

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

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Minutes of the Board Meeting
Thursday, December 4, 2025
commencing at 9:30 a.m.

(CONDUCTED REMOTELY)

PRIM Board Offices
53 State Street
Boston, Massachusetts

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A T T E N D E E S

(Via Zoom)

Board Members

- Treasurer Deborah B. Goldberg, Chair
- Robert L. Brousseau
- Ruth Ellen Fitch
- Mark Lapman
- Dennis J. Naughton
- Carly Rose

Other Attendees (partial list):

- Anthony Falzone
- David Griswold
- Emily Kowtoniuk
- Chuck LaPosta
- Renee LeFevre
- Bill Li
- Michael McElroy
- Michael McGirr
- Sue Perez
- Veena Ramani
- Tim Schlitzer
- Michael Trotsky

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

2 A meeting of the Pension Reserves
3 Investment Management Board (PRIM Board) was held
4 remotely on Thursday, December 4, 2025. The
5 meeting was called to order and convened at
6 9:30 a.m. Treasurer and Receiver-General Deborah
7 Goldberg chaired the beginning of the meeting.
8 Deputy Treasurer Sue Perez chaired the balance.

9
10 TREASURER GOLDBERG: Good morning, and
11 welcome to the PRIM Board meeting, Thursday,
12 December 4, 2025.

13 This meeting is being held in accordance
14 with the provisions of Massachusetts Acts of
15 2022, Chapter 22, which was most recently amended
16 on March 28, 2025, to include an extension of the
17 2020 Executive Order Suspending Certain
18 Provisions of the Open Meeting Law until June 30,
19 2027.

20 All members of the Board will
21 participate remotely via audiovisual
22 conferencing. And public access to the
23 deliberations of the Board will likewise be
24 provided via telephone with all documents
referenced at the meeting available to be viewed
on PRIM's website, www.mapension.com.

1 All persons speaking at today's meeting
2 are asked first to identify themselves. Also, the
3 Open Meeting Law requires anyone wishing to record
4 a meeting to first notify the chair so the chair
5 can inform other attendees.

6 Tony, is anyone recording today's
7 meeting?

8 MR. FALZONE: Yes. We have our
9 stenographer recording. We have Jesse Pound from
10 *Pensions and Investments*. We have Sara Ramram
11 from the MTA. And we have Matthew Scheffler from
12 Framingham Public Schools. They are all
13 recording.

14 TREASURER GOLDBERG: All right. Thank
15 you.

16 Additionally, the Attorney General's
17 guidance on holding remote meetings reads as
18 follows:

19 At the start of the meeting, the chair
20 must announce the name of the member or members
21 who are participating remotely. I will now
22 announce the names of all PRIM Board members who
23 are participating remotely in today's meeting.

24 Robert Brousseau. Ruth Ellen Fitch, we

1 are anticipating her arrival, and Tony will
2 announce when she does arrive. Mark Lapman,
3 Dennis Naughton, Carly Rose, and myself, Treasurer
4 Deborah Goldberg.

5 However, I would like to say something.
6 Last night, I was thinking about how many years
7 has it been that I've been chairing this Board
8 and several of the subcommittees, because I was
9 thinking about the fact that today will be the
10 first meeting ever out of all of them that I am
11 missing a major portion of the meeting, which is
12 pretty amazing because it is 11 years ago this
13 month, and I remember it like yesterday, that I
14 walked into the PRIM boardroom. And although I
15 wasn't chairing that day, I think I did leave an
16 impression.

17 So sadly, I will be leaving after the
18 third item on the agenda because we have had a
19 very huge loss in our public service political
20 environment on Beacon Hill. And that is in the
21 case of my very dear friend, State Representative
22 Ann-Margaret Ferrante, who was a fierce warrior,
23 an incredible daughter of Gloucester. If you
24 didn't know anything about the fishing industry,

1 you had encyclopedia knowledge on it by the time
2 you became her friend.

3 Incredibly devoted daughter, who never
4 married because she took care of her parents and
5 her aunt. And she put that same kind of fierce
6 loyalty and loving and compassion into the
7 relationships of those that she deemed worthy of
8 her friendship. And I was one of the very lucky
9 people to have her as a friend.

10 So sadly, she lost her battle with
11 cancer over Thanksgiving at the age of 53, way too
12 young. And the world will not be the same without
13 her.

14 And so I will be departing to go to her
15 funeral. Not a fun occasion, I'm leaving for.

16 And my trusty deputy treasurer, Sue
17 Perez, will take over. Not sure if she's quite
18 as eloquent as I am--

19 See, she's laughing. Sue is very cut-
20 and-dry. Being head of debt, she has developed
21 that style. But Sue will take over, and I'm sure
22 the rest of you will all support her.

23 And so with that, I will move on, and I
24 will do the first three items on the agenda, and

1 then I will quietly depart.

2 And I know all of you send your best
3 wishes to the memory of Ann-Margaret Ferrante.

4 I'm sure, Bob, you knew of Ann-Margaret.
5 And, Dennis, you also, in other roles that you
6 had.

7 So the first item on the agenda today is
8 the consent agenda, and it is a voting item. And
9 I am going to ask for a motion.

10 I seek a motion that the PRIM
11 Board approve the consent agenda items as
12 described in the expanded agenda.

13 Is there a motion?

14 MR. BROUSSEAU: So moved.

15 TREASURER GOLDBERG: Is there a second?

16 MR. LAPMAN: Second.

17 TREASURER GOLDBERG: Any questions or
18 comments?

19 Hearing none, we'll proceed with the
20 vote.

21 Bob?

22 MR. BROUSSEAU: Yes.

23 TREASURER GOLDBERG: Mark?

24 MR. LAPMAN: Yes.

1 TREASURER GOLDBERG: Dennis?

2 MR. NAUGHTON: Yes.

3 TREASURER GOLDBERG: Carly?

4 MS. ROSE: Yes.

5 TREASURER GOLDBERG: Myself, yes.

6 The motion carries.

7 The next item on the agenda is the
8 executive director/chief investment officer
9 report. Michael.

10 MR. TROTSKY: Thank you. And before we
11 start, Treasurer, I do want you to know how
12 saddened we were to learn of the passing of your
13 good friend, Representative Ferrante. I know you
14 were very close to her. And as you already
15 mentioned, as a dedicated representative from
16 Gloucester, and she was former chair of the
17 economic development --

18 TREASURER GOLDBERG: Development. Yes.

19 MR. TROTSKY: -- among other posts, she
20 served really as a model of everything a public
21 servant should be.

22 And just a personal note, I met her once
23 at an event with my wife, who you know is a cancer
24 survivor. And the three of us bonded immediately.

1 In fact, all three of us hugged, mostly because of
2 a shared personal understanding of the insidious
3 disease that ultimately took the representative's
4 life.

5 And it was a memorable first meeting
6 with her. And I knew from that short encounter
7 what you have so eloquently described to us: She
8 was a very special person, for sure.

9 And to accommodate your participation
10 in her funeral-- and thank you for representing
11 all of us, Treasurer-- we have moved items on the
12 agenda.

13 And by this point, all members present
14 on this call have heard my report at least once
15 from the previous committee meeting. So I will--

16 TREASURER GOLDBERG: You think?

17 MR. TROTSKY: So I will--

18 TREASURER GOLDBERG: We lost volume.

19 MS. LeFEVRE: Michael, you're on mute.

20 TREASURER GOLDBERG: Almost everyone
21 went on mute. Okay.

22 MR. TROTSKY: Where did--

23 MR. GRISWOLD: Apologies. The list
24 shifted on me there. I was trying to mute some

1 audio that was coming from the background.

2 MR. TROTSKY: When was I muted? Do you
3 know?

4 TREASURER GOLDBERG: Yes. I can tell
5 you when you were muted.

6 You said in order to accommodate my
7 schedule--

8 MR. TROTSKY: Okay.

9 TREASURER GOLDBERG: -- moved some items
10 up on the agenda. And I did notice we do have
11 four voting items.

12 MR. TROTSKY: Right.

13 TREASURER GOLDBERG: And you wisely
14 noted that everyone on this call has heard your
15 executive director report before.

16 MR. TROTSKY: Yes. So I will--

17 TREASURER GOLDBERG: Many of us multiple
18 times.

19 MR. TROTSKY: Right. So I'll provide a
20 much shorter version today.

21 TREASURER GOLDBERG: Right.

22 MR. TROTSKY: But for the record, I am
23 incorporating by reference all of my prior
24 remarks, for the record.

1 Okay. Moving on. On a much happier
2 note, we were very happy to learn late yesterday
3 that Maria Garrahan, PRIM's director of research,
4 had a baby girl, Catalina, yesterday morning.

5 And we're told that Maria, Catalina,
6 Patrick, her husband, and Sophia, her first baby
7 daughter, are all doing very well.

8 So congratulations, Maria. We wish you
9 and your family the very best.

10 TREASURER GOLDBERG: And, you know,
11 that's the story of life.

12 MR. TROTSKY: That's right. Full
13 circle.

14 TREASURER GOLDBERG: Right.

15 MR. TROTSKY: So I can't believe it's
16 December already, but last month in November at
17 the Investment Committee, we released
18 September 30, 2025 results, the first fiscal
19 quarter of 2026, and it was another strong
20 quarter. The PRIT Fund ended with yet another
21 record balance of \$121.1 billion, surpassing the
22 previous record balance set last quarter, and the
23 first time the balance has ever been more than
24 \$120 billion.

1 For the September quarter alone, the
2 PRIT Fund returned 4.4 percent, net of all fees.
3 And for the trailing 12 months, the PRIT Fund
4 returned 9.6 percent net, which equates to an
5 investment gain for the 12 months of
6 \$10.6 billion. We believe a 9.6 percent 12-month
7 gain, bringing us to new record balance of
8 \$121.1 billion, is another very solid
9 accomplishment.

10 And importantly, the PRIT Fund has
11 comfortably outpaced our actuarial rate of
12 return, which is 7 percent, over the 1-, 3-, 5- and
13 10-year periods.

14 We also announced some great non-
15 investment news. As we often say, we are in a
16 state of perpetual audit here at PRIM. This year,
17 auditors completed more than 30 separate audits,
18 including one by the Office of the State Auditor.

19 And once again, all of them resulted in
20 unmodified clean opinions. And we're very proud
21 of that. It is comforting to receive independent
22 confirmation that our financials are in good
23 order.

24 Next, we announced staff promotions, and

1 this year, there were five. First, Helen Huang
2 was promoted to senior investment officer and
3 director of growth and venture capital on the
4 private equity team.

5 Hired in June of 2021 and reporting to
6 Michael McGirr, Helen has particular expertise in
7 covering our growth and venture investments. She
8 was recognized as one of the Private Equity
9 International's 40 under 40: Future Leaders of
10 Private Equity. That's a prestigious accolade.
11 And also two years ago, you may remember, she
12 received recognition from PEWIN for her
13 accomplishments.

14 Vivian Liang was promoted to investment
15 officer on the research team. Hired in June of
16 2021 and reporting to Maria Garrahan, Vivian has
17 become the point person on the PRIT asset
18 allocation work stream, where she applies
19 quantitative techniques to optimize the PRIT Fund
20 each year.

21 Jessica Murphy was promoted to director
22 of performance reporting on the finance team.
23 Hired in October of 2022 and reporting to Matt
24 Liposky, Jess led the effort on the new and

1 enhanced Solovis-based performance reports that
2 are now in your materials.

3 We were delighted that on October 6, the
4 Treasurer and her team awarded Jess the
5 Commonwealth's Performance Recognition Award. So
6 thank you, Treasurer Goldberg, for acknowledging
7 Jess. She is very deserving.

8 Colleen Nulty was promoted to senior
9 corporate accountant on the finance team. Hired
10 in March of 2021, reporting to Dan Eckman, Colleen
11 led the effort to modernize our month-end closing
12 procedures, transitioning them to a more
13 streamlined and efficient electronic format.

14 She's also played a key role in
15 enhancing other payables processes, and she
16 recently earned the CFA Investment Foundations
17 certificates, a really valuable learning program
18 and credential.

19 And last promotion. Ethan Spencer was
20 promoted to senior investment officer and director
21 of fundamental hedge funds on the PCS team. Hired
22 in February of 2023 and reporting to Bill Li,
23 Ethan leads the fundamental hedge fund coverage
24 and has independently sourced and structured

1 several impactful mandates. Ethan is a very
2 generous mentor, an active voice in cross-team
3 investment debates, and a visible ambassador for
4 us at top industry conferences.

5 So please join me, everyone, in
6 congratulating Ethan, along with Helen, Jessica,
7 Vivian, Colleen. I've said before, promoting our
8 high achievers is among the best and most
9 rewarding things we do here at PRIM, and it is my
10 favorite part of the job. We're fortunate to have
11 identified and cultivated exceptional talent,
12 adding depth to our already skilled team.

13 And last, while I'm hesitant to talk
14 about myself, I am pleased, though, to announce
15 that I have been named to the 2025 CIO Power 100
16 list for the third consecutive year.

17 Now, back to markets and PRIT Fund
18 performance. You may remember that last quarter,
19 we reported a very strong fiscal year 2025 in
20 which the PRIT Fund was up 9.6 percent, with
21 domestic and international equities posting gains
22 anywhere between 15 and 20 percent.

23 The strength of last year obviously
24 continued into the September quarter. The PRIT

1 Fund, as I mentioned, was up another 4.4 percent
2 net in the September quarter. And with all the
3 uncertainty and turbulence, financial markets have
4 really continued to climb the proverbial wall of
5 worry.

6 For the calendar year through September
7 30, domestic equities were up almost 15 percent.
8 Developed international equities up more than 25
9 percent. Emerging market equities were up around
10 27 and a half percent.

11 And this is the first year in a long
12 time that international equities have outperformed
13 domestic equities, and they are doing so by a wide
14 margin. International returns are nearly twice
15 the returns of the U.S. for the year, and we have
16 a large allocation to international equities.

17 And for your information, U.S. markets
18 are up about 2.5 percent so far this quarter, the
19 last quarter of the calendar year.

20 I recently highlighted a couple of
21 recent challenges and successes. As you all know,
22 the PRIT Fund is carefully designed and
23 diversified with components that will perform well
24 in any investment environment.

1 We remain pleased and confident about
2 the resiliency of the PRIT Fund and its
3 performance over all time periods and throughout
4 several different market environments, in both up
5 markets and in down markets.

6 However, at any given time, we should
7 expect to have strong performing asset classes and
8 weaker ones. And recently, even though our
9 absolute return of the total global equity public
10 markets portfolio has been astoundingly strong
11 with one-year performance of 16.3 percent, and a
12 three-year performance of 22.6 percent, compounded
13 annually, 22.6 percent over the last three years,
14 the relative performance of global equities to the
15 benchmark, however, has lagged its benchmark very
16 slightly, less than 1 percent.

17 As we have previously discussed, the
18 past few years have been a difficult period for
19 active management generally in global equities
20 because the strong market returns have been so
21 narrowly focused on the Magnificent Seven
22 companies and also companies linked to artificial
23 intelligence infrastructure build-outs.

24 While this small underperformance is not

1 typical for us, less than 1 percent, it is easy to
2 understand. And the underperformance, we believe,
3 is short-term, and its magnitude is within our
4 expected range of outcomes. We're keeping a very
5 close eye on all our managers, and our risk team
6 is tightly managing all our risk exposures.

7 Fortunately, we have a diversified
8 portfolio with other areas of strength. For
9 example, private equity posted its 11th straight
10 positive quarter of performance. Real estate has
11 turned the corner and posted a positive return for
12 the trailing one-year period after a long downturn
13 there. And our fixed income strategies, including
14 other credit opportunities, have been outstanding
15 contributors.

16 But it is PRIM's hedge fund portfolio
17 which has been the most outstanding in our recent
18 period. The strong 11 and a half percent one-
19 year return of hedge funds is 3.5 percent above its
20 benchmark. And the three-year performance is
21 similarly strong.

22 We're very proud of that. Bill Li and
23 his excellent team, Ethan Spencer, Joy Seth, Eleni
24 Klemper and Liu Liu, have literally transformed

1 this portfolio over the last several years.

2 Turning to recent events and outlook, as
3 you know, the federal government shutdown and
4 other factors have led to the delay and
5 cancellation of some recent economic data. The
6 Bureau of Economic Analysis, Bureau of Labor
7 Statistics and the Census Bureau have either
8 missed or delayed reporting such things as the
9 Consumer Price Index, GDP, unemployment, payroll
10 growth, Producer Price Index and retail sales.

11 And this has made assessing the health
12 of the economy more difficult, forcing
13 participants, including us and presumably the Fed,
14 to rely more heavily on private economic data
15 collectors.

16 As more data is finally released over
17 time, we should have more clarity in the coming
18 months so stay tuned on that.

19 To conclude, and I said I'd be short,
20 the PRIT Fund continues to be strong, diversified
21 and well-positioned to navigate these volatile
22 times. I'm extremely proud of the entire PRIM
23 team and how we have responded during the
24 difficult environment of the last few years.

1 The team is hardworking and dedicated,
2 delivering not only strong investment performance
3 throughout turbulent markets, but also
4 extraordinary non-investment innovation and
5 responsiveness grounded in both our adherence to
6 fiduciary duty and also a steadfast pursuit of
7 excellence.

8 I'll end my short comments there so we
9 can move on.

10 TREASURER GOLDBERG: Thank you very
11 much, Michael.

12 Given that everyone has been on these
13 prior calls, I would assume there are not any
14 questions for Michael at this time.

15 Okay. That's terrific. That was not a
16 voting item.

17 And the next item, which is a voting
18 item, will be the fiscal year 2025 audit results,
19 which is a voting item. I think what I will do is
20 I will seek a motion and a second, and then we'll
21 jump in.

22 I seek a motion that the PRIM Board
23 approve the Administration and Audit Committee's
24 recommendation to accept the fiscal year 2025 PRIM

1 and PRIT financial statements and the Agreed-Upon
2 Procedures reports on PRIM's Procurement Process
3 for Investment Management and Other Professional
4 Services and the PRIT Fund's Benchmark
5 Calculations, all as contained in Appendix G of
6 the expanded agenda, and further to authorize the
7 executive director to take all actions necessary
8 to effectuate this vote.

9 Is there a motion?

10 MR. NAUGHTON: So moved.

11 TREASURER GOLDBERG: Is there a second?

12 MS. FITCH: Second.

13 MR. LAPMAN: Second.

14 TREASURER GOLDBERG: And I want to
15 remind everyone that all of these motions are
16 fully vetted and discussed in our subcommittee
17 meetings, and all are open to the public. And
18 the minutes are --

19 Aren't the minutes available on --

20 MR. FALZONE: On our website, correct.

21 TREASURER GOLDBERG: That's correct.

22 So I just wanted to repeat that in case
23 because I do recognize -- although I did state at
24 the beginning that we're moving along because I

1 have to depart. So I wanted to reiterate, if
2 anyone feels rushed, that all the backup
3 information has been vetted and that we have the
4 minutes from those meetings.

5 So with that, I'm going to turn it back
6 to you all to go over this. And we'll do the
7 voting item first. We'll do a quick leg update,
8 informational update, and then move on to the next
9 item.

10 So Tony.

11 MR. FALZONE: Thank you, Treasurer.

12 And what I thought we would do was we
13 would handle the voting item here and drop right
14 down to the Compensation Committee report.

15 TREASURER GOLDBERG: Okay.

16 MR. FALZONE: So that you can attend
17 the services that you--

18 TREASURER GOLDBERG: All right. Thank
19 you very much.

20 MR. FALZONE: You're welcome.

21 So what we're going to do is the audit
22 report is at Appendix G, the PRIT financials,
23 agreed-upon procedures. They're all in the packet
24 at that appendix. As Michael mentioned, they have

1 all resulted in unmodified clean opinions.

2 I will say these are significant
3 undertakings, along with the annual report that
4 was approved earlier as part of the consent
5 agenda. And I just want to thank Deb Coulter,
6 PRIM's CFO and CAO; Qingmei Li, PRIM's director of
7 audits and financial reporting. She coordinates
8 the audits and prepares the financial statements.

9 And then the entire finance and
10 investments operations team for their hard work.
11 It does take a village to have the results we have
12 so I just want to thank them.

13 And I'll take any questions.

14 TREASURER GOLDBERG: Are there any
15 questions?

16 MR. NAUGHTON: Madam Chair, I don't have
17 any questions. I just want to add my thanks to
18 the team for their excellent work consistently on
19 all of these matters.

20 TREASURER GOLDBERG: Thank you, Dennis.
21 Totally agree.

22 MR. FALZONE: Thank you.

23 TREASURER GOLDBERG: All right then. We
24 have a motion. We have a second.

1 Ruth Ellen is here. So she will be
2 included in the vote.

3 Bob?

4 MR. BROUSSEAU: Yes.

5 TREASURER GOLDBERG: Ruth Ellen?

6 MS. FITCH: Yes.

7 TREASURER GOLDBERG: Mark?

8 MR. LAPMAN: Yes.

9 TREASURER GOLDBERG: Dennis?

10 MR. NAUGHTON: Yes.

11 TREASURER GOLDBERG: Carly?

12 MS. ROSE: Yes.

13 TREASURER GOLDBERG: Myself, yes.

14 The motion carries.

15 Okay. Then --

16 MR. BROUSSEAU: Madam Treasurer, could I
17 just make one comment, please? Especially in
18 terms of Michael's report. I was muted before.
19 We moved rather quickly.

20 I just want to mention that the
21 promotions that Michael announced today, not only
22 I congratulate the people, but it proves that
23 we've adopted a strong DEI program here.

24 And we know that DEI has been criticized

1 in many areas of the country, but we've seen it.
2 Diversity, equity and inclusion work. And I
3 looked at it. Four out of the five people
4 promoted are female, which I think is wonderful.

5 Michael has done a fantastic job, and
6 the staff, in using DEI, not only in our
7 investments, but also in our staff and promoting
8 our staff. And I think this should be noted.

9 TREASURER GOLDBERG: Bob, I'm going to
10 say something, although I'm trying not to talk too
11 much.

12 When I arrived, we talked a lot about
13 ensuring that the world knew we were an open place
14 for any and everyone who was qualified. We didn't
15 call it DEI&B at the time. We called it opening
16 the doors and ensuring that everyone knew what was
17 available, both at PRIM and in the Treasurer's
18 Office.

19 And that has been a very successful
20 initiative. So I always tell people, we were DEI
21 before there was such a thing. And we continue to
22 be so.

23 And so I think your observation is
24 great, and actually, that meeting 11 years ago, I

1 actually talked to Michael about that at the time.

2 So yes. When I made a comment how I
3 remember walking in that boardroom, our boardroom
4 looks a lot different today.

5 So thank you, Bob, for mentioning that.

6 And yes, that has always been a goal of
7 Michael's in his goals for the following year, to
8 continue on that.

9 We don't sit on our laurels. We just
10 hire the best people. And many times, they turn
11 out to be women and/or people of color. And
12 that's just how it happens, when you are able to
13 outreach to a very broad group of people who are
14 super qualified.

15 And with that, the next item on the
16 agenda is the Compensation Committee. The
17 executive director's fiscal year 2025 individual
18 performance component is a voting item, as is the
19 executive director's salary adjustment.

20 We discussed that at length during our
21 Compensation Committee. Bob shared with us at the
22 time a complete analysis of an evaluation of
23 Michael Trotsky's goals and objectives and his
24 achievements and also all the comments that people

1 have made, Board members and committee members,
2 in terms of their observation and involvement in
3 Michael's work.

4 We kind of sounded boring because we got
5 nothing but outstanding. But I am very pleased
6 that we have nothing but outstanding.

7 So the individual performance
8 multiplier, the highest, which is for outstanding,
9 is 1.0. The Compensation Committee did recommend
10 that, and we voted on it.

11 And so I'm going to seek a motion that
12 the PRIM Board approve the Compensation
13 Committee's recommendation to set the executive
14 director's fiscal year 2025 individual performance
15 multiplier at 1.0 as described in the expanded
16 agenda.

17 Is there a motion?

18 MR. BROUSSEAU: So moved.

19 MR. LAPMAN: So moved.

20 TREASURER GOLDBERG: Is there a second?

21 MR. LAPMAN: Second.

22 MS. FITCH: Second.

23 TREASURER GOLDBERG: Is there anyone who
24 wants to make any comments except for ditto?

1 MS. FITCH: Ditto.

2 MR. BROUSSEAU: Just quickly, everybody
3 knows that Michael's incentive comp is based on
4 two factors here. And the first one of course is
5 the performance of the fund. The trailing three-
6 year performance of the fund makes up 80 percent of
7 his performance, and the other 20 percent is based
8 upon his evaluation that we did at the August 14
9 meeting that you just reported was outstanding.
10 And from that, we do the multiplier. And the
11 motion was 1.0, which is the tops.

12 TREASURER GOLDBERG: Thank you, Bob.

13 So we do have a motion. We have a
14 second. I'm going to do the roll call vote.

15 Bob?

16 MR. BROUSSEAU: Yes.

17 TREASURER GOLDBERG: Ruth Ellen?

18 MS. FITCH: Yes.

19 TREASURER GOLDBERG: Mark?

20 MR. LAPMAN: Yes.

21 TREASURER GOLDBERG: Dennis?

22 MR. NAUGHTON: Yes.

23 TREASURER GOLDBERG: Carly?

24 MS. ROSE: Yes.

1 TREASURER GOLDBERG: Myself, yes.

2 The motion carries.

3 I'm going to seek a motion and a second
4 on the executive director's salary adjustment, and
5 I'm going to say a little bit more about it after
6 we have the motion and the second.

7 So I seek a motion that the PRIM Board
8 approve the Compensation Committee's
9 recommendation to increase the executive director/
10 chief investment officer's annual salary by
11 2.7 percent, which is equivalent to \$15,000,
12 effective December 1, 2025.

13 Is there a motion?

14 MR. NAUGHTON: So moved.

15 MR. BROUSSEAU: So moved.

16 TREASURER GOLDBERG: Is there a second?

17 MS. FITCH: Second.

18 MR. LAPMAN: Second.

19 TREASURER GOLDBERG: So what happened
20 last year is we had hired-- remind me the name of
21 the company, Tony.

22 MR. BROUSSEAU: McLagan.

23 MR. FALZONE: McLagan.

24 TREASURER GOLDBERG: McLagan. I always

1 call them McLaren. I think that's a car.

2 But McLagan to evaluate where Michael's
3 salary fell on the spectrum in this position and
4 in like funds.

5 What we had found is that he had dropped
6 below the median, yet he was very gracious, and we
7 also felt that we should not be moving him back
8 into the percentile that he had typically been in
9 in one dramatic move. And so last year, I believe
10 we did \$15,000, if I recall.

11 And so Michael also agrees that this--
12 and we have discussed in the Compensation
13 Committee that we would stay with that number as
14 we move--

15 Michael is more than gracious and happy
16 to-- he did not feel, even last year, when he even
17 looked at the data because--

18 I mean, to be candid, in the same way I
19 love my job, which I do, thank goodness Michael
20 Trotsky loves his job and loves the people he
21 works with and loves all the Board and committee
22 members he works with. So that's a very--

23 That's good enough for you, Michael.

24 So this is the reason why we are

1 recommending \$15,000. It does not catch him up,
2 but we are staying focused and continuing on that
3 path, based upon the evaluations and comparisons
4 we looked at last year.

5 Again, as you heard from Bob and as we
6 discussed in the meeting, there are significant
7 reasons to not only continue with Michael, but to
8 continue to compensate him modestly and
9 appropriately.

10 He and I have a tremendous working
11 relationship. And I think a perfect example is
12 what Bob brought up in terms of being able to grow
13 and develop the people working with him. The fact
14 that there is no turnover speaks highly to the
15 whole organization, not just Michael, but Michael
16 in his leadership role.

17 And the kind of initiatives that we've
18 worked on together, whether it is the FUTURE
19 Initiative or whether it is our Sustainability and
20 Stewardship Committee, to go above and beyond what
21 so many funds do.

22 I spoke at the Compensation Committee
23 meeting and shared--

24 And I apologize about the puppy in the

1 background. He's agreeing with me. That's all he
2 wants to say, as you can hear.

3 -- that I am engaged nationally as chair
4 of the National Institute of Public Finance, as a
5 member of other organizations, and they come to us
6 to learn more about the kind of innovation we do
7 at MassPRIM. And I'm talking about some major,
8 major funds across the country.

9 And just this past week-- and, Michael,
10 I haven't even had a chance to outreach to you---
11 two others would love to meet with us to hear
12 more about our ongoing-- and you'll hear more
13 after I've left, about our approach to
14 sustainability and stewardship. People want to
15 hear how we're doing this.

16 And so with that, I would like to
17 proceed to the vote. After we vote--

18 MR. BROUSSEAU: May I speak? One
19 comment, Madam Treasurer. It's going to be brief.

20 Pages 20 and 21 have the history since
21 Michael has been here of the salaries that we
22 paid the executive director. The goal of the
23 Compensation Committee several years ago and even
24 last year with the McLagan report was to keep

1 Michael within the range of salaries paid to the
2 EDs nationwide in public pensions.

3 And we didn't want Michael in very top
4 of the range, but we were hoping to get him in a
5 range that was about 75 percent or thereabouts, in
6 that range, since his performance has been
7 outstanding.

8 Unfortunately, even this year with the
9 increase last year of \$15,000 and we're
10 recommending this year for \$15,000, Michael's
11 salary will only be 63 percent of that range.

12 And I think Michael is very much
13 deserving of it, but I'd hate to see the salary
14 drop in relationship to the range that we
15 established a few years ago because there may come
16 a point where there will have to be a catch-up
17 point when McLagan does the next evaluation, if we
18 are way behind the range.

19 So I just want to make that clear, that
20 \$15,000 does not bring Michael up to that area,
21 that range that we wanted to do last year when we
22 initiated this.

23 TREASURER GOLDBERG: Thank you, Bob.

24 Okay. So with that, I will proceed to

1 the vote.

2 Bob?

3 MR. BROUSSEAU: Yes.

4 TREASURER GOLDBERG: Ruth Ellen?

5 MS. FITCH: Yes.

6 TREASURER GOLDBERG: Mark?

7 MR. LAPMAN: Yes.

8 TREASURER GOLDBERG: Dennis?

9 MR. NAUGHTON: Yes.

10 TREASURER GOLDBERG: Carly?

11 MS. ROSE: Yes.

12 TREASURER GOLDBERG: Myself, yes.

13 The motion carries.

14 And at this point, I am going to turn it
15 over to Sue Perez. And thank you, everyone, for
16 your understanding.

17 MR. TROTSKY: Thank you, Treasurer, very
18 much for your confidence in me and in PRIM. We
19 try very hard to make you and your group proud of
20 us. And we very much appreciate your support over
21 the many years, and I'm very grateful for this
22 raise and everything you do for us.

23 And that applies to every single Board
24 member. Thank you so much.

1 TREASURER GOLDBERG: Thank you. Bye-
2 bye, everybody.

3 DEPUTY TREASURER PEREZ: Bye, Treasurer.
4 (Treasurer Goldberg left the meeting.)

5 DEPUTY TREASURER PEREZ: Okay. So I
6 think we're going to go back now to the investment
7 report portion of the agenda.

8 MR. FALZONE: Yes.

9 DEPUTY TREASURER PEREZ: And so Mike
10 McElroy is going to give us an update on public
11 markets.

12 MR. FALZONE: We're going to promote him
13 right now.

14 DEPUTY TREASURER PEREZ: Okay.

15 MR. McELROY: Can everyone hear me?

16 DEPUTY TREASURER PEREZ: Yes.

17 MS. FITCH: Yes.

18 MR. McELROY: I was sort of suspended
19 animation for a moment there, getting promoted.
20 Great.

21 So good morning. I'm Michael McElroy,
22 director of public markets. I'm going to cover--
23 I'll try to do this rather quickly-- the market
24 environment and the performance both in the third

1 quarter and the one-year period ending in
2 September.

3 As noted earlier, equity markets
4 continued their recent strength in the third
5 quarter of this year, global equities up almost 8
6 percent. Domestic U.S. equities were up between 8
7 and 19 percent in the quarter, smaller stocks being
8 the best performers. Non-U.S. equity returns were
9 between 5 and 11 percent, with emerging market
10 stocks leading the way.

11 In the one-year period, equity returns
12 were strong and consistent really across the
13 regions, delivering about 17 percent on a global
14 basis and across the different regions between 16
15 and 17 percent. So pretty balanced on a global
16 basis.

17 From a style perspective, growth stocks,
18 you know, these Magnificent Seven stocks that
19 we've referred to, tended to be the best
20 performers in the U.S. as well as in the emerging
21 markets, whereas value stocks, and these would be
22 primarily financials, banks and other type of
23 financial stocks, led the way in the developed
24 international markets.

1 Similarly, larger stocks outperformed
2 the smaller stocks in the U.S. and emerging
3 stocks, whereas the smaller stocks were the best
4 performers in the developed international markets.

5 On the bond side, bonds continue to
6 deliver consistent gains for the fund. Core bond
7 returns were about 2 percent in the third quarter,
8 slightly positive for the one-year period. Our
9 value-added bonds were up about 2 percent in the
10 third quarter and almost 8 percent over the last 12
11 months.

12 We saw rates falling across the yield
13 curve in the third quarter, but steepening a bit
14 over the one-year period.

15 Credit spreads have been tightening over
16 the past year. This continued in the third
17 quarter after a short-lived episode of spread
18 widening, which quickly reverted back to a
19 tightening.

20 Equity returns, as Michael Trotsky
21 mentioned, for the PRIT Fund slightly lagged our
22 benchmarks in the third quarter and underperformed
23 over the one-year period by about 68 basis
24 points. Though this underperformance is short-
 term and

1 within the expected range of outcomes, we've been
2 disappointed to be on the negative side of this
3 relative performance curve.

4 Recent periods have been challenging for
5 many of our active equity managers with only about
6 40~percent of them outperforming their benchmark
7 over the past year. This is a ratio which is
8 typically 50 to 70 percent of our managers are
9 outperforming. And so we're definitely at the
10 low end of the range over this past 12 months.

11 Our quality growth managers -- and these
12 are managers who seek to invest in high quality
13 companies with consistent profitability and low
14 level of debt, things that we believe should be
15 rewarded in the long term. They have really
16 struggled as growth stocks continue to move higher
17 but driven by more speculative and risky growth
18 companies.

19 Many of these managers have been part of
20 the PRIT roster for years, whereas some are newer,
21 but this part of the PRIT portfolio has
22 meaningfully impacted our relative returns. This
23 risk-seeking market dynamic is a topic we're
24 discussing with all our managers each quarter to

1 get their views and how they're navigating it.

2 On the positive side, our value-oriented
3 managers, who look for attractively priced stocks,
4 which often comes along with risk, have fared very
5 well in this recent environment and have been able
6 to outperform.

7 On the fixed income side, our core and
8 value-added bond investments performed in line to
9 slightly better than their benchmarks,
10 outperforming in the third quarter and for the one-
11 year period.

12 In our core bond portfolio, most
13 managers outperformed the benchmark, and within
14 value-added fixed income, our high-yield emerging
15 market debt and multi-asset credit managers
16 delivered strong results for the fund.

17 In term of fundamentals, companies
18 continue to deliver good revenue and earnings
19 growth, and profit margins continue to remain
20 high. AI and the ecosystem around artificial
21 intelligence continues to be a key driver of this
22 growth, particularly in the U.S. and some emerging
23 markets.

24 Tariffs, which have been a significant

1 topic in the last two quarters and I think still
2 continue to be talked about, really haven't
3 worried our managers as much as they had, as
4 companies have adapted and been able to pass
5 through these costs without really meaningful
6 margin or volume impacts.

7 On the credit side, market events
8 related to companies in the automotive sector
9 briefly worried the market with concerns of
10 contagion and potential defaults earlier in the
11 third quarter. In our conversation with managers,
12 these events seem to be isolated and very company-
13 specific, though we continue to monitor the credit
14 markets for any additional signs of stress, given
15 how tight credit spreads are right now.

16 So in closing, the public markets
17 portfolio delivered mixed results over the last
18 quarter and one-year periods, with equities
19 lagging and fixed income outperforming. We remain
20 well-diversified across geographies, styles,
21 sectors and asset classes. And this public market
22 portfolio has weathered many different market
23 stress periods.

24 The aggregate risk profile of the

1 overall equity and fixed income portfolios remains
2 low, and our managers have delivered good long-
3 term value-added relative to their benchmarks.

4 So I'd be happy to take any questions
5 around these comments.

6 DEPUTY TREASURER PEREZ: Great. Thank
7 you.

8 Do any of the Board members have
9 any questions for Michael?

10 Okay. Thank you so much.

11 Hearing none, we'll move to the next
12 item, which is other credit opportunities, which I
13 think will be Chuck LaPosta.

14 MR. LaPOSTA: Yes.

15 DEPUTY TREASURER PEREZ: I'll read the
16 motion first, Chuck, and then I'll turn it over to
17 you. Okay?

18 MR. LaPOSTA: Sounds great.

19 DEPUTY TREASURER PEREZ: All right. So
20 this is a motion for the approval of a
21 commitment of \$200 million to PIMCO Private
22 Mortgage Opportunities Feeder Onshore, LP; that
23 the PRIM Board approve the Investment Committee's
24 recommendation to approve a commitment of up to

1 \$200 million to PIMCO Private Mortgage
2 Opportunities Feeder Onshore, LP, as described in
3 the expanded agenda, and further to authorize the
4 executive director to take all actions necessary
5 to effectuate this vote.

6 Do I have a motion?

7 MR. NAUGHTON: So moved.

8 DEPUTY TREASURER PEREZ: And a second?

9 Bob, I saw your hand. Is that a second?

10 MR. LAPMAN: Second.

11 DEPUTY TREASURER PEREZ: Okay. Great.

12 All right, Chuck.

13 MR. LaPOSTA: Great. Good morning,
14 everyone. This is Chuck LaPosta, director of
15 fixed income.

16 And as the Michaels before I, Michael
17 Trotsky and Michael McElroy, had mentioned, our
18 credit portfolio continues to perform well and has
19 been a meaningful contributor to PRIT Fund
20 returns. And specifically the OCO or other credit
21 opportunities suballocation, that has been an area
22 of notable performance.

23 We continue to look for new and
24 interesting ideas to complement that portfolio.

1 And we focus on strategies which are asset-based
2 rather than corporate credit-based. We have
3 exposure to corporate credit in our public value-
4 added fixed income portfolios, specifically in
5 high-yield, bank loans and the multi-asset credit
6 allocation. And we sought for diversified
7 exposures within the OCO bucket.

8 To that end, the PIMCO Private Mortgage
9 Opportunity Feeder is a vehicle which will be
10 focused on making residential credit investments
11 backed by mortgages on single-family properties.

12 The mortgage market is nearly
13 \$13-trillion in size with nearly four and a half
14 trillion in asset types in focus for PIMCO's
15 strategy.

16 Specifically, these are nonqualified
17 mortgages, reperforming loans, residential
18 transition loans, and second liens or home equity
19 line of credit, all subsets within that
20 \$13-trillion mortgage market.

21 Nonqualified mortgages, or non-QM loans,
22 are issued to borrowers who fall outside
23 traditional agency guidelines, often for reasons
24 other than creditworthiness such as self-employed

1 individuals, foreign nationals or property
2 investors.

3 Reperforming loans are loans that were
4 previously delinquent but have since resumed
5 performance and are no longer eligible for agency
6 securitization.

7 Residential transition loans are short-
8 term financing solutions for real estate investors
9 renovating or repositioning properties.

10 Second lien or home equity loans offer
11 exposure to borrowers tapping into substantial
12 equity built up in their homes, typically with
13 below-market-rate first mortgages.

14 It is important to note that the credit
15 quality of the borrowers is strong. The average
16 quality of borrowers in non-QM, residential
17 transition lending and second liens have FICO
18 scores in the 720 to 740 range, while the
19 borrowers in the reperforming loan space are
20 lower, around 660 FICO, but likely to improve as
21 loan performance improves.

22 These loans are modeled to have some
23 measure of delinquencies or other credit events,
24 but PMOF is meant to be a performing credit-based

1 strategy.

2 Since the global financial crisis, there
3 have been many reforms to the mortgage lending and
4 financing markets, which have improved the overall
5 credit quality of mortgages.

6 Specifically, there have been tightening
7 standards to determine creditworthiness and
8 ability to pay. Increased consumer protection and
9 borrower education. Limits on esoteric structures
10 like floating rate mortgages, option ARMs and
11 negative amortization schedules. Improvements to
12 the assessment of property values and tracking,
13 collecting and processing data. And most
14 importantly, there are now risk retention
15 requirements which force alignment of mortgage
16 originators to performance of the loans.

17 A byproduct of these reforms has been
18 difficulty for some consumers in accessing
19 mortgage credit from banks. Private investment,
20 like that which PRIM is recommending, has helped
21 fill the void to continue the flow of capital to
22 all types of homeowners.

23 In this structure, PMOF will act as
24 capital provider, but will neither originate nor

1 service the loans, which is to say PMOF will not
2 face the consumer at any point during the life
3 cycle of the mortgage.

4 PIMCO, as you may know, is a
5 longstanding partner of PRIM's with its core bond
6 relationship over 30 years. PIMCO manages more
7 than 300 billion in residential mortgage-backed
8 securities and has deployed over 175 billion into
9 private residential loans.

10 The strategy is led by four senior
11 investment professionals and is complemented by a
12 dozen more with expertise in originating,
13 underwriting, structuring and monitoring the
14 investments. PIMCO has also built a state-of-the-
15 art analytics platform which can zoom in on
16 property-level detail to support each individual
17 mortgage.

18 Additionally, the team leverages the
19 broader PIMCO cyclical and secular forums, which
20 help guide investment outlooks over the near and
21 intermediate term.

22 PMOF will generate returns by
23 accumulating pools of mortgages in each of its
24 investable categories and ultimately create public
market-eligible securitizations, whereby PMOF will

1 retain the lowest slice, or first loss piece, of
2 the securitization.

3 PIMCO has a dedicated capital markets
4 team focused on financing and securitization
5 markets, and a broad platform that has created 165
6 securitizations since 2018. The loss experience
7 of mortgage securitizations can be measured in
8 single digits of basis points. This exceeds both
9 PIMCO's internal assessment of expected losses and
10 compares favorably to other comparable
11 securitizations.

12 Long-term and annual returns of PMOF
13 have been in line with the OCO's 8 to 12 percent
14 target, with underperforming years in 2020 and
15 2022 due to COVID forbearance impacts and rising
16 rates, respectively.

17 As a residential credit-focused
18 strategy, PMOF will have sensitivity to house
19 prices, employment and general consumer health,
20 which PIMCO will seek to mitigate through active
21 portfolio management, diligent underwriting,
22 stress testing and structuring.

23 With that, I will open it up to any
24 questions you may have.

1 DEPUTY TREASURER PEREZ: Thanks, Chuck.
2 Anybody have any questions for Chuck?
3 Okay. Thank you.
4 Hearing none, we have a motion. We have
5 a second. So I'm going to take a vote now.
6 Bob?
7 MR. BROUSSEAU: Yes.
8 DEPUTY TREASURER PEREZ: Ruth Ellen?
9 MS. FITCH: Yes.
10 DEPUTY TREASURER PEREZ: Mark?
11 MR. LAPMAN: Yes.
12 DEPUTY TREASURER PEREZ: Dennis?
13 MR. NAUGHTON: Yes.
14 DEPUTY TREASURER PEREZ: Carly?
15 MS. ROSE: Yes.
16 DEPUTY TREASURER PEREZ: And I'm yes as
17 well.
18 Great. Thank you so much.
19 MR. LaPOSTA: Thank you.
20 DEPUTY TREASURER PEREZ: The next item
21 on the agenda is the portfolio completion
22 strategies performance summary. So Bill Li.
23 MR. GRISWOLD: He is on his way.
24 DEPUTY TREASURER PEREZ: On his way.

1 There he is. Okay.

2 MR. LI: Hi. Good morning. This is
3 Bill Li, director of portfolio completion strategies.

4 I'll start with congratulations to Ethan
5 Spencer on his promotion. And this is well-
6 deserved. We all feel your infectious energy, and
7 we all benefit from the seasoned perspectives you
8 bring to the team.

9 So, congratulations again, Ethan.

10 Back to numbers. Performance. Trailing
11 one-year, PCS, portfolio completion strategies,
12 were up 10.5 percent. The majority of our
13 portfolio are hedge fund relationships, and this
14 hedge fund program was up 11.5 percent. And that
15 number was about 350 basis points ahead of our
16 benchmark.

17 We are seeing positive figures across
18 the board. Return dispersion remains reasonably
19 high. And return-risk ratio reached a new
20 high of 3.2 times, which means that we have been
21 annualizing a return in the teens with only a
22 moderate volatility of single digits, of low
23 single digits.

24 And another way to look at the risk-

1 adjusted performance that we are delivering is our
2 equity beta, which has been staying around only
3 .2.

4 So all those metrics are indicating that
5 PCS is contributing unique return streams to the
6 PRIT mother ship.

7 In the three-year time frame,
8 performance and outperformance were similarly
9 strong. And those are the financial results by
10 the numbers.

11 On the organizational side, PCS team is
12 a stable, trusted team of five. And this is a
13 great consistency that helps fund managers rely on
14 us for steady capital.

15 PRIM's reputation as a top hedge fund
16 investor continues to attract quality partners.
17 Many of our managers in fact started smaller, and
18 they grew with us along the way, proving that our
19 early long-term partnerships have delivered
20 durable results.

21 However, the hedge fund landscape has
22 shifted dramatically versus 10 years ago roughly
23 when I joined the PRIM team. And I shared the
24 observations and reflections in more detail at the

1 Investment Committee meeting, but in a nutshell,
2 mega hedge funds are growing with tough terms,
3 emerging stars are scaling fast, and separate
4 management accounts, the setup that PRIM
5 pioneered, have become now a standard.

6 Allocators are emulating and building
7 platform-like models, making separate account
8 relationships feel transactional and sometimes
9 even overly engineered.

10 As a result, now we often need to
11 clarify that PRIM isn't a pod shop. We don't
12 trade in and out of managers. We are long-term
13 partners. And in this new climate, we are
14 assessing how we can better align interests with a
15 goal of reaffirming our distinct long-term
16 philosophy, and messaging that philosophy to our
17 industry partners.

18 In conclusion, we are happy with the
19 return results, and as the industry evolves, so do
20 we. We will continue drawing on the team's
21 strengths and the reputational flywheel that we
22 built, while staying agile to keep moving forward.

23 And thank you. That's my update. And I
24 welcome any questions you may have.

1 DEPUTY TREASURER PEREZ: Great. Thank
2 you, Bill.

3 Does anybody have any questions for
4 Bill?

5 MR. BROUSSEAU: I don't have a question,
6 Sue. I'd like to make a comment because I've seen
7 this portfolio grow and grow over the years. It
8 goes back many, many years with my tenure on the
9 board here.

10 But, Bill, congratulations to you and
11 your entire team. You have taken this entire
12 program and basically revolutionized it as far as
13 PRIM's concerned, especially the hedge fund
14 component, where I can recall when we had five
15 fund of funds managers managing well over a
16 hundred of these funds.

17 And you have compressed this with one
18 manager and a fund of funds. And you've gone in
19 the direction of having directional as well as
20 stable hedge fund relationships. And I think that
21 has made a big difference, as well the other
22 things you have done to revolutionize what we've
23 done here.

24 And I guess this time-- I think,

1 Michael, was it the -- that the PCS, this fund has
2 been -- was it number 2 in producing the results
3 this year? At least for this quarter, at least?
4 Number 2 in terms of returns.

5 And you are to be congratulated because
6 I think you and your team have been the motivators
7 behind this change in this asset class, and it has
8 worked.

9 Thank you.

10 MR. LI: Thank you, Bob. We appreciate
11 you saying that. And this wouldn't be possible
12 without the Board's support along the way.

13 Thank you.

14 DEPUTY TREASURER PEREZ: Thank you,
15 Bill. Thank you, Bob.

16 Okay. Next item is the private equity.
17 So, Mike McGirr, have you go through the
18 performance summary cash flows and commitment
19 summary, and then we'll move over to the voting
20 item after that.

21 MR. MCGIRR: Thank you very much.

22 Can everybody hear me okay?

23 DEPUTY TREASURER PEREZ: Yes.

24 MR. MCGIRR: I'm Michael McGirr, the

1 director of private equity.

2 That's a tough act to follow, Bill.

3 Portfolio looks great. But I'll do my best.

4 Turning to private equity performance,
5 and I'll be brief as this was covered in the
6 Investment Committee in detail. For the quarter,
7 we are up 2.95 percent. That is our 11th straight
8 positive quarter of performance. As a reminder,
9 with our quarter lag, that's the April through
10 June 2025 time period.

11 We saw performance across our four major
12 asset classes, large and small buyouts, growth and
13 venture. In fact, venture had its best quarter
14 in quite a while, up almost 6 percent, which is
15 really encouraging.

16 For the one-year, private equity was up
17 8.8 percent net. And again, consistent
18 performance across the four major asset classes.
19 Or strategy types, I should say.

20 Large and small buyouts, up 10 and
21 9 percent, respectively. Growth up about
22 10 percent. And venture up 7 percent for that
23 trailing one-year period.

24 Now, with our positive performance,

1 private equity assets grew to \$19.4 billion. That's
2 a new high watermark, just like PRIT. And also
3 19.4 is 16 percent of the PRIT Fund, which is right
4 in the middle of our target allocation range,
5 which feels very comfortable.

6 I'm going to pause there before moving
7 to our one voting item today to see if there's any
8 questions or comments about private equity.

9 DEPUTY TREASURER PEREZ: Anyone have any
10 questions for Michael?

11 Okay. I'll read the motion, and then
12 I'll turn it back over to you.

13 That the PRIM Board approve the
14 Investment Committee's recommendation to approve
15 a commitment of up to \$200 million to TowerBrook
16 Investors VII, LP, as described in the expanded
17 agenda, and to further authorize the executive
18 director to take all actions necessary to
19 effectuate this vote.

20 Do I have a motion?

21 MR. BROUSSEAU: So moved.

22 MR. NAUGHTON: Second.

23 DEPUTY TREASURER PEREZ: A second?

24 MS. FITCH: Second.

1 DEPUTY TREASURER PEREZ: Okay. Turn it
2 back over to you, Michael.

3 MR. McGIRR: Thank you.

4 So this is a re-up opportunity for us.
5 And just as a reminder, these are decisions,
6 investment recommendations, to stay invested with
7 our high conviction existing managers.

8 TowerBrook, founded in 2000, is a
9 transatlantic buyout firm with dual headquarters
10 in New York and in London.

11 Many will recall that earlier this year,
12 in April at the Stewardship and Sustainability
13 Committee meeting, TowerBrook presented to the
14 committee their approach to responsible ownership,
15 which aligns very nicely with PRIM's priorities
16 and focus on driving returns and long-term value
17 creation.

18 We have invested with TowerBrook since
19 2008, and they have demonstrated strong investment
20 discipline and performance over that period of
21 time.

22 TowerBrook's raising \$4 billion for Fund
23 VII, which will continue to make and invest in
24 critical service businesses operating in

1 growing and resilient end markets.

2 We're recommending a commitment of up
3 to \$200 million to Fund VII.

4 DEPUTY TREASURER PEREZ: Great. Thank
5 you.

6 Any questions?

7 MR. BROUSSEAU: Just a comment, Sue.

8 Yesterday I spent, oh, probably at least
9 a half an hour really reading the StepStone
10 analysis that was done. And I can say never have
11 I seen such a thorough and complete analysis of
12 the investment and of TowerBrook that I've ever
13 seen.

14 And I know we've invested in five
15 previous funds since 2008, and it's been one of
16 our good and top producers. And this analysis,
17 I'm sure you've all seen it, was excellent and
18 painted a very, very strong picture of TowerBrook.

19 DEPUTY TREASURER PEREZ: Thank you for
20 that, Bob. Yes, they did a great job with that
21 report.

22 Anyone else?

23 Okay. We have a motion. We have a
24 second. I'm going to take the vote.

1 Bob?

2 MR. BROUSSEAU: Yes.

3 DEPUTY TREASURER PEREZ: Ruth Ellen?

4 MS. FITCH: Yes.

5 DEPUTY TREASURER PEREZ: Mark?

6 MR. LAPMAN: Yes.

7 DEPUTY TREASURER PEREZ: Dennis?

8 MR. NAUGHTON: Yes.

9 DEPUTY TREASURER PEREZ: Carly?

10 MS. ROSE: Yes.

11 DEPUTY TREASURER PEREZ: And I'm yes as

12 well.

13 Thank you, Michael.

14 MR. MCGIRR: Thanks.

15 DEPUTY TREASURER PEREZ: Okay. The next

16 group, we'll have Tim Schlitzer come give real

17 estate and timberland performance summary.

18 Tim.

19 Here he comes.

20 MR. SCHLITZER: Good to see everybody.

21 Sorry about the delay.

22 Just for the record, I'm Tim Schlitzer,

23 director of real estate and timberland.

24 I will not be referring to any specific

1 materials today. We don't have any voting items.
2 Let me just provide a brief update, and we can
3 move to the next item.

4 So the team is active as we wrap up the
5 year. We're working on a real estate portfolio
6 debt financing which should be accretive to PRIM's
7 long-term returns.

8 And we had approximately \$420 million in
9 capital allocation activity in the third quarter,
10 which includes acquisitions, dispositions and some
11 loan activity as well.

12 So I just really want to thank the team
13 for another great quarter and a great calendar
14 year as well.

15 There have been no material changes to
16 our positioning within PRIM's portfolio. PRIM
17 remains slightly underweight to both real estate
18 and timberland, but well within range. There have
19 been no meaningful changes to NAV. The
20 underweight is really a function of denominator
21 growth, primarily driven by strong public market
22 returns.

23 In real estate, just quickly a few
24 comments on the environment.

1 but notably PRIM's REITs are actually up 4 percent
2 for the calendar year. So the underperformance
3 was really in that last quarter of last year.

4 The core private portfolio, which is 83
5 percent of total real estate and 93 percent of
6 total private real estate, returned 3.1 percent for
7 the year. That's 47 basis points above benchmark.
8 And there was no drag from portfolio leverage,
9 which was also a welcome development.

10 The source of the benchmark
11 underperformance lies in the non-core portfolio,
12 which represents just 5 percent of total real
13 estate. And we've talked about these investments.
14 But these investments contain higher leverage in
15 certain sectors and geographies most impacted by
16 the broad market correction that we've seen.

17 This risk exposure, which is not
18 included in our core benchmark, has produced
19 negative returns, but I do believe that overall
20 we'll see many of these investments recover over
21 the next few years.

22 Just shifting to timberland and, again,
23 a few comments on the environment. The housing
24 market does continue to struggle a little bit, at

1 least to meet the expectations of early 2025,
2 which resulted in industry capacity increases and
3 expected higher production volumes.

4 Timber prices have remained roughly flat
5 overall this year.

6 Housing starts, at about 1.3 million, are
7 down about 4 percent year-over-year, with single-
8 family starts dropping 7 percent at the last
9 reading, and permits down as well.

10 Unfortunately, end use demand does
11 continue to be held back by elevated mortgage
12 rates and overall construction costs.

13 And as I've discussed previously, China
14 has halted U.S. imports, having a significant
15 impact on the northwest U.S. and Australia and New
16 Zealand. Just a statistic on this, western U.S.
17 exports are down about 41 percent year-over-year.

18 So in terms of PRIM's returns, we
19 returned 4.4 percent net of fees, 89 basis points
20 below PRIM's benchmark. That's for the year.

21 I will note that we're actually in line
22 with the unlagged benchmark. So when I use that
23 actual September 30 number, we're right on top of
24 it. We're exactly one basis point off of that.

1 So really meaning no index underperformance
2 against that benchmark.

3 And I should also add, and this is
4 really my last point, we do generally view this
5 period, so meaning Q3, as providing the least
6 meaningful return data. Our valuations are
7 current, but we do third-party appraise the assets
8 at year-end, consistent with industry practice.
9 So neither PRIM's nor the majority of the
10 benchmark's assets have been appraised for nine
11 months.

12 So this is under way now across the
13 industry and at PRIM. And I think we'll have a
14 lot more insight in terms of our returns and
15 what's happening with valuations at year-end.

16 So those are my comments. As always,
17 happy to answer any questions.

18 DEPUTY TREASURER PEREZ: Anyone have any
19 questions for Tim?

20 MR. NAUGHTON: I have one, Sue. Thanks.
21 Hi, Tim. It's good to see you.

22 MR. SCHLITZER: You too, Dennis.

23 MR. NAUGHTON: You know, I've always got
24 China in the back of my mind when it comes to all

1 of our investments.

2 And can you remind us in terms of the
3 downturn in use of our own export timber to China,
4 how much this is predicated upon their building
5 collapse over there, their real estate collapse,
6 versus how much of it is predicated upon changes
7 in trade relationship with China under this new
8 administration? New meaning 47.

9 MR. SCHLITZER: Yes. I mean I don't
10 have an exact split for you. It's a very good
11 question.

12 The change in the housing market there
13 has really had a significant impact on
14 OneFortyOnePlantations. That's our Australian
15 investment.

16 I was actually looking at some data
17 this morning. Housing developer revenue -- these
18 are the Chinese developers -- is down about 79
19 percent since 2019. So there has been a major
20 correction there, as you know.

21 And we've seen it. I mean I gave you
22 that statistic about exports from the Pacific
23 Northwest.

24 You know, in terms of tariffs, the way

1 the Chinese have characterized that halt of
2 imports from the United States is they're basing
3 it on effectively log hygiene reasons. So
4 they're saying that the beetles -- I know this
5 sounds odd, but the beetles and the hygiene of the
6 logs that are being sent from the U.S. to China do
7 not meet their standards.

8 So that is what is being described as
9 the reason. But also, to your point, I really
10 think that this is about tariffs at the end of the
11 day.

12 MR. NAUGHTON: Yes. I can't help
13 thinking it's ironic that they're concerned about
14 we export beetles to them, considering the
15 difficulties we've had coming in the other
16 direction.

17 MR. SCHLITZER: Yes.

18 MR. NAUGHTON: Thank you, Tim.

19 MR. SCHLITZER: For sure, for sure.

20 MR. NAUGHTON: Thank you. That answers
21 my question. I know that you can't give details
22 in terms of weight of either of the two things I
23 talked about.

24 Thank you.

1 MR. SCHLITZER: Yes. No. Of course,
2 Dennis. Thank you.

3 DEPUTY TREASURER PEREZ: Okay. Anyone
4 else have anything for Tim?

5 Okay. Thank you, Tim.

6 MR. SCHLITZER: Thank you.

7 DEPUTY TREASURER PEREZ: I think, Tony,
8 are we going back to finance and administration
9 for the legal and legislative update?

10 MR. FALZONE: Yes. Emily is going to be
11 nice enough to provide us with a legislative
12 update. Renee is going to do a real quick legal
13 update. Then we can go into stewardship and
14 sustainability as the other item. The
15 informational updates are just informational.

16 DEPUTY TREASURER PEREZ: Okay. Great.
17 Thanks.

18 MR. FALZONE: Yes.

19 DEPUTY TREASURER PEREZ: So Renee go
20 first?

21 MR. FALZONE: Yes.

22 MS. LeFEVRE: Okay. Great. Thank you.

23 Good morning, everyone. I just have a
24 quick update for you.

1 I just wanted to let the Board know
2 that we are working with our outside counsel,
3 Foley Hoag, to conduct a Board self-evaluation
4 survey, and we will administer it later this
5 month. The planned format will be similar to the
6 last survey in that Foley Hoag will administer the
7 survey and track the results.

8 Please look out for the survey. We
9 anticipate it will come out the week of
10 December 15. And it will come from Foley Hoag, so
11 not from an internal PRIM.

12 Your participation is very much
13 appreciated. So if you have any questions, please
14 let me know.

15 DEPUTY TREASURER PEREZ: Thank you,
16 Renee.

17 MS. LeFEVRE: Thank you.

18 DEPUTY TREASURER PEREZ: Any questions
19 for Renee?

20 MR. NAUGHTON: I just have a comment. I
21 always think that scheduling something like that
22 at that particular time of the year is the worst
23 possible timing.

24 And I'm saying that because going

1 forward, I think it would be nice if we could do
2 it at a less busy time of the year since we're so
3 concerned about making sure everybody gets their
4 returns back. Just my thought.

5 MS. FITCH: I think good point.

6 MR. FALZONE: Dennis, Renee and I just
7 had this conversation yesterday. Like we
8 literally just had this very same conversation.

9 MR. NAUGHTON: I never have anything
10 original to say.

11 MR. FALZONE: No, because we actually
12 understand. And getting everyone's participation,
13 as the Treasurer has said many times, right, is
14 important.

15 So if you think -- we can push it out
16 until the springtime, if you think that's more--
17 if the Board feels it's more beneficial that way.

18 MR. NAUGHTON: I'm just speaking for
19 myself so -- yes.

20 MS. FITCH: I agree.

21 MR. BROUSSEAU: I agree, though, with
22 Dennis.

23 MS. FITCH: I agree.

24 MR. FALZONE: So why don't we talk to

1 Foley, Renee, and see if we can find a more
2 appropriate time to do it? Maybe in the
3 springtime or something like that.

4 MS. LeFEVRE: We can do that if that's
5 what folks would prefer.

6 And I know Tony and I, like he said, we
7 were saying that it is a tough time.

8 So I could speak to Foley about that and
9 get back to the Board.

10 MS. FITCH: Okay. Good.

11 MR. BROUSSEAU: Haven't we had in the
12 past, though, Tony, wanted to do this and complete
13 it, whether it could be done in January so as to
14 come to the February Board meeting with the
15 results?

16 MR. FALZONE: That's the normal cadence,
17 Bob, but I'm not married to that. If it's not an
18 easy ask for the Board, then I would suggest we
19 make the Board happy and do what they want us to
20 do in terms of scheduling.

21 And it is a tough time of year. Like I
22 said, we acknowledge that. Renee and I just
23 discussed it yesterday. And we're happy to have
24 Foley take a look at what might be more

1 appropriate timing, so --

2 DEPUTY TREASURER PEREZ: Okay. Great.
3 Appreciate that.

4 So, Renee, you'll communicate back to
5 the Board?

6 MS. LeFEVRE: Yes.

7 DEPUTY TREASURER PEREZ: Great. Thank
8 you for that.

9 Okay. Has Emily been promoted?

10 MS. KOWTONIUK: I'm here.

11 MR. FALZONE: She has.

12 DEPUTY TREASURER PEREZ: Hello.

13 MS. KOWTONIUK: So the legislature is on
14 their holiday recess right now. Before they
15 recessed, they did close the books on fiscal year
16 '25. And one thing that we're watching is the
17 distribution of excess capital gains.

18 They did alter the typical
19 distribution a little bit in the FY '25 closeout.
20 They kept the 5 percent dedicated to the state
21 retirees fund, 5 percent dedicated to the pension
22 fund.

23 But instead of depositing the
24 remaining 90 percent into the stabilization fund,
they put it in the transitional escrow fund,
which does

1 give the administration and the legislature a
2 little more flexibility in the face of revenue
3 uncertainty.

4 The governor has since signed this up,
5 so that is effective. She's also knee-deep in
6 construction of the FY '27 budget. And the
7 Treasurer just received her invitation to testify
8 at the consensus revenue hearing which will take
9 place on December 16.

10 So that's it for us.

11 And I should also note that yesterday
12 was the new joint Rule 10 day, which is the date
13 by which committees need to report bills before
14 them, the committees of first impression. So
15 we're waiting for a lot of those reports to come
16 through.

17 DEPUTY TREASURER PEREZ: Thank you,
18 Emily.

19 Does anybody have any questions for
20 Emily?

21 Okay. Great.

22 MS. KOWTONIUK: All right. Thank you.

23 DEPUTY TREASURER PEREZ: Thank you.

24 So now we will move over to the

1 stewardship and sustainability report. So we have
2 Dave Gurtz and Veena.

3 MS. RAMANI: It's going to be me. So --

4 DEPUTY TREASURER PEREZ: Oh, okay.
5 Perfect. Okay, Veena. Thank you.

6 MS. RAMANI: So we have two items on the
7 agenda. One's an informational item, and one's a
8 voting item. So I'll start with the informational
9 item, if that makes sense, and then move on to the
10 voting item.

11 DEPUTY TREASURER PEREZ: That would be
12 great.

13 MS. RAMANI: Awesome. So in the
14 Sustainability and Stewardship Committee meeting,
15 we discussed our proxy voting approach and voting
16 trends and noted that we are voting in a way
17 across our public markets portfolio that aligns
18 with our stewardship priorities and our company
19 and management engagement efforts.

20 And we also presented our recommendation
21 for this year, which is to build on the strong
22 foundation that we've established and evolve from
23 the existing detailed rules-based document to a
24 version that's much more succinct, forward-looking

1 and principles-based.

2 So the draft guidelines are in your
3 package as Appendix K. And our goal as a part of
4 the drafting process was to come up with what we
5 sort of thought of as an executive summary of our
6 existing guidelines. So essentially the same but
7 shorter.

8 So I've defined the guidelines before
9 to both the committee and the Board as a vehicle
10 to communicate our vision for long-term value
11 creation. Our goal here is to communicate this
12 vision through a much more plainspoken document.
13 The new proposed document is 8 pages long as
14 opposed to 75 pages long.

15 And our hope is to be able to use these
16 guidelines in our engagements as a Board-blessed
17 expression of our expectation of long-term value
18 in general and our stewardship priorities in
19 particular.

20 I do want to emphasize that this shift
21 from the longer rules-based document to the
22 shorter principles-based document will not change
23 the way that we vote.

24 And as a reminder, this is not a voting

1 item. We wanted to share the draft with you, get
2 your feedback, both over today and over the next
3 few months, and come back to you as a part of
4 the Board meeting in February with the final
5 version of the proxy voting guidelines.

6 Stop there. Happy to take questions.

7 DEPUTY TREASURER PEREZ: Great.

8 Anybody have any questions?

9 MR. NAUGHTON: Just I have a quick
10 comment. I want to thank Veena. I was not able
11 to attend the meeting of the committee, and she
12 was kind enough to give her time to speak with me
13 and update me on the proceedings of that meeting.

14 And I also want to thank her and her
15 group for the fine job they have done in
16 condensing to make a more workable document to
17 work with the people with whom we will be working
18 and trying to implement our wishes in terms of
19 sustainability, et cetera.

20 DEPUTY TREASURER PEREZ: Great.

21 That's amazing. 75 pages to 8 pages. That's
22 great. Wonderful.

23 Okay. Anyone else have any questions or
24 comments?

1 MS. FITCH: Well, I'll just say it was a
2 good meeting. No questions.

3 DEPUTY TREASURER PEREZ: Okay. Great.
4 Okay. So we have our last voting item
5 is that the PRIM Board approve the Stewardship and
6 Sustainability Committee's Draft Responsible
7 Workforce Management Policy as attached in
8 Appendix L in the expanded agenda, and further to
9 authorize the executive director to take all
10 actions necessary to effectuate this vote.

11 Do I have a motion?

12 MS. FITCH: So moved.

13 DEPUTY TREASURER PEREZ: Do I have a
14 second?

15 MR. NAUGHTON: Second.

16 DEPUTY TREASURER PEREZ: Okay. I'll
17 turn it back over to you, Veena.

18 MS. RAMANI: Thank you.

19 So we provided for your consideration a
20 new policy that would systematize the way that we
21 assess responsible workforce management principles
22 in our private market investments.

23 So I just talked about the proxy voting
24 guidelines. And we see this new policy as an

1 extension of the way that we've articulated our
2 expectations on responsible workforce management
3 in the proxy voting guidelines but extended to our
4 private markets portfolio.

5 Now I do want to emphasize that this is
6 something that we already do as a part of our
7 operational due diligence process for private
8 market investments, but the goal of this policy is
9 to systematize what we do and also put a spotlight
10 on it.

11 Now, other funds have adopted similar
12 policies, but this being MassPRIM, we've done it
13 in our own way.

14 So responsible workforce management is a
15 broad concept, but we've boiled it down into five
16 principles that we think are the most relevant as
17 we consider workforce issues that come up within
18 the context of private equity.

19 Our implementation will involve three
20 phases. So first, as a part of the pre-investment
21 process, we will conduct a detailed due diligence
22 of our GP's record on these topics and include a
23 note about what we find in the Investment
24 Committee memo. It will also be included in the

1 LPA, the limited partnership agreement, that we
2 enter into with our GPs.

3 Second, we will reinforce this policy
4 and responsible workforce practices writ large as
5 a part of our regular check-ins with our existing
6 GPs.

7 And third, this policy will provide a
8 useful framework when we engage with our GPs,
9 should any concerns about their workforce
10 practices arise post investment.

11 So let me stop there. Happy to answer
12 any questions.

13 DEPUTY TREASURER PEREZ: Any board
14 members have questions?

15 MR. BROUSSEAU: Just I guess a question
16 or a comment. I've been very much impressed with
17 what we've been doing with stewardship and
18 sustainability.

19 Where would you place us with all the
20 other public pension funds in the country on this
21 issue? Are we well ahead of the curve, I believe,
22 in terms of the issues that the committee has been
23 recommending to this board, and then the reports
24 that I have followed?

1 And I think it's been long overdue that
2 we're doing this. But where do we fit in terms of
3 other public pension funds? Are we one of the
4 leaders?

5 MS. RAMANI: It's a hard question to
6 answer, Bob. I'm going to say I think we are
7 definitely adopting what we see as best practices.

8 I'll also say that a lot of the work
9 that we've done has built on a lot of the work
10 that our existing -- our peers in the pension fund
11 community have taken. So while we're definitely,
12 you know, adopting leading practices, it sort of
13 builds on everybody's experiences as well.

14 But I think what I find to be most
15 interesting about the approach and the approach
16 that we've built here is that while building on
17 others' experiences, we've really tried to be as
18 rigorous and data-oriented as possible, which I
19 think is really setting us up for success.

20 DEPUTY TREASURER PEREZ: All right.
21 Thank you.

22 Anyone else?

23 Okay. We have a motion. We have a
24 second. I'll take a vote.

1 Bob?

2 MR. BROUSSEAU: Yes.

3 DEPUTY TREASURER PEREZ: Ruth Ellen?

4 MS. FITCH: Yes.

5 DEPUTY TREASURER PEREZ: Mark?

6 MR. LAPMAN: Yes.

7 DEPUTY TREASURER PEREZ: Okay. Dennis?

8 MR. NAUGHTON: Yes.

9 DEPUTY TREASURER PEREZ: Carly?

10 MS. ROSE: Yes.

11 DEPUTY TREASURER PEREZ: And I'm yes as

12 well.

13 Thank you, Veena, for that.

14 And I think we have reached the end of
15 the agenda. Am I right with that?

16 Okay. So I will entertain a motion to
17 adjourn the December 4 meeting of PRIM.

18 MR. NAUGHTON: Move to adjourn.

19 MR. BROUSSEAU: Second.

20 DEPUTY TREASURER PEREZ: Is there a
21 second?

22 MS. FITCH: Second.

23 DEPUTY TREASURER PEREZ: Okay. And we
24 will take a vote.

1 Before I take the vote, I do want to
2 wish everybody a happy holiday season.

3 So Bob?

4 MR. BROUSSEAU: Yes.

5 DEPUTY TREASURER PEREZ: Ruth Ellen?

6 MS. FITCH: Yes.

7 DEPUTY TREASURER PEREZ: Mark?

8 MR. LAPMAN: Yes.

9 DEPUTY TREASURER PEREZ: Dennis?

10 MR. NAUGHTON: Yes.

11 DEPUTY TREASURER PEREZ: Carly?

12 MS. ROSE: Yes.

13 DEPUTY TREASURER PEREZ: And I'm yes as
14 well.

15 Okay. Thank you, everyone, for --

16 MR. TROTSKY: Thank you very much, Sue.

17 Well done.

18 (Meeting adjourned at 10:53 a.m.)

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