services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, PRIM. KPMG will not perform management functions or make decisions for PRIM. In connection with KPMG's provision of non-audit services under the Engagement Letter, PRIM agrees that PRIM, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee such services, and to evaluate the adequacy and results of such services; (iii) accept responsibility for the results of such services; and (iv) establish and maintain internal controls over the processes with which such services are concerned, including monitoring on-going activities.

### Fees and expenses

The above estimates are based on the level of experience of the individuals who will perform the Services. In addition, expenses are billed for reimbursement as incurred. Circumstances encountered during the performance of these Services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed. All invoices shall be paid within 30 days after the date thereof.



## Standard Terms and Conditions for Audit and Attestation Services – SLG AICPA

April 2025 Release

### **Section 1.01**      **1. Definitions.**

- (a) “Agreement” means the Engagement Letter and these Standard Terms and Conditions for Audit and Attestation Services and any exhibits, attachments, addenda or appendices attached thereto.
- (b) “AICPA” means the American Institute of Certified Public Accountants.
- (c) “Applicable Export Control Laws” means applicable export control laws and regulations of the United States.
- (d) “Client” or “you” (or derivatives thereof) means the engaging entity or entities who are legally bound as a party(ies) to the Engagement Letter.
- (e) “Client Parties” means the entity(ies) to whom KPMG is providing the Services.
- (f) “Confidential Information” means “confidential client information” as such term is defined in the AICPA Code of Professional Conduct.
- (g) “Engagement Documentation” means audit documentation and/ or attestation documentation, as applicable, as defined under the applicable professional standards. Terms such as working papers or workpapers may also be used.
- (h) “Engagement Letter” means the engagement letter to which these Standard Terms and Conditions for Audit and Attestation Services are attached.
- (i) “Enabling Tools” means KPMG proprietary and third-party scripts or software tools that KPMG may make available to Client to assist Client in the extraction of data from Client’s Systems in connection with the Services or to otherwise facilitate KPMG’s Services to Client.
- (j) “Key Position” means a position in which an individual has primary responsibility for significant accounting functions that support material components of the financial statements; primary responsibility for the preparation of the financial statements; or the ability to exercise influence over the contents of the financial statements, including when the individual is a member of the board of directors or similar governing body, chief executive officer, president, chief financial officer, chief operating officer, general counsel, chief accounting officer, controller, director of internal audit, director of financial reporting, treasurer, or any equivalent position. For purposes of attestation engagements not involving financial statements, a Key Position is one in which an individual is primarily responsible for, or able to influence, the subject matter of the attestation engagement.
- (k) “KPMG” or “we” (or derivatives thereof) means KPMG LLP, a Delaware registered limited liability partnership and the United States member firm of the international KPMG network of independent firms.
- (l) “KPMG Parties” means KPMG, Member Firms and the legal entities comprising KPMG International and their respective partners, principals, employees, and agents.
- (m) “KPMG Resources” means KPMG, Member Firms and third-party service and technology providers engaged by KPMG or a Member Firm, which may be located in or outside of the United States.
- (n) “Legal Demand” means a validly issued legal or regulatory demand or request, subpoena or other legal process.

- (o) “Member Firms” means the members of the international KPMG network of independent firms and entities controlled by, under common control with, or sublicensees of, one or more KPMG network member firms.
- (p) “Regulators” means any federal, state, and foreign regulators, as applicable, that issue valid process or other lawful demands for Engagement Documentation.
- (q) “Services” means the services as defined in the Engagement Letter.
- (r) “Systems” means Client’s electronic books and records systems or other systems.

**Section 1.02      2. Use of KPMG Resources and Enabling Tools.**

- (a) KPMG may engage KPMG Resources to assist in the performance of the Services, for example via subcontracting or contingent workforce personnel. KPMG remains responsible to Client for the performance of such Services, and adherence to obligations of confidentiality, by any KPMG Resources to the same extent KPMG is obligated under the terms of this Agreement. Client acknowledges and agrees that the KPMG Parties will not be subject to flow-down terms set forth in the Agreement. Client agrees it shall not bring any claim relating to the Agreement against any KPMG Resource, other than KPMG.
- (b) KPMG may, with the assistance of KPMG Resources, use information obtained during engagements (i) to analyze trends, perform comparative analysis, and develop and improve benchmarks; (ii) to develop and improve technology and services; and (iii) to improve other services to Client and to provide insights to Client about its business. Such information will not be disclosed to third parties other than KPMG Resources assisting KPMG with these uses unless such information is in an aggregated or anonymized format that does not identify Client.
- (c) Enabling Tools.
  - (i) To facilitate KPMG’s Services, KPMG may provide Client with access to or use of Enabling Tools. Client may use Enabling Tools solely to facilitate Client’s provision of information to KPMG in connection with the Services, or to otherwise facilitate the receipt of KPMG’s Services. Client may not permit third parties outside of Client’s organization to have access to or use of Enabling Tools without KPMG’s prior written approval, provided that agents or contractors of Client having a need to know in order to perform their services to Client are permitted to have access to and use of Enabling Tools to the extent necessary for such parties to perform such services. Client may not redistribute, reproduce (except as necessary to run), modify, commercialize, allow third parties to access (except as permitted above or as otherwise authorized by KPMG in writing), or reverse engineer or decompile (except where such rights cannot be limited by applicable law) Enabling Tools. Enabling Tools are provided on an “as is”, “as available” basis.
  - (ii) Other than as expressly permitted hereby, Client agrees to keep Enabling Tools and credentials for accessing Enabling Tools in its possession, custody, or control confidential, using no less than a reasonable standard of care to protect them from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing Legal Demand in Paragraph 3(c) below, mutatis mutandis.
  - (iii) Enabling Tools are not intended to be used as a system of record, repository, or hosting service, and Client acknowledges that its access to Enabling Tools may be suspended at any time. Information contained within online Enabling Tools may be removed within a reasonable period of time (no less frequently than annually) following the conclusion of the Services. Certain Enabling Tools may be subject to additional terms or conditions, which will be provided in advance and in writing for Client’s review and acceptance.
  - (iv) Enabling Tools may include agents or scripts for extracting data from Client’s Systems. With respect to such extraction agent or scripts, Client understands and agrees that it is solely responsible for following appropriate change management policies, processes and controls relating to the environment (including without limitation appropriate backup of Client’s information and Systems) (collectively, “Change Management Processes”). In the event Client fails to use such Change Management Processes or if such Change Management Processes prove to be inadequate, Client acknowledges that the Systems and/or agents or scripts may not function as intended. At the conclusion of the Services, Client shall delete all copies of such Enabling Tools from Client’s Systems.

**Section 1.03 3. Confidentiality; Access to Engagement Documentation by Regulators and others pursuant to Legal Demand and inspection authority.**

- (a) KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential Client Information Rule," adopted by the AICPA and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of Confidential Information without Client consent, except in limited circumstances. KPMG represents to Client that KPMG (i) will treat Confidential Information in accordance with applicable professional standards, and (ii) has technical, legal and/or other safeguards, measures and controls in place to protect Client's Confidential Information from unauthorized disclosure or use. For the avoidance of doubt, it is understood and agreed that KPMG may disclose Confidential Information (i) to KPMG Resources performing the applicable Services, (ii) to the KPMG Resources providing internal, administrative, clerical, analytical and/or regulatory compliance operations and functions, and information technology support, and (iii) to KPMG Parties for purposes of performing engagement acceptance and other professional responsibilities such as maintaining auditor independence and performing conflicts checks; provided, that such KPMG Resources and KPMG Parties shall be subject to obligations of confidentiality no less restrictive than those contained herein. Further, **KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, Client's Confidential Information, may be hosted in cloud environments operated by KPMG Parties or KPMG Resources.** In all such cases, KPMG shall remain responsible to Client for maintaining the confidentiality of Client's Confidential Information. Any non-disclosure or confidentiality agreements the parties entered into prior to the date of the Agreement shall not be deemed to prevent KPMG from performing the Services in accordance with the Agreement and applicable professional standards.
- (b) The Engagement Documentation for the Services is the property of KPMG. If KPMG receives a Legal Demand requiring it to disclose Confidential Information, KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to Client of such Legal Demand in order to permit Client to seek a protective order. KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter.
- (c) In a proceeding or investigation to which KPMG is not a named party or respondent, if Client requests or KPMG is required or authorized to produce documents or personnel as witnesses or for interviews, or otherwise to make information or materials relating to the Services available to Client or a third party, Client **agrees to discuss, in good faith, reimbursement of KPMG's time, at KPMG's standard hourly rates, and expenses, including reasonable attorneys' fees, incurred in responding to such request or requirement.**
- (d) Pursuant to Government Auditing Standards, and subject to applicable provisions of laws and regulations, we are required to make appropriate individuals and certain audit documentation available in a timely manner to others, including Regulators, upon request. In addition, we may also be requested to make certain Engagement Documentation available to Regulators pursuant to authority provided by law or regulation. If so requested, access to such Engagement Documentation will be provided. Furthermore, Regulators may obtain copies of selected Engagement Documentation. Such regulators may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.

**Section 1.04 4. Assignment, waiver, and severability.**

- (a) Subject to Paragraph 2(a) above, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Agreement (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld, conditioned or delayed. Any assignment, transfer or delegation in violation hereof shall be null and void.
- (b) Failure of a party to exercise or enforce any of its rights hereunder is not a waiver of such rights.
- (c) In the event that any term or provision of this Agreement shall be held to be invalid, void or unenforceable, then the remainder of that provision is modified to the extent reasonably necessary to reflect the intent of the parties and this Agreement shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

**Section 1.05**      **5. Governing law.**

The Agreement and all disputes and claims between the parties (whether based in contract, tort, statute, rule, regulation or otherwise and whether pending in court or in an arbitral forum) shall be governed by and construed in accordance with the substantive and procedural laws of the State in which the Client is located.

**Section 1.06**      **6. Alternative dispute resolution.**

- (a) Any dispute or claim between the parties shall be submitted to non-binding mediation prior to commencing litigation in the State court of competent jurisdiction in which the Client is located.
- (b) Either party may seek to enforce any written agreement reached by the parties during mediation, in any court of competent jurisdiction, provided that any party moving to enforce, confirm or vacate any such agreement or award, as the case may be, will file such motion under seal unless prohibited under applicable court rules. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

**Section 1.07**      **7. Independence.**

For the purpose of complying with the AICPA Code of Professional Conduct, Client agrees to provide the following in relation to the entity(ies) for which we perform a financial statement audit, review, or compilation engagement (as applicable):

- (a) a complete and accurate listing of all of entity's affiliates as defined by AICPA Code of Professional Conduct interpretation ET 1.224, *Affiliates, Including State and Local Government Affiliates*, as applicable;
- (b) timely information about events that may result in a change in entity's affiliates; and
- (c) a listing of officers, directors, individuals who have a beneficial ownership interest (known through reasonable inquiry) that gives the individual significant influence over the entity, and individuals in Key Positions with respect to the preparation or oversight of the financial statements.

For the purpose of complying with the AICPA Code of Professional Conduct, Client agrees to provide the following in relation to the entity(ies) for which we perform a non-financial statement audit or attestation engagement (as applicable):

- (a) a listing of officers, directors, individuals who have a beneficial ownership interest (known through reasonable inquiry) that gives the individual significant influence over the entity, and individuals in Key Positions with respect to the subject matter of the attest engagement.

**Section 1.08**      **8. KPMG Clara.**

In an effort to facilitate efficient communication between KPMG and Client related to the Services and to track engagement progress during the course of the engagement, KPMG may provide Client with access to certain service coordination tools (e.g., KPMG Clara). If such access is provided to Client, the provisions set forth in Exhibit I shall apply to such access.

**Section 1.09**      **9. Our fees.**

- (a) Professional standards prohibit us from performing services for attest clients where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services.
- (b) Professional standards also indicate that independence may be impaired if fees for professional services are outstanding for an extended period of time; therefore, it is important that our fees be paid promptly when billed. If a situation arises in which it may appear that our independence would be questioned because of past due unpaid fees, we may be prohibited from issuing our report and associated consent, if applicable.
- (c) Where we are reimbursed for expenses, we will bill you for the amount we paid and will not add any markup to the expense. After such expenses are incurred, KPMG may receive rebates or incentive payments based on its aggregate purchases, which may include expenses reimbursed by you in addition to other clients. Such rebates are not credited back to you but are used to reduce KPMG's overhead.

- (d) All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be your sole responsibility. KPMG shall be responsible for its net income or applicable employment taxes.

**Section 1.10 10. Miscellaneous.**

- (a) Use of Names and Logos. You give us the right to use your logo solely for presentations or reports to you or for internal KPMG presentations and intranet sites.
- (b) Export Control.
  - (i) Each party shall comply with all Applicable Export Control Laws in the performance of each party's respective activities under the Engagement Letter and in the use of any Enabling Tools or KPMG Clara made accessible to Client hereunder.
  - (ii) Unless requested by KPMG to allow it to complete its Services, Client shall not provide KPMG, or grant KPMG access to, (A) information (including technical data or technology) verbally, electronically, or in hardcopy, (B) software or (C) hardware that is controlled for export by the United States government ("Export Controlled Information"), except information, software or hardware that is classified as EAR99 under the Export Administration Regulations. If KPMG requests Export Controlled Information from Client, Client shall provide KPMG with notice of provision of Export Controlled Information at least 48 hours prior to providing such Export Controlled Information to KPMG.
  - (iii) **Either party may suspend or terminate access to technology if it concludes that providing access to the technology pursuant to this Agreement would cause a violation of Applicable Export Control Laws.**
- (c) Personnel. KPMG is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the Services KPMG is providing, non-CPA holders may participate in the provision of Services under the Agreement.
- (d) Order of Precedence. In the event of a conflict between the provisions of these Standard Terms and Conditions for Audit and Attestation Services and the specific provisions in the Engagement Letter, the terms of these Standard Terms and Conditions for Audit and Attestation Services shall control except to the extent the Engagement Letter expressly references the provisions of these Standard Terms and Conditions for Audit and Attestation Services which they modify.

**Section 1.11 11. Entire agreement; Amendment.**

This Agreement constitutes the final, complete and exclusive agreement between the parties with respect to the subject matter of the foregoing and supersedes all other previous and contemporaneous oral and written agreements relating to that subject matter. Any amendments to the Agreement must be made in writing. To facilitate compliance with applicable professional standards, KPMG shall provide Client with an annual Engagement Letter or an amendment thereto, updating and outlining the agreed upon services and party responsibilities. The annual Engagement Letters and amendments, executed by both parties, shall be incorporated into this Agreement.

## KPMG CLARA

## TERMS OF USE

As used herein, "KPMG Clara" shall refer to those service coordination tools made available to Client by KPMG that allow a group of users to access a virtual repository for the purposes of sharing information, engaging in online discussions, providing status with regard to engagement activity and accessing certain content. These terms of use (the "Terms") are between Client and KPMG and shall govern Client's use of KPMG Clara, including content posted to KPMG Clara by KPMG and/or its licensors. If Client is comprised of multiple legal entities, Client agrees that (a) it has the authority to bind all such entities, and (b) these Terms shall govern such entities' use of KPMG Clara. In the event of any conflict or inconsistency between these Terms and the contract(s) between KPMG and Client to which these Terms or KPMG Clara relates, these Terms shall govern with respect to Client's use of KPMG Clara only.

1. Client and its Authorized Users (as defined below) may access and use KPMG Clara solely in furtherance of KPMG's engagement(s) with Client. KPMG Clara is not intended for use as a document retention system and should not be regarded as a system of record. Client should retain or download any information from KPMG Clara it wishes to retain for its files. Access to information within KPMG Clara may be removed or become unavailable within a reasonable time once the corresponding engagement is completed. "Authorized User" means Client's employees and other personnel authorized by Client and approved by KPMG to access and use KPMG Clara. Client shall ensure that all Authorized Users who access and use KPMG Clara comply with these Terms. Client shall promptly notify KPMG about any Authorized User who should no longer have access to KPMG Clara or improper access to the password of an Authorized User.
2. Client may not: (a) copy, translate, modify, adapt or create derivative works from KPMG Clara; (b) rent, lease, lend, pledge, or directly or indirectly transfer or distribute KPMG Clara to any third party; or (c) use KPMG Clara to upload, store, post, email, transmit or otherwise make available any content that is unlawful and/or infringes any intellectual property rights or data protection, privacy or other rights of any other party. Client is responsible for the information its users may upload to such tools and compliance with all laws and regulations applicable to use or access by Client's users outside the U.S. (e.g., export control and data privacy laws and regulations). Except for the license granted herein to Client, Client acquires no right or interest of any kind in or to KPMG Clara.
3. Technical factors such as bandwidth, network configurations, and browser settings can affect KPMG Clara's speed and accessibility. KPMG does not guarantee the continuous, uninterrupted or error-free operability of KPMG Clara, or compatibility with Client's computer browser or any other part of its computing systems. Access to KPMG Clara may be suspended or limited at any time, and content may be unavailable. KPMG is not responsible for the content of any third-party websites, or hyperlinks which may be featured on KPMG Clara.
4. If KPMG's relationship with Client terminates for any reason, all further access to and use of KPMG Clara by Client and its Authorized Users must immediately cease and KPMG may deactivate or delete related user accounts, unless otherwise required by applicable law or professional standards to maintain such accounts. KPMG reserves the right to terminate Client's access to KPMG Clara for any reason.
5. EXCEPT AS EXPRESSLY STATED IN THESE TERMS, KPMG CLARA IS MADE AVAILABLE ON AN "AS-IS", "AS AVAILABLE" BASIS WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED.
6. Refer to KPMG's Privacy Statement (<https://home.kpmg/us/en/home/misc/privacy.html>) for information about how KPMG collects, uses, and protects personal data.



## **Appendix I**

PRIM Operating Budget (March 31, 2026)

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**PENSION RESERVES INVESTMENT MANAGEMENT BOARD**

**Budget as of March 31, 2026**

<u>FY 2026</u>	<u>Investment Management Fees</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance Under (Over)</u>	<u>%</u>
80,839,000	Global Equity	61,226,527	60,629,250	(597,277)	-1.0%
0	Global Equity Performance Fee	8,599,870	-	(8,599,870)	N/A
11,001,000	Core Fixed Income	8,569,582	8,250,750	(318,832)	-3.9%
0	Core Fixed Income Performance Fee	2,745,761	-	(2,745,761)	N/A
55,070,000	Value Added Fixed Income	35,199,473	41,393,182	6,193,709	15.0%
0	Value Added Fixed Income Performance Fee	466,588	-	(466,588)	N/A
58,122,000	Real Estate	36,910,856	43,591,500	6,680,644	15.3%
0	Real Estate Performance Fee	1,905,430	-	(1,905,430)	N/A
11,100,000	Timberland	6,860,314	8,325,000	1,464,686	17.6%
229,750,000	Private Equity	148,072,189	172,312,500	24,240,311	14.1%
97,890,000	Portfolio Completion Strategy (PCS)	74,870,765	73,417,500	(1,453,265)	-2.0%
1,220,000	Overlay, Foreign Currency and Other	882,811	915,000	32,189	3.5%
<b>544,992,000</b>	<b>Total Investment Management Fees</b>	<b>386,310,166</b>	<b>408,834,682</b>	<b>22,524,516</b>	<b>5.5%</b>
<u>Investment Service Providers Fees</u>					
935,000	Custodian	701,250	701,250	-	0.0%
2,731,000	General	1,597,594	2,048,250	450,656	22.0%
2,650,000	Real Estate & Timberland	1,819,889	1,987,500	167,611	8.4%
3,200,000	Public Markets	1,840,194	2,400,000	559,806	23.3%
2,600,000	Private Equity	1,553,074	1,950,000	396,926	20.4%
10,450,000	Portfolio Completion Strategies	7,020,367	7,837,500	817,133	10.4%
600,000	Research	337,284	450,000	112,716	25.0%
459,000	Audit & Tax-PRIT	299,864	344,250	44,386	12.9%
3,200,000	Risk Measurement & Analytics	2,022,524	2,575,000	552,476	21.5%
<b>26,825,000</b>	<b>Total Investment Service Providers Fees</b>	<b>17,192,040</b>	<b>20,293,750</b>	<b>3,101,710</b>	<b>15.3%</b>
<b>571,817,000</b>	<b>Total Investment Expenses</b>	<b>403,502,206</b>	<b>429,128,432</b>	<b>25,626,226</b>	<b>6.0%</b>

PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Budget as of March 31, 2026

<u>FY 2026</u>	<u>Non-Investment Expenses</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance Under (Over)</u>	<u>%</u>
	<u>Operations Expenses</u>				
24,500,000	Compensation & Employee Benefits	15,912,549	18,375,000	2,462,451	13.4%
2,275,000	Occupancy	1,617,221	1,706,250	89,029	5.2%
490,000	Insurance	277,916	367,500	89,584	24.4%
460,000	General Office Expenses	318,652	345,000	26,348	7.6%
1,230,000	Technology Expenses	487,895	922,500	434,605	47.1%
590,000	Travel, Prof. Develop, Dues & Subscriptions	327,193	442,500	115,307	26.1%
55,000	Client Service	12,144	41,250	29,106	70.6%
250,000	PRIM Board Elections	203,784	250,000	46,216	18.5%
<b>29,850,000</b>	<b>Total Operations</b>	<b>19,157,354</b>	<b>22,450,000</b>	<b>3,292,646</b>	<b>14.7%</b>
	<u>Non-Investment Service Providers Fee</u>				
1,145,000	General	633,213	858,750	225,537	26.3%
115,000	Audit & Tax-PRIM	34,425	86,250	51,825	60.1%
600,000	Legal	237,394	450,000	212,606	47.2%
70,000	Governance	10,232	52,500	42,268	80.5%
<b>1,930,000</b>	<b>Total Third-Party Service Providers</b>	<b>915,264</b>	<b>1,447,500</b>	<b>532,236</b>	<b>36.8%</b>
<b>31,780,000</b>	<b>Total Non-Investment Expenses</b>	<b>20,072,618</b>	<b>23,897,500</b>	<b>3,824,882</b>	<b>16.0%</b>
<b>603,597,000</b>	<b>Total Operating Budget</b>	<b>423,574,824</b>	<b>453,025,932</b>	<b>29,451,108</b>	<b>6.5%</b>

**PRIM Board  
Budget Detail  
March 31, 2026**

**Global Equities**

<u>FY 2026 Budget</u>	<u>Manager</u>	<u>Year to Date Actual</u>	<u>Year to Date Budget</u>	<u>Variance Under (Over)</u>
<b><u>Domestic Equity</u></b>				
915,000	SSgA (S&P 500 Index)	664,078	686,250	22,172
213,000	Rhumblin (S&P 500 Index)	174,899	159,750	(15,149)
146,000	SSgA (Russell 2500 Index)	109,956	109,500	(456)
3,218,000	Frontier	2,270,744	2,413,500	142,756
1,716,000	Riverbridge	237,703	1,287,000	1,049,297
4,111,000	Summit Creek	2,154,773	3,083,250	928,477
677,000	Acadian Micro Cap	539,968	507,750	(32,218)
2,223,000	Lord Abbett Micro Cap	1,434,545	1,667,250	232,705
2,722,000	Driehaus Micro Cap	2,340,582	2,041,500	(299,082)
871,000	Rhumblin EIA	475,863	653,250	177,387
<b>16,812,000</b>	<b>Total Domestic Equity</b>	<b>10,403,111</b>	<b>12,609,000</b>	<b>2,205,889</b>
<b><u>International Equity</u></b>				
213,000	SSgA (World Ex-US Index)	180,750	159,750	(21,000)
57,000	SSgA (Small Cap World Ex - US Index)	28,025	42,750	14,725
9,212,000	Marathon	7,129,310	6,909,000	(220,310)
1,320,000	Baillie Gifford	417,315	990,000	572,685
2,396,000	Mondrian Investment	1,981,988	1,797,000	(184,988)
2,136,000	Xponance	1,248,583	1,602,000	353,417
2,966,000	ARGA	2,450,118	2,224,500	(225,618)
2,120,000	Acadian	1,771,680	1,590,000	(181,680)
2,082,000	AQR	1,798,243	1,561,500	(236,743)
1,399,000	Driehaus	1,196,303	1,049,250	(147,053)
1,923,000	Artisan	1,293,003	1,442,250	149,247
2,648,000	Causeway	2,351,272	1,986,000	(365,272)
1,828,000	Columbia	1,526,668	1,371,000	(155,668)
2,069,000	Pzena	1,698,864	1,551,750	(147,114)
1,525,000	C WorldWide	1,159,252	1,143,750	(15,502)
2,068,000	Pinestone	1,456,335	1,551,000	94,665
2,284,000	Walter Scott	1,583,092	1,713,000	129,908
<b>38,246,000</b>	<b>Total International Equity</b>	<b>29,270,801</b>	<b>28,684,500</b>	<b>(586,301)</b>
<b><u>Emerging Markets Equity</u></b>				
5,092,000	Baillie Gifford	4,651,768	3,819,000	(832,768)
4,563,000	Driehaus	4,122,158	3,422,250	(699,908)
7,353,000	Pzena	6,336,148	5,514,750	(821,398)
0	AQR (Performance Fee)	8,599,870	0	(8,599,870)
5,570,000	Acadian	4,530,279	4,177,500	(352,779)
1,700,000	Wasatch	707,569	1,275,000	567,431
<b>24,278,000</b>	<b>Total Emerging Markets</b>	<b>28,947,792</b>	<b>18,208,500</b>	<b>(10,739,292)</b>
<b><u>FUTURE Initiative - Emerging Diverse Managers Program</u></b>				
797,000	Xponance	658,469	597,750	(60,719)
706,000	Various Emerging - Diverse Managers	546,224	529,500	(16,724)
<b>1,503,000</b>	<b>Total Diverse Managers</b>	<b>1,204,693</b>	<b>1,127,250</b>	<b>(77,443)</b>
<b>80,839,000</b>	<b>Total Global Equities</b>	<b>69,826,397</b>	<b>60,629,250</b>	<b>(9,197,147)</b>

**PRIM Board  
Budget Detail  
March 31, 2026**

**Fixed Income**

<u>FY 2026 Budget</u>	<u>Manager</u>	<u>Year to Date Actual</u>	<u>Year to Date Budget</u>	<u>Variance Under (Over)</u>
<b><u>Core Fixed Income</u></b>				
124,000	Blackrock (Agg Index)	86,822	93,000	6,178
307,000	Blackrock (TIPS Index)	237,612	230,250	(7,362)
1,337,000	Blackrock (ILB)	1,091,192	1,002,750	(88,442)
286,000	Blackrock (STRIPS Index)	231,365	214,500	(16,865)
103,000	Blackrock Short Term FI	79,728	77,250	(2,478)
2,097,000	PIMCO	1,700,693	1,572,750	(127,943)
0	PIMCO Performance Fee	2,745,761	0	(2,745,761)
2,871,000	Loomis Sayles	2,110,618	2,153,250	42,632
174,000	AFL-CIO	119,470	130,500	11,030
1,022,000	Longfellow	818,347	766,500	(51,847)
1,016,000	New Century	789,529	762,000	(27,529)
1,159,000	Pugh	918,348	869,250	(49,098)
236,000	FUTURE Initiative - Bivium Core FI	180,393	177,000	(3,393)
269,000	FUTURE Initiative - Various Emerging-Diverse Managers	205,465	201,750	(3,715)
<b><u>11,001,000</u></b>	<b>Total Core Fixed Income</b>	<b><u>11,315,343</u></b>	<b><u>8,250,750</u></b>	<b><u>(3,064,593)</u></b>
<b><u>Value Added Fixed Income</u></b>				
2,061,000	Fidelity	1,636,408	1,545,750	(90,658)
1,036,000	Loomis Sayles	744,759	777,000	32,241
1,320,000	Shenkman	1,016,968	990,000	(26,968)
251,000	Eaton Vance*	(321,357)	188,250	509,607
170,000	Voya*	476,467	170,000	(306,467)
1,921,000	PIMCO	1,531,954	1,440,750	(91,204)
1,000,000	Ashmore*	276,491	798,182	521,691
1,303,000	Beach Point	968,739	977,250	8,511
1,945,000	Ares Management	1,416,589	1,458,750	42,161
1,862,000	RBC Global Asset Management	1,280,573	1,396,500	115,927
8,000,000	Private Debt*	4,455,974	6,000,000	1,544,026
24,800,000	Other Credit Strategies	14,754,480	18,600,000	3,845,520
1,700,000	Morgan Properties	838,963	1,275,000	436,037
0	Morgan Properties Performance	466,588	0	(466,588)
1,737,000	Anchorage Capital	1,504,977	1,302,750	(202,227)
2,030,000	Shenkman-MAC	1,559,808	1,522,500	(37,308)
1,505,000	KKR-KMAC	1,195,802	1,128,750	(67,052)
1,764,000	KKR-GCOF	1,352,387	1,323,000	(29,387)
231,000	FUTURE Initiative - Bivium Value Added FI	181,793	173,250	(8,543)
434,000	FUTURE Initiative - Various Emerging-Diverse Managers	327,698	325,500	(2,198)
<b><u>55,070,000</u></b>	<b>Total Value Added Fixed Income</b>	<b><u>35,666,061</u></b>	<b><u>41,393,182</u></b>	<b><u>5,727,121</u></b>

\*Investments are in structures (commingled funds, partnerships, etc.) in which management fees are not directly paid to the investment managers by PRIM, but rather are indirectly paid via a reduction of PRIM's investment.

**PRIM Board  
Budget Detail  
March 31, 2026**

**Real Estate and Timberland**

<u>FY 2026 Budget</u>	<u>Manager</u>	<u>Year to Date Actual</u>	<u>Year to Date Budget</u>	<u>Variance Under (Over)</u>
<b><u>REITs</u></b>				
2,525,000	CenterSquare US REIT	1,975,364	1,893,750	(81,614)
776,000	PGIM	416,981	582,000	165,019
826,000	DWS	450,585	619,500	168,915
<u>4,127,000</u>	<b>Total REIT</b>	<u>2,842,930</u>	<u>3,095,250</u>	<u>252,320</u>
<b><u>Core Strategy</u></b>				
8,000,000	AEW*	5,381,644	6,000,000	618,356
11,300,000	Invesco*	7,752,684	8,475,000	722,316
10,300,000	LaSalle*	6,839,706	7,725,000	885,294
3,800,000	CBRE Global Investors	2,626,604	2,850,000	223,396
4,500,000	Stockbridge Advisors	3,357,818	3,375,000	17,182
1,000,000	DivcoWest Core	474,285	750,000	275,715
<u>38,900,000</u>	<b>Total Core Strategy</b>	<u>26,432,741</u>	<u>29,175,000</u>	<u>2,742,259</u>
<b><u>Non-core and Direct Strategies</u></b>				
<u>11,800,000</u>	Various Managers	<u>5,506,743</u>	<u>8,850,000</u>	<u>3,343,257</u>
<u>11,800,000</u>	<b>Total Non-Core Strategy</b>	<u>5,506,743</u>	<u>8,850,000</u>	<u>3,343,257</u>
<b><u>FUTURE Initiative - Emerging Diverse Managers Program</u></b>				
500,000	Cambridge Associates	337,188	375,000	37,812
2,795,000	Various Emerging - Diverse Managers	1,791,254	2,096,250	304,996
<u>3,295,000</u>	<b>Total Diverse Managers</b>	<u>2,128,442</u>	<u>2,471,250</u>	<u>342,808</u>
<b><u>Performance Fee</u></b>				
0	Core Performance Fee	1,905,430	0	(1,905,430)
0	<b>Total Performance Fee</b>	1,905,430	0	(1,905,430)
<u><b>58,122,000</b></u>	<b>Total Real Estate</b>	<u><b>38,816,286</b></u>	<u><b>43,591,500</b></u>	<u><b>4,775,214</b></u>
<b><u>Timberland</u></b>				
4,700,000	Forest Investment Associates*	2,910,145	3,525,000	614,855
6,400,000	Campbell Group*	3,950,169	4,800,000	849,831
<u><b>11,100,000</b></u>	<b>Total Timberland</b>	<u><b>6,860,314</b></u>	<u><b>8,325,000</b></u>	<u><b>1,464,686</b></u>

\*Investments are in structures (commingled funds, partnerships, etc.) in which management fees are not directly paid to the investment managers by PRIM, but rather are indirectly paid via a reduction of PRIM's investment.

**PRIM Board  
Budget Detail  
March 31, 2026**

**Private Equity**

<b><u>FY 2026 Budget</u></b>	<b><u>Manager</u></b>	<b><u>Year to Date Actual</u></b>	<b><u>Year to Date Budget</u></b>	<b><u>Variance Under (Over)</u></b>
<b><u>Private Equity Managers</u></b>				
225,400,000	Various Managers*	145,979,219	169,050,000	23,070,781
<u>4,350,000</u>	FUTURE Initiative - Various Managers*	<u>2,092,970</u>	<u>3,262,500</u>	<u>1,169,530</u>
<b><u>229,750,000</u></b>	<b>Total Private Equity</b>	<b><u>148,072,189</u></b>	<b><u>172,312,500</u></b>	<b><u>24,240,311</u></b>

\*Investments are in structures (commingled funds, partnerships, etc.) in which management fees are not directly paid to the investment managers by PRIM, but rather are indirectly paid via a reduction of PRIM's investment.

**PRIM Board  
Budget Detail  
March 31, 2026**

**Portfolio Completion Strategies**

<u>FY 2026 Budget</u>	<u>Manager</u>	<u>Year to Date Actual</u>	<u>Year to Date Budget</u>	<u>Variance Under (Over)</u>
<b><u>Portfolio Completion Strategies</u></b>				
190,000	Replication Strategies	142,907	142,500	(407)
6,450,000	PAAMCO-Hedge Fund of Funds*<	4,627,461	4,837,500	210,039
78,000,000	Direct Hedge Funds*	61,637,812	58,500,000	(3,137,812)
7,000,000	Emerging Manager Program	3,688,544	5,250,000	1,561,456
6,250,000	Real Assets*	4,774,041	4,687,500	(86,541)
<b><u>97,890,000</u></b>	<b>Total Portfolio Completion Strategies</b>	<b><u>74,870,765</u></b>	<b><u>73,417,500</u></b>	<b><u>(1,453,265)</u></b>

\*Investments are in structures (commingled funds, partnerships, etc.) in which management fees are not directly paid to the investment managers by PRIM, but rather are indirectly paid via a reduction of PRIM's investment.

<Fees listed here exclude costs of underlying hedge funds, which typically charge fees ranging from 1% to 2% of net assets values, plus performance fees of up to 20% of excess returns. These costs are embedded in net hedge fund performance.

**PRIM Board**  
**Budget Detail**  
**March 31, 2026**

Overlay/Foreign Currency/Other

<u>FY 2026 Budget</u>	<u>Manager</u>	<u>Year to Date</u> <u>Actual</u>	<u>Year to Date</u> <u>Budget</u>	<u>Variance</u> <u>Under (Over)</u>
<u>Overlay/Foreign Currency &amp; Other</u>				
470,000	Parametric (Overlay)	289,725	352,500	62,775
<u>750,000</u>	Russell (Foreign Currency)	<u>593,086</u>	<u>562,500</u>	<u>(30,586)</u>
<u><b>1,220,000</b></u>	<b>Total</b>	<u><b>882,811</b></u>	<u><b>915,000</b></u>	<u><b>32,189</b></u>
<u><b>544,992,000</b></u>	<b>Total Investment Management Fees</b>	<u><b>386,310,166</b></u>	<u><b>408,834,682</b></u>	<u><b>22,524,516</b></u>

**PRIM Board  
Budget Detail  
March 31, 2026**

**Investment Service Providers Fees**

<b><u>FY 2026 Budget</u></b>		<b><u>Year to Date Actual</u></b>	<b><u>Year to Date Budget</u></b>	<b><u>Variance Under (Over)</u></b>
<b><u>Custody</u></b>				
935,000	Master Custody Services	701,250	701,250	0
<b><u>935,000</u></b>	<b>Total Custody</b>	<b><u>701,250</u></b>	<b><u>701,250</u></b>	<b><u>0</u></b>
<b><u>General</u></b>				
230,000	Asset Allocation	172,500	172,500	0
126,000	Benchmarking Advisory Services	91,875	94,500	2,625
750,000	Operational Due Diligence	475,272	562,500	87,228
225,000	Legislative Restrictions & Benchmark	148,387	168,750	20,363
100,000	Compliance	8,366	75,000	66,634
550,000	Stewardship & Sustainability Initiatives	451,095	412,500	(38,595)
750,000	Misc. Service Providers & Other Initiatives	250,099	562,500	312,401
<b><u>2,731,000</u></b>	<b>Total Advisory Services-General</b>	<b><u>1,597,594</u></b>	<b><u>2,048,250</u></b>	<b><u>450,656</u></b>
<b><u>RE and Timberlands</u></b>				
800,000	Real Estate and Timberland Advisors	437,192	600,000	162,808
1,050,000	Debt Compliance and Reporting	843,614	787,500	(56,114)
800,000	Direct Invest. Advisory & Other	539,083	600,000	60,917
<b><u>2,650,000</u></b>	<b>Total Real Estate &amp; Timber Advisory</b>	<b><u>1,819,889</u></b>	<b><u>1,987,500</u></b>	<b><u>167,611</u></b>
<b><u>Public Markets</u></b>				
700,000	Public Markets Advisors	471,555	525,000	53,445
1,900,000	Managed Acct Platform Providers-OCO	1,152,576	1,425,000	272,424
600,000	Public Markets - Other	216,063	450,000	233,937
<b><u>3,200,000</u></b>	<b>Total Public Markets Advisory</b>	<b><u>1,840,194</u></b>	<b><u>2,400,000</u></b>	<b><u>559,806</u></b>
<b><u>Private Equity</u></b>				
1,800,000	Private Equity Advisor	1,034,178	1,350,000	315,822
800,000	Private Equity - Other	518,896	600,000	81,104
<b><u>2,600,000</u></b>	<b>Total Private Equity Advisory</b>	<b><u>1,553,074</u></b>	<b><u>1,950,000</u></b>	<b><u>396,926</u></b>

**PRIM Board  
Budget Detail  
March 31, 2026**

**Investment Service Providers Fees (continued)**

<b><u>FY 2026 Budget</u></b>		<b><u>Year to Date Actual</u></b>	<b><u>Year to Date Budget</u></b>	<b><u>Variance Under (Over)</u></b>
<b><u>Portfolio Completion Strategies</u></b>				
1,500,000	Advisor-Portfolio Completion Strategies	862,051	1,125,000	262,949
8,500,000	Managed Acct Platform Provider	6,032,472	6,375,000	342,528
450,000	PCS Advisor - Other	125,844	337,500	211,656
<b><u>10,450,000</u></b>	<b>Total Portfolio Completion Strategies Advisory</b>	<b><u>7,020,367</u></b>	<b><u>7,837,500</u></b>	<b><u>817,133</u></b>
<b><u>Research</u></b>				
600,000	Research Tools	337,284	450,000	112,716
<b><u>600,000</u></b>	<b>Total Research</b>	<b><u>337,284</u></b>	<b><u>450,000</u></b>	<b><u>112,716</u></b>
<b><u>Audit &amp; Tax-PRIT</u></b>				
275,000	Annual Finan. Statement Audits	205,950	206,250	300
69,000	Agreed-Upon Procedures	51,375	51,750	375
115,000	Tax Services & Other	42,539	86,250	43,711
<b><u>459,000</u></b>	<b>Total Audit &amp; Tax-PRIT</b>	<b><u>299,864</u></b>	<b><u>344,250</u></b>	<b><u>44,386</u></b>
<b><u>Risk Measurement &amp; Analytics</u></b>				
1,000,000	Risk Measurement Systems	249,312	750,000	500,688
2,200,000	Investment Tools and Analytics	1,773,212	1,825,000	51,788
<b><u>3,200,000</u></b>	<b>Total Risk Measurement</b>	<b><u>2,022,524</u></b>	<b><u>2,575,000</u></b>	<b><u>552,476</u></b>
<b><u>26,825,000</u></b>	<b>Total Investment Service Providers Fees</b>	<b><u>17,192,040</u></b>	<b><u>20,293,750</u></b>	<b><u>3,101,710</u></b>

**PRIM Board  
Budget Detail  
March 31, 2026**

**Operations Expenses**

<u>FY 2026 Budget</u>	<u>Operations Expenses</u>	<u>Year to Date Actual</u>	<u>Year to Date Budget</u>	<u>Variance Under (Over)</u>
<b><u>Compensation &amp; Benefits</u></b>				
23,900,000	Full-Time Staff	15,524,908	17,925,000	2,400,092
600,000	Benefits, Taxes, and Miscellan	387,641	450,000	62,359
<b>24,500,000</b>	<b>Total Compensation &amp; Benefits</b>	<b>15,912,549</b>	<b>18,375,000</b>	<b>2,462,451</b>
<b><u>Occupancy</u></b>				
2,200,000	Lease	1,611,773	1,650,000	38,227
75,000	Leasehold Improvements, Other	5,448	56,250	50,802
<b>2,275,000</b>	<b>Total Occupancy</b>	<b>1,617,221</b>	<b>1,706,250</b>	<b>89,029</b>
<b><u>Insurance</u></b>				
300,000	Fiduciary	198,074	225,000	26,926
65,000	Business Insurance Policies	37,240	48,750	11,510
25,000	Workers Compensation	11,935	18,750	6,815
50,000	Cyber	30,667	37,500	6,833
50,000	Other	0	37,500	37,500
<b>490,000</b>	<b>Total Insurance</b>	<b>277,916</b>	<b>367,500</b>	<b>89,584</b>
<b><u>General Office Expenses</u></b>				
65,000	Printing, Postage, and Courier	37,307	48,750	11,443
75,000	Payroll / Employee HRIS	39,377	56,250	16,873
30,000	Stenographer & other meeting expenses	5,441	22,500	17,059
90,000	Records Storage	83,023	67,500	(15,523)
130,000	Off. Supplies, Equip and Other	78,186	97,500	19,314
70,000	Temporary Labor	75,318	52,500	(22,818)
	Cap Assets-Office Equipment	0	0	0
	Cap Assets-Leasehold	0	0	0
<b>460,000</b>	<b>Total General Office Expense</b>	<b>318,652</b>	<b>345,000</b>	<b>26,348</b>
<b><u>Technology Expenses</u></b>				
800,000	Hardware & Software	303,999	600,000	296,001
285,000	Support and Development	56,698	213,750	157,052
145,000	MIS Other/ISP& Remote Access	86,183	108,750	22,567
	Cap Assets-Computer Equipment	41,015	0	(41,015)
	Cap Assets-Software Development	0	0	0
<b>1,230,000</b>	<b>Total Computer &amp; MIS Expenses</b>	<b>487,895</b>	<b>922,500</b>	<b>434,605</b>

**PRIM Board  
Budget Detail  
March 31, 2026**

**Operations Expenses (continued)**

<b><u>FY 2026 Budget</u></b>		<b><u>Year to Date Actual</u></b>	<b><u>Year to Date Budget</u></b>	<b><u>Variance Under (Over)</u></b>
<b><u>Travel, Development, Dues &amp; Subscriptions</u></b>				
240,000	Due Diligence Travel	107,460	180,000	72,540
160,000	Professional Development	69,120	120,000	50,880
190,000	Professional Dues and Subscriptions	150,613	142,500	(8,113)
<b><u>590,000</u></b>	<b>Total Travel, Development &amp; Dues</b>	<b><u>327,193</u></b>	<b><u>442,500</u></b>	<b><u>115,307</u></b>
<b><u>Client Services</u></b>				
55,000	Client Meetings and Conference	12,144	41,250	29,106
<b><u>55,000</u></b>	<b>Total Client Services</b>	<b><u>12,144</u></b>	<b><u>41,250</u></b>	<b><u>29,106</u></b>
<b><u>Board Elections</u></b>				
250,000	PRIM Board Member Elections	203,784	250,000	46,216
<b><u>250,000</u></b>	<b>Total Board Elections</b>	<b><u>203,784</u></b>	<b><u>250,000</u></b>	<b><u>46,216</u></b>
<b><u>29,850,000</u></b>	<b>Total Operations Expenses</b>	<b><u>19,157,354</u></b>	<b><u>22,450,000</u></b>	<b><u>3,292,646</u></b>

**PRIM Board  
Budget Detail  
March 31, 2026**

**Non-Investment Service Providers Fees**

<u>FY 2026 Budget</u>	<u>Non-Investment Service Providers Fees</u>	<u>Year to Date Actual</u>	<u>Year to Date Budget</u>	<u>Variance Under (Over)</u>
<b><u>General</u></b>				
800,000	Information Technology Advisors	505,026	600,000	94,974
125,000	Communications Advisors	92,050	93,750	1,700
120,000	Compensation and Human Resources Advisors	16,224	90,000	73,776
100,000	Misc. Service Providers & Other Initiatives	19,913	75,000	55,087
<b><u>1,145,000</u></b>	<b>Total Advisory Services-General</b>	<b><u>633,213</u></b>	<b><u>858,750</u></b>	<b><u>225,537</u></b>
<b><u>Audit &amp; Tax-PRIM</u></b>				
46,000	Annual Finan. Statement Audits	34,425	34,500	75
69,000	Tax Services & Other	0	51,750	51,750
<b><u>115,000</u></b>	<b>Total Audit &amp; Tax-PRIM</b>	<b><u>34,425</u></b>	<b><u>86,250</u></b>	<b><u>51,825</u></b>
<b><u>Legal</u></b>				
600,000	Outside Counsel	237,394	450,000	212,606
<b><u>600,000</u></b>	<b>Total Legal</b>	<b><u>237,394</u></b>	<b><u>450,000</u></b>	<b><u>212,606</u></b>
<b><u>Governance</u></b>				
20,000	Board Education	7,500	15,000	7,500
50,000	Advisory Services and Other	2,732	37,500	34,768
<b><u>70,000</u></b>	<b>Total Governance</b>	<b><u>10,232</u></b>	<b><u>52,500</u></b>	<b><u>42,268</u></b>
<b><u>1,930,000</u></b>	<b>Total Non-Investment Service Providers Fees</b>	<b><u>915,264</u></b>	<b><u>1,447,500</u></b>	<b><u>532,236</u></b>

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## **Appendix J**

### Travel Report

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PRIM BOARD

Travel Report

FY 2026 - Reimbursement since 1/1/26

Dates	Name	Organization	Location	Due Diligence	Fiduciary Education/Professional Development
2/18-2/20/26	John Fitzpatrick	NAPPA Winter Seminar 2026	Nashville, TN		1,917.45
	<b>Total John Fitzpatrick</b>			-	<b>1,917.45</b>
3/8-3/11/26	Eliza Haynes	Women's Private Equity Summit	Phoenix, AZ		446.30
	<b>Total Eliza Haynes</b>			-	<b>446.30</b>
12/2-12/4/25	Helen Huang	Elysian and BlackFin	London, UK & Paris, France	1,910.18	
2/4-2/5/26	Helen Huang	Spark Annual Meeting	New York, NY	1,246.96	
2/19-2/20/26	Helen Huang	StepStone	Boca Raton, FL	2,678.03	
3/4/2026	Helen Huang	Potential New Managers	New York, NY	566.00	
3/25-3/27/26	Helen Huang	GTCR Annual Meeting and Advisory Board Meeting	Chicago, IL	370.30	
	<b>Total Helen Huang</b>			<b>6,771.47</b>	-
11/19-11/21/25	Minching Kao	AEW Property Tour	Dallas, TX	1,264.27	
2/23-2/24/26	Minching Kao	AEW Property Tour	Phoenix, AZ	661.09	
	<b>Total Minching Kao</b>			<b>1,925.36</b>	-
12/8-12/9/25	Eleni Klempner	JEN Annual Meeting	New York, NY	1,623.28	
	<b>Total Eleni Klempner</b>			<b>1,623.28</b>	-
2/5/2026	John LaCara	Stockbridge Property Tour	Austin, TX	951.29	
	<b>Total John LaCara</b>			<b>951.29</b>	-
1/20/2026	Chuck LaPosta	KKR	New York, NY	409.80	
	<b>Total Chuck LaPosta</b>			<b>409.80</b>	-
1/20/2026	Richer Leung	KKR	New York, NY	386.50	
	<b>Total Richer Leung</b>			<b>386.50</b>	-
12/7-12/9/26	Bill Li	Potential New Managers	New York, NY	1,326.66	
	<b>Total Bill Li</b>			<b>1,326.66</b>	-
1/20/2026	Christina Marcarelli	KKR	New York, NY	324.00	
2/23-2/24/26	Christina Marcarelli	AEW Property Tour	Phoenix, AZ	661.09	
3/25-3/27/26	Christina Marcarelli	PREA Conference	Nashville, TN		406.30
	<b>Total Christina Marcarelli</b>			<b>985.09</b>	<b>406.30</b>
12/8-12/10/25	Matthew Marshall	Tidemark Annual Meeting	San Francisco, CA	1,994.52	
2/19-2/20/26	Matthew Marshall	StepStone	Boca Raton, FL	2,496.98	
	<b>Total Matthew Marshall</b>			<b>4,491.50</b>	-
12/9-12/10/25	Michael McGirr	Hellman & Friedman and StepStone	New York, NY	348.69	
3/26-3/27/26	Michael McGirr	Alternative Investment Conference	Raleigh, NC		473.60
	<b>Total Michael McGirr</b>			<b>348.69</b>	<b>473.60</b>

2/25-2/26/26	Jessica Murphy	Performance Measurement and Client Reporting Conference	New York, NY		1,814.84
	<b>Total Jessica Murphy</b>			-	<b>1,814.84</b>
1/28/2026	Tim Schlitzer	Urban Land Institute conference	Nashville, TN		635.00
3/25-3/27/26	Tim Schlitzer	PREA Conference	Nashville, TN		406.30
	<b>Total Tim Schlitzer</b>			-	<b>1,041.30</b>
10/14-10/16/25	Joy Seth	Goldman Sachs Asia HF Symposium & Potential New Manager	Tokyo, Japan	4,093.19	4,093.19
11/3-11/5/25	Joy Seth	Capula Global Investor Summit	London, UK		2,855.96
	<b>Total Joy Seth</b>			<b>4,093.19</b>	<b>6,949.15</b>
1/21-1/23/26	Ethan Spencer	Mudrick & Manager meetings	New York, NY	1,287.40	
	<b>Total Ethan Spencer</b>			<b>1,287.40</b>	-
12/8-12/9/25	Michael Trotsky	KKR CIO Symposium	San Francisco, CA		1,794.54
	<b>Total Michael Trotsky</b>			-	<b>1,794.54</b>
3/14/2026	Raluca Zelinski	LaSalle Property Tour	Austin, TX	441.29	
	<b>Total Raluca Zelinski</b>			<b>441.29</b>	-