

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

3

4

5

6

7

8

9

10

Minutes of the Board Meeting

11

Thursday, February 26, 2026

12

commencing at 9:30 a.m.

13

14

(CONDUCTED REMOTELY)

15

16

17

18

19

20

21

22

23

PRIM Board Offices
53 State Street
Boston, Massachusetts

24

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

A T T E N D E E S

(Via Zoom)

Board Members

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

Other Attendees (partial list):

- Anthony Falzone
- Eliza Haynes
- Eleni Klempner
- Renee LeFevre
- Bill Li
- Vivian Liang
- Christina Marcarelli
- Michael McElroy
- Michael McGirr
- Veena Ramani
- Tim Schlitzer
- Ethan Spencer
- Emma Staff
- Michael Trotsky

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

2 A meeting of the Pension Reserves
3 Investment Management Board (PRIM Board) was held
4 remotely on Thursday, February 26, 2026. The
5 meeting was called to order and convened at
6 9:30 a.m. Treasurer and Receiver-General Deborah
7 Goldberg chaired the meeting.

8
9 TREASURER GOLDBERG: Good morning, and
10 welcome to the February 26, 2026 meeting of the
11 PRIM Board. It is now 9:30 a.m., and I call this
12 meeting to order.

13 This meeting is being held pursuant to
14 Massachusetts General Laws Chapter 30A,
15 Section 20, as amended by Chapter 2 of the Acts of
16 2025, which permits remote participation by all
17 Board members via the use of adequate alternative
18 means such as audio or videoconferencing to
19 ensure public access to the deliberations of the
20 Board.

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

1 Pursuant to the Commonwealth's Open
2 Meeting Law, Mass. General Laws, Chapter 30A,
3 Section 20, as chair of the Board, I would like
4 to advise that any person may make an audio
5 recording of this meeting.

6 However, I am obligated to inform
7 attendees of any recording at the beginning of the
8 meeting. Accordingly, I am informing you that
9 stenographer Virginia Dodge of Lexitas is
10 transcribing and also recording this meeting.

11 Have any other attendees informed the
12 Board of their intention to record this meeting,
13 Tony?

14 MR. FALZONE: Yes, Treasurer. Thank
15 you.

16 Jesse Pound from *Pensions and*
17 *Investments* has indicated they will be recording
18 the meeting. And Sara Ramram has also indicated,
19 from the Mass. Teachers Association, that she
20 would be recording the meeting.

21 TREASURER GOLDBERG: Thank you.

22 If anyone else intends to record today's
23 meeting, please first notify Seth Gitell by email
24 at sgitell@mapension.com.

1 In accordance with the Massachusetts
2 Open Meeting Law, I will now announce the names
3 of all Board members who will be participating
4 remotely in all or a portion of today's meeting
5 and which will be recorded in the meeting minutes.

6 Myself, Treasurer Deborah Goldberg.

7 Is Catherine D'Amato on yet?

8 MR. FALZONE: I have not seen Catherine
9 yet.

10 TREASURER GOLDBERG: All right. Well,
11 I'll announce who's here and who may be pending.

12 First, Bob Brousseau may come. We will
13 announce it when he arrives. Catherine D'Amato is
14 expected.

15 Ruth Ellen Fitch is here. Theresa
16 McGoldrick is here. Mark Lapman is here. Dennis
17 Naughton, Carly Rose and again myself. I am here.

18 Board members, we are all participating
19 via Zoom webinar. Please let us know if you have
20 any sort of technical difficulty by using the
21 Raise Hand function.

22 As a friendly reminder, all Board
23 members may participate in any votes scheduled to
24 take place at today's meeting. All votes must be

1 taken by roll call. And unless there are
2 extenuating circumstances, everyone participating
3 in roll call votes should activate their video
4 camera before voting.

5 We will now proceed to the first item on
6 the agenda. The first item on the agenda would be
7 approval of the minutes.

8 MR. FALZONE: The minutes are part of a
9 consent agenda.

10 TREASURER GOLDBERG: I see that. Is
11 that new?

12 MR. FALZONE: We do it for Board
13 meetings when we are maybe pressed for time.

14 TREASURER GOLDBERG: I gotcha. Okay.

15 So we have consent agenda items. I seek
16 a motion that the PRIM Board approve the following
17 consent agenda items as described in the expanded
18 agenda.

19 First, approval of the PRIM Board
20 minutes of the December 4, 2025 meeting; second,
21 approval of the issuance of an RFP for proxy
22 voting services; and further to authorize the
23 executive director to take all actions necessary
24 to effectuate this vote.

1 Is there a motion?

2 MS. McGOLDRICK: So moved.

3 TREASURER GOLDBERG: Is there a second?

4 MR. LAPMAN: Second.

5 TREASURER GOLDBERG: We will proceed
6 with the roll call vote.

7 I notice that Catherine is here now.
8 Announce that she's arrived.

9 Catherine D'Amato?

10 MS. D'AMATO: Yes. Thank you. Just
11 dealing with power outages in Provincetown. My
12 apologies.

13 TREASURER GOLDBERG: Oh, no. We know.

14 No. We're asking you to vote.

15 MS. D'AMATO: I vote yes for the
16 minutes.

17 TREASURER GOLDBERG: Okay. Thank you.

18 MS. D'AMATO: You're welcome.

19 TREASURER GOLDBERG: Ruth Ellen Fitch?

20 MS. FITCH: Yes.

21 TREASURER GOLDBERG: Theresa McGoldrick?

22 MS. McGOLDRICK: Yes.

23 TREASURER GOLDBERG: Mark Lapman?

24 MR. LAPMAN: Yes.

1 TREASURER GOLDBERG: Dennis Naughton?

2 MR. NAUGHTON: Yes.

3 TREASURER GOLDBERG: Carly Rose?

4 MS. ROSE: Yes.

5 TREASURER GOLDBERG: Myself, yes.

6 The motion carries.

7 Next item on the agenda will be the
8 executive director/chief investment officer
9 report. Michael will go over markets and PRIT
10 Fund performance, followed by organizational
11 updates and then summary of the 2026 annual plans.

12 Please feel free if you need to ask
13 questions during that time frame because he's
14 going to go over a number of items. Or if you
15 choose, you can wait till the end. It's your
16 pleasure.

17 Thank you, Michael.

18 MR. TROTSKY: Thank you, Treasurer. And
19 good morning, everyone.

20 As you know by now, the markets remained
21 very strong through the end of the year last year
22 and into 2026. And the PRIT Fund ended with yet
23 another new record balance of \$123.3 billion,
24 surpassing the previous record balance set last

1 quarter.

2 And for the December quarter alone, the
3 PRIT Fund returned 2.1 percent net of all fees.

4 And for the trailing 12 months, the PRIT Fund
5 returned 12.6 percent net, which equates to an
6 investment gain of \$13.8 billion for the year.

7 We're very proud of the 12.6 percent
8 \$13.8 billion gain for the 12 months, which is, as
9 you know, nearly twice our target return of
10 7 percent, the state's actuarial rate of return
11 requirement.

12 Before I discuss markets and
13 performance, there is one small organizational
14 update. I'm humbled to announce that Markets
15 Group has named me on their 2026 list of elite
16 institutional chief investment officers.

17 The designation honor is to those who,
18 and I quote, "have excelled amid shifting
19 macroeconomic conditions, geopolitical complexity
20 and evolving risk frameworks. They continue to
21 strengthen long-term resilience, elevate portfolio
22 construction and governance standards, and steward
23 capital with purpose and accountability," end
24 quote.

1 Obviously this summary highlights our
2 collective achievements together. It's truly a
3 team award. And I thank everyone on this call for
4 your contributions and your support through what
5 was a challenging macroeconomic and geopolitical
6 environment. And last, I appreciate all your hard
7 work and dedication.

8 The 12.6 percent net gain for the
9 calendar year 2025 is the third consecutive year
10 of outstanding gains and follows gains of
11 9 percent in 2024 and 11 percent in 2023. This
12 represents a three-year annualized rate of return
13 of 11 percent and a total three-year gain of
14 \$34.6 billion. \$34.6.

15 Over the last three-year period, U.S.
16 equities remained unusually strong, up nearly
17 23 percent annualized. And international markets
18 were weaker, but still up more than 17 percent.

19 To put things in perspective, a three-
20 year streak with an annualized return of roughly
21 23 percent for U.S. equities is exceptionally
22 rare, and I've called it a super streak.

23 We also looked at calendar year-end
24 returns in the roughly 100-year history of the S&P

1 500, and I'll note that similar performance levels
2 have only occurred a handful of times, usually
3 during major technological shifts or recoveries
4 from deep bear markets.

5 And a 23 percent annualized return means
6 that the market has nearly doubled in just three
7 years. And finding a three-year period where the
8 average annual return is above 23 percent is very
9 difficult.

10 There are a few of them. Similar strong
11 periods include the dot-com bubble from 1995 to
12 1999, where the three-year annualized return was
13 28 percent. During World War II from 1942 to
14 1945, we had a 24 percent gain. And during the
15 postwar industrial boom of the 1950s, we had a
16 couple of periods where the return, three-year
17 annualized, was between 24 and 29 percent.

18 And last that I'll highlight is of
19 course the recovery from the 1929 crash, the Great
20 Depression, where from 1933 to 1935, there was a
21 35 percent gain in the markets.

22 So why is this super streak happening
23 now? Well, analysts generally point out three
24 factors for the current 23 percent run that we

1 just enjoyed. The first, well talked about, is
2 the AI, artificial intelligence, surge, where a
3 small group of megacap tech stocks like NVIDIA,
4 Google, Microsoft and others have seen
5 unprecedented growth.

6 This is the Magnificent Seven group of
7 stocks. That's the effect we've talked about
8 previously at past meetings.

9 Number 2, resilient earnings. Despite
10 the higher interest rates out there, corporate
11 profits have remained at record highs.

12 And number 3, the 2022 post pandemic
13 bounce. Because 2022 was really a bad year in the
14 markets, the 2023 recovery started from a lower
15 floor. And this of course makes the percentage
16 gains look more dramatic.

17 You may wonder what typically happens
18 next. And history shows that these super streaks
19 usually end in one of two ways: a mean reversion
20 or a soft landing. And the incidence of each has
21 not been a coin toss.

22 Most of the time in the year after a
23 super streak like we've just been through, we got
24 a mean reversion. That is when the market takes a

1 breather. And after a super streak, most of the
2 time, we got a double-digit decline in markets in
3 the following year.

4 Only once following these historical
5 super streaks did we see a soft landing, when the
6 market continued to rise after the super streak,
7 and it did so, but at a more moderate pace.

8 While these "what happens next"
9 scenarios are interesting, of course, you also
10 know that we at PRIM don't try to predict the
11 future because we believe that nobody is
12 consistently good at it. That sentiment is
13 actually one of our core investment beliefs.

14 Sure, we do all hope for a soft landing
15 or better, following the super streak we've just
16 enjoyed. But hope, as you know, is not a sound
17 investment strategy.

18 Many of you remember that I am fond,
19 very fond actually, of quoting the Nobel Prize-
20 winning physicist Niels Bohr. He's a scientist
21 who made his career discovering the laws of
22 physics. These are formulas that predict the
23 behavior, the future behavior, of our physical
24 world.

1 And he said, and I quote, "Prediction is
2 very difficult, especially about the future."
3 That wisdom is one of the very guideposts of
4 investing.

5 And PRIM's asset allocation
6 recommendations, which you'll hear about later
7 today, do not rely on future predictions of
8 returns. Instead, we have an internally developed
9 process that utilizes quantitative statistical
10 techniques to express the well-known, and Nobel
11 Prize-winning actually, economic science of
12 portfolio construction through diversification.

13 We don't try to anticipate market
14 returns or outcomes in the future. Instead, we
15 engineer a portfolio to be resilient through all
16 market environments. So more on that later, but
17 first, a quick market update.

18 Again, in the December quarter, U.S.
19 equities were up 2.7 percent. Developed
20 international equities were up 5.2 percent, and
21 emerging market equities were up 4.7 percent for
22 the quarter.

23 Bonds were up about a percent as yields
24 fell. The 10-year Treasury stood at 4.17 at the

1 end of December and has been relatively stable in
2 that range. Today, I believe it's slightly lower
3 than that.

4 For the calendar year through December,
5 the 12-month period, domestic equities were up
6 17.8 percent. Developed international equities
7 were up 31.7 percent, and emerging market equities
8 were up more than 33 percent.

9 And notable is the fact that
10 international equities outperformed U.S. equities
11 for the first time in many years, and they are
12 doing so by a wide margin. International returns
13 last year were nearly twice the returns for the
14 U.S.

15 For example, China was up 31 percent
16 last year. Germany was up 36.1 percent. The UK
17 was up 35 percent, and Japan up 25 percent, while
18 U.S. equities, still strong but lagging, were up,
19 again, 17.8 percent.

20 And as we sit here today, the U.S.
21 markets are flat to slightly up, but international
22 markets are up anywhere between 8 and 13 percent
23 so far in 2026.

24 Over the past three years, as you know,

1 public equities have delivered exceptional
2 returns, supported by resilient earnings growth,
3 falling inflation expectations. That resulted in
4 falling interest rates. Companies had strong
5 balance sheets. There was a generational shift in
6 technology driven by artificial intelligence.

7 And public equities have also benefited
8 from liquidity and rapid price discovery, allowing
9 them to be repriced more quickly as macroeconomics
10 improved after the pandemic slowdown earlier this
11 decade.

12 The last three years was really a
13 Goldilocks period for public markets. It was a
14 near perfect environment for strong performance of
15 equities.

16 And at any given time, however, PRIM
17 should expect to have strong-performing asset
18 classes and weaker ones. And even with
19 outstanding absolute returns over the past few
20 years, it has been a difficult period for active
21 management generally in both public and private
22 equities because the strong market returns have
23 been so narrowly focused on the Magnificent Seven
24 companies and companies linked to the AI

1 infrastructure build-outs.

2 This narrowness is unlikely to persist
3 forever. And more recently this year, we are
4 seeing some broadening of market participation.

5 In contrast to the recent super streak
6 in public equities markets, private equity
7 strength is best viewed through a robust 5- to 10-
8 year track record. That's a period in which entry
9 valuations were attractive, debt financing costs
10 were exceptionally low, and public equity markets
11 experienced a prolonged and modest expansion.

12 Private equity, which is a long-term
13 asset class, still remains the number one
14 performing asset class for PRIM over the longer
15 term.

16 PRIM closely monitors all managers
17 across all asset classes and manages our risk
18 exposures to maintain a well-diversified portfolio
19 that we believe will perform well under various
20 market conditions.

21 It should be noted that PRIM's asset
22 allocation framework that you'll hear about today
23 gradually adjusts strategic allocations over time,
24 promoting patient investing that is really

1 evidence-based. This approach ensures that PRIM
2 is not tied to any specific asset class or
3 strategy, and we acknowledge that the industry is
4 evolving in nature.

5 Tony, the performance slides. And I'll
6 go through them quickly. Let me know when they're
7 up.

8 MR. FALZONE: All set.

9 MR. TROTSKY: Okay. The first slide as
10 usual shows the market value, both at the end of
11 our fiscal years and at the end of the most
12 current period that we're reporting, which is the
13 end of the calendar year.

14 At the end of December, the PRIT Fund
15 stood at \$123.3 billion, a new record from
16 \$121 billion reported last quarter. The fund
17 was up 2.1 percent for the quarter, 12.6 percent
18 for the year. Again, a gain of \$13.8 billion.

19 Net outflows to pay benefits from this
20 pool of assets were approximately \$231 million
21 for the year.

22 Next slide, you can see the performance
23 by strategy for the fourth quarter of 2025.
24 Quarterly gain in the middle of 2.1 percent, with

1 all but one asset class posting positive returns.
2 That's on the right. Long bonds were down
3 slightly. Those are the U.S. STRIPS, as long
4 rates did edge higher.

5 On the left, you can see that
6 international equities on the far left led the way
7 with really double the returns of U.S. equities
8 during that time period.

9 Next slide. For the one-year period,
10 the PRIT Fund was up 12.6 percent. On the left,
11 you can see international equities led the way, up
12 more than 30 percent. U.S. large caps, small
13 caps, high yield and private equity also were very
14 strong.

15 And what I like about this slide is that
16 all asset classes posted positive returns for the
17 one-year period. And we are particularly pleased
18 to note a reversal in the real estate for the
19 year. Real estate was up 3.1 percent. And that
20 compared to down 3 percent last year as obviously
21 we rebound from the pandemic era slowdown.

22 And really in real estate, and you'll
23 hear more about this today, our focus on core real
24 estate, those are the best properties, the best

1 locations, highly leased, low leverage, that has
2 really served us well. That's where the majority
3 of our exposure is.

4 And we have always had an underweight to
5 non-core real estate. Those are the more
6 sensitive, higher risk, higher leveraged,
7 opportunistic type of real estate investments such
8 as development or other opportunistic real estate
9 investments, which have been much, much harder hit
10 and slower to rebound.

11 Next slide. Asset class performance for
12 the one-year period. Again, all major asset
13 classes had positive returns. Global equities,
14 more than two times the return of any other asset
15 class. All tracked closely to benchmarks.

16 Each asset class you'll hear today a
17 little bit more about performance. You can see
18 value-added fixed income, private equity were also
19 among the top-performing asset classes for the one-
20 year period.

21 Next slide is the fund contribution to
22 return by strategy. And this chart shows the
23 contribution to total return by strategy for the
24 one-year period. All these major asset classes

1 were positive contributors. No major detractors.

2 U.S. large cap, developed international
3 equities and private equity on the left were the
4 top contributors for the year.

5 Next slide. Again, 12.6 percent
6 performance for the one-year period. Very strong.
7 You'll note that all other time periods were above
8 the actuarial rate of return of 7 percent, which
9 is our goal.

10 The underperformance in the one- and
11 three-year period due to the benchmark, again, is
12 due to the private equity benchmark, which we've
13 talked about where we compare the actual one-year
14 performance of private equity to a seven-year
15 smoothed public benchmark, seven-year smoothed
16 public benchmark plus 3 percent.

17 And the one-year performance of private
18 equity was still really good, up 8.5 percent. But
19 when compared to a seven-year smoothed public
20 markets benchmark plus 3 percent, that benchmark
21 was up 15.9 percent. So a tough comparison.

22 If you do smooth the private equity
23 returns in the same way that the benchmark is
24 smoothed, it would be 16.1 percent, and we'd

1 outperform the benchmark.

2 Next slide. I'll end on the quilt
3 chart. Again, you can see global equities lead
4 the way for the one- and three-year period by a
5 large margin.

6 And on the right, you can see PE,
7 private equity, for the 5- and 10-year performance
8 numbers lead the way. We've had a very strong
9 three-year period for public equities, which I've
10 talked about at length today.

11 Also, I'd note that PCS, which is
12 primarily composed of hedge funds, very strong.
13 And of course real estate improving. And timber,
14 a very steady solid contributor through all time
15 periods.

16 You can take those down now, Tony.

17 MR. FALZONE: All set.

18 MR. TROTSKY: Just a few comments about
19 economics. As you know, the federal government
20 shutdowns last year and other factors have led to
21 the delay of some recent economic data. We're
22 catching up now.

23 The U.S. economy did expand at an
24 annualized rate of 1.4 percent in Q4 2025. That's

1 new since the last time we spoke. That's the
2 slowest pace of growth since Q1 last year. And
3 that followed a 4.4 percent growth rate in Q3.
4 That 1.4 percent report was well below market
5 expectations of 3 percent.

6 Consumer spending decelerated in the
7 quarter. Exports contracted, and government
8 spending in investment fell sharply. That's what
9 led to the slowdown.

10 The annual inflation rate slowed to
11 2.4 percent year-over-year in January. It's the
12 lowest level since May of last year. And it was
13 down from the 2.7 percent in each of the prior two
14 months' reports.

15 The unemployment rate edged down to
16 4.3 percent in January, 4.3 percent, as the
17 delayed employment report smashed expectations
18 really with 130,000 nonfarm payrolls added in
19 January.

20 But there still remains significant
21 uncertainty among economists and the Fed about the
22 health of the employment situation. And this of
23 course bears watching because employment directly
24 affects consumer spending, and consumer spending

1 really drives two thirds of the U.S. GDP.

2 Elsewhere, manufacturing unexpectedly
3 rose a little to 52.6 in January. And that was
4 well above forecasts of 48.5. The reading really
5 showed that economic activity in the manufacturing
6 sector expanded in January for the first time in
7 12 months and the most, the highest expansion
8 since 2022.

9 As you know, the Fed left rates
10 unchanged at its most recent meeting in January.
11 And that follows three consecutive rate cuts
12 during 2025.

13 In other large economies, China expanded
14 4.5 percent year-over-year in Q4. And that was
15 down a little from the prior quarter and marked
16 really the slowest pace of growth in three years
17 in China. The deceleration reflected continuous
18 weakness in domestic demand, consumer demand,
19 there.

20 The unemployment rate held steady and
21 inflation remained subdued in China. The People's
22 Bank left rates unchanged in January.

23 In the eurozone, the economy expanded by
24 1.3 percent in Q4, according to a preliminary

1 reading, and this marks the slowest pace in a
2 year, but is really just growing modestly.

3 The unemployment rate there held steady
4 at 6.2 percent. Inflation eased to 1.7 percent.
5 And the European Central Bank also left rates
6 unchanged.

7 And last, in Japan, the economy just
8 barely grew, 0.1 percent quarter over quarter in
9 Q4. That rebounded from a slight contraction last
10 quarter. But it did fall short of market
11 expectations. And that is a preliminary reading
12 as well.

13 The unemployment rate held at
14 2.6 percent, and the annual inflation rate eased
15 to 1.5 percent. And Japan left rates unchanged.

16 At the Investment Committee meeting
17 earlier in the month, it was noted that here in
18 the U.S., tighter market liquidity will likely
19 increase volatility in the markets going forward.
20 The Federal Reserve has made public its plan to
21 shrink bank reserves below the \$3 trillion level,
22 which seems to be the borderline level that
23 markets need to function properly.

24 This level, \$3 trillion, was tested in

1 December when bank reserves dipped below that
2 level. But after some abnormal market volatility,
3 the Fed quickly reversed course. They ended
4 quantitative tightening and launched purchases
5 quickly of shorter term T-bills that helped solve
6 the liquidity problem.

7 However, the incoming Fed chair has made
8 it clear that his preference is for bank reserves
9 to shrink well below the \$3 trillion level to
10 about \$1 trillion over time. And there are
11 concerns that he may be slow to intervene as the
12 Fed did this past December.

13 Our resident expert on the committee,
14 Connie Everson, said that conversations will need
15 to happen if markets respond poorly to any kind of
16 changing policy regime. So this bears watching.

17 I'll stop there with my comments on PRIM
18 and the markets. Take any questions.

19 TREASURER GOLDBERG: On this section of
20 Michael's presentation, are there any questions?

21 I think that almost everyone who's on
22 the call has actually heard this part of the
23 presentation on committee meetings.

24 MR. TROTSKY: Right.

1 TREASURER GOLDBERG: So unless you have
2 something that's occurred since then, and that was
3 I think a week and a half ago, I think we're all
4 set.

5 MR. TROTSKY: Okay.

6 TREASURER GOLDBERG: I think for me the
7 most concerning comment was what the incoming Fed
8 chair --

9 MR. TROTSKY: Right.

10 TREASURER GOLDBERG: -- anticipates.

11 And Catherine, as a former Boston Fed
12 member, probably finds that very disconcerting.

13 MS. D'AMATO: I do.

14 And I've just come back from a Fidelity
15 Charitable board meeting and seeing a lot of the --
16 how the investments are working there. It's a
17 similar amount of money as the pension fund so
18 about \$101 billion. But seeing what those
19 investments have been doing, and then a lot of
20 discussion also about the Fed and the new incoming
21 chair and what's the likelihood.

22 Kind of some feeling there among just
23 chatter was that they may not be so quick to move
24 the interest rates down in this next meeting.

1 But everything is speculative and
2 political in the environment right now.

3 But not seeing a lot of change in tax
4 bills just because of the sort of -- what would I
5 want to say? The clog of nobody -- no bills
6 moving. So that's another piece too, that there
7 are some things that could implicate or change
8 some of the actions by investments, but not seeing
9 anything moving, given an impending election. And
10 then waiting to see what happens after that.

11 But I heard a couple times the term
12 "pencils down," which means no bills, no movement,
13 no nothing over the next couple of years. If that
14 helps.

15 But the new Fed chair will be
16 fascinating and a little frightening, given his
17 change. I mean he flipped from one side to the
18 other in a matter -- I don't know, Michael. It's
19 been two years. When was he last considered for
20 the Fed? I don't remember.

21 MR. TROTSKY: Yes. It was I believe
22 when Powell was appointed. He was in the mix.

23 MS. D'AMATO: He was. He's been in the
24 mix for, like, always. And he's turned it down

1 and turned it down and turned it down. But he was
2 more on the side of not increas -- not decreasing --
3 sorry -- rates. And he has come to the other
4 side.

5 MR. TROTSKY: We'll see.

6 TREASURER GOLDBERG: Okay. Thank you,
7 Catherine.

8 If there are no further questions,
9 Michael, you can move on.

10 MR. TROTSKY: Okay. It's annual plan
11 season. And accordingly, as we do each year, we
12 share the plans for your review and input. I've
13 heard from a couple of you already.

14 These plans are very detailed, and I
15 invite you to review them and contact me with any
16 feedback you might have. Once we hear from you
17 and input any changes, the plans are then
18 finalized.

19 They're essentially a continuation of
20 the work we have been doing, but I will highlight
21 just a few initiatives. And for your reference,
22 they're located at Appendix D as in dog.

23 The focus of this year across all asset
24 classes is to identify new sources of alpha;

1 that's outperformance. But as always, you will
2 see a continuation of our efforts to improve every
3 aspect of our business. Continuous improvement.

4 In public markets, and you'll hear more
5 about this today, we announced an ambitious and
6 well-thought-out plan to identify new sources of
7 alpha in our public equities portfolio.

8 In private equity, the commitment pacing
9 does remain brisk, with a goal of identifying
10 more than \$2 billion in high-performing new
11 opportunities during 2026. The team will continue
12 to be, as they always are, incredibly selective.

13 In real estate, I mentioned earlier, we
14 saw a reversal of that performance from a
15 3 percent loss last year in the aftermath of the
16 pandemic to a positive 3 percent gain in 2025.
17 And while we like to see that, this level of
18 performance is still below our expectations and
19 below our needs.

20 So the real estate team will continue to
21 drive improvements in performance by seeking high
22 quality investments and any enhancements to
23 manager evaluation sourcing and selecting. We'll
24 exit and avoid underperforming real estate

1 strategies in general. And we'll closely monitor
2 our existing managers' asset level business plans.

3 We're particularly proud of Bill Li and
4 the PCS team's success in improving the
5 performance of hedge fund portfolio over the last
6 few years. It's been exceptional. And the team
7 continues to identify attractive new investments
8 in both stable value hedge funds and directional
9 hedge funds. And performance again has been
10 outstanding.

11 Risk, Jay Leu and Shannon continue to be
12 embedded in each asset class group, monitoring and
13 evaluating credit risk, liquidity and portfolio
14 construction, always with a keen eye towards
15 controlling risk and improving diversification
16 across all asset classes.

17 The research team continues to work on
18 methods to improve our sophisticated asset
19 allocation model, which you'll hear about today.

20 This year, we will study the long-term
21 historical effectiveness of our decisions with an
22 eye towards improving and identifying improvements
23 to our processes, all with an aim to finding
24 additive new investment strategies.

1 In finance and operations, the main goal
2 as always is to ensure that our reporting and
3 financial statements remain at the highest level
4 of transparency, accuracy and completeness.

5 The work this year continues with the
6 rollout of the new Solovis reporting platform.
7 With it comes exciting new analytical tools.

8 In legal and communications, Renee, Seth
9 and team prioritize transparency and documentation
10 to ensure that PRIM remains above reproach.

11 We're still responding to a large
12 increase in the number of Public Records Act
13 requests. That takes a lot of time and effort.

14 And legal is also continuing to support
15 the Attorney General's office in their suit
16 against ExxonMobil, which has resulted in an
17 increased legal expense and time commitment.

18 In stewardship, you'll hear from Veena
19 today, the team continues to execute its data-
20 driven and board-approved stewardship priorities,
21 while also pursuing purposeful engagement of
22 individual portfolio companies, all in line with
23 these priorities.

24 And last, I'll close, just across all

1 functional groups, we continue to explore the
2 applications of artificial intelligence. There
3 are several tools being currently evaluated that
4 actually show great promise.

5 And enthusiasm here at PRIM for AI tools
6 is very high across the entire organization, but
7 as usual, we plan to be very methodical when
8 rolling out this technology. We want to innovate,
9 adhere to best practices and continuously seek
10 efficiency, while working within PRIM's budget.

11 Cybersecurity is always paramount in
12 everything we do. We have created a policy and a
13 framework to guide staff in using AI, and it is
14 all very exciting to us.

15 I do believe that AI can level the
16 playing field by lowering the cost of expertise
17 for PRIM. And I do believe that the benefits of
18 AI, if properly implemented, if well-implemented,
19 will accrue most to those organizations like PRIM
20 with more limited resources.

21 Again, I hope you've had a chance to
22 review these plans. In the interest of time,
23 please feel free to reach out to me with any
24 comments or questions before I finalize them.

1 Any questions?

2 TREASURER GOLDBERG: Any questions for
3 Michael on the plans?

4 None that I can see, Michael.

5 MR. TROTSKY: Excellent.

6 TREASURER GOLDBERG: Okay. That does
7 wrap you up.

8 MR. TROTSKY: That's right. And Vivian
9 on asset allocation is next.

10 TREASURER GOLDBERG: All right then.
11 And that is a voting item.

12 So hi, Vivian. What I'm going to do is
13 I'll make a motion and a second. And then I'll
14 let you take over. How's that sound?

15 MS. LIANG: Yes.

16 TREASURER GOLDBERG: I seek a motion
17 that the PRIM Board approve the Investment
18 Committee's recommendation to adopt the 2026 asset
19 allocation recommendation as described in the
20 expanded agenda, and further to authorize the
21 executive director to take all actions necessary
22 to effectuate this vote.

23 Is there a motion?

24 MR. NAUGHTON: So move.

1 MS. D'AMATO: Second.

2 TREASURER GOLDBERG: Is there -- second.

3 Thank you, Catherine.

4 Thank you, Vivian. Go ahead.

5 MS. LIANG: Thank you.

6 Good morning, everyone. I'm Vivian

7 Liang, a member in the research team at PRIM.

8 Today, I'm going to be filling in for Maria to

9 present the asset allocation recommendation that

10 has been approved by the Investment Committee.

11 The 2026 asset allocation recommendation

12 represents no changes to the 2025 asset allocation

13 approved ranges.

14 Before I jump into the slides, I want to

15 take a moment to recognize the team. Asset

16 allocation is a collaborative effort. Pengtuan Wu

17 and Tianyi Shi have played significant roles.

18 Please refer to slide 2 within

19 Appendix E of the board expanded agenda for the

20 research team's presentation on asset allocation.

21 Thank you, Tony.

22 Once again, the 2026 asset allocation

23 makes no changes to the PRIM's strategic asset

24 allocation target ranges.

1 PRIM's research team leads a robust and
2 comprehensive strategic asset allocation program
3 which blends both quantitative and qualitative
4 insights into the analysis, while focusing on a
5 dual objective.

6 Our strategic asset allocation program
7 is designed with a long-term horizon in mind.
8 This approach reflects our core belief that we do
9 not attempt to predict the future. Instead, we
10 focus on building a resilient portfolio that can
11 withstand a wide range of market environments.

12 Strategic allocation decisions are
13 typically infrequent and deliberate with changes
14 only considered when there is a structural shift
15 in fundamentals.

16 Consistent with this philosophy, we're
17 making no changes this year, just as we did last
18 year.

19 Tony, if you can go to the next page.

20 Thank you.

21 On slide 3, you can see the dual
22 objective. The core framework uses this
23 probabilistic-based approach to maximize
24 likelihood of achieving our dual objective.

1 The left-hand side shows the probability
2 of achieving the actuarial rate of return of
3 7 percent over the next 10 years, whereas the
4 right-hand side focuses on a measure of downside
5 protection, which is defined as the probability of
6 achieving no cumulative drawdown greater than
7 20 percent over the next three years.

8 Moving on to slide 4.

9 Thanks.

10 As you can see on slide 4, a holistic
11 and comprehensive program is vital to effectively
12 addressing the complexity around strategic asset
13 allocation. There are multiple components within
14 the asset allocation research program.

15 First is the core framework. PRIM's
16 core framework serves as a foundation, and it is
17 data-driven and systematic. Our core framework
18 seeks to understand PRIM's actual performance net
19 of fees through principal component analysis.

20 This method decomposes original
21 correlated asset returns into a new set of
22 independent statistical factors called principal
23 components.

24 Next, we capture both time series

1 dynamics and distributional features of each
2 factor to calibrate a best-fit model, then
3 simulate 10,000 future return paths, using the
4 most appropriate model to evaluate the likelihood
5 of achieving our dual objective through systematic
6 experiment.

7 At the bottom, we include a couple of
8 additional considerations. First, feasibility.
9 After establishing the analytical foundation, we
10 worked closely across all asset classes and the
11 risk team regarding feasibility to deploy capital
12 and the current opportunity set.

13 Second, we collaborate with NEPC, our
14 asset allocation consultant, to incorporate
15 external perspectives as a validation and a
16 reasonableness check.

17 Overall, the core framework shows us
18 what directions improve the portfolio.
19 Feasibility determines what we can realistically
20 implement. And external views help us sanity-
21 check that the result remains reasonable.

22 Tony, if you can go to the next page.

23 Thank you.

24 A key output of our core framework is a

1 systematic experiment, which helps to identify
2 potential improvements to the dual objective.
3 Here's a snapshot of the systematic result.

4 On the left, the chart with green bars
5 shows how the original PRIT Fund compares to the
6 five most impactful scenarios where we add
7 2 percent to those asset classes' weights
8 individually. The numbers represent the
9 probability of achieving the dual objectives.

10 As you can see, PE, OCO, timberland,
11 stable value hedge fund and directional hedge fund
12 are the most additive subassets to the PRIT Fund
13 with respect to the dual objective.

14 On the right side, the gray bars show
15 which asset classes improve the dual objectives if
16 we reduce the asset class by 2 percent.

17 Please turn to slide 6.

18 The approved asset allocation 2025
19 target range is shown on the left column. All
20 asset classes are within their respective ranges.
21 PRIM employs a disciplined and methodical
22 rebalancing process designed to maintain alignment
23 with the fund's strategic asset allocation targets
24 and risk posture over time. Rebalancing decisions

1 are executed with careful attention to liquidity
2 conditions and implementation costs, ensuring the
3 fund can meet its objectives while prudently
4 managing market and cash flow constraints.

5 Although private equity, OCO and hedge
6 funds continue to look favorable through our
7 analysis, there's plenty of room within the
8 existing ranges. Therefore, we will stay the
9 course.

10 And finally, I would like to wrap my
11 presentation up with an Investment Committee-
12 approved 2026 recommendation, which is to make no
13 changes to the PRIM strategic asset allocation
14 target ranges.

15 Thank you.

16 TREASURER GOLDBERG: Are there questions
17 for Vivian?

18 Ruth Ellen, I see your lips moving, but
19 I don't hear your voice.

20 MS. FITCH: Unmute.

21 Just a really quick question about
22 changing this recommendation during the year or
23 staying the course for the year and doing it next
24 year. Is there consideration of that in the

1 allocation of funds?

2 MS. LIANG: Yes. We stayed the course
3 this year and the previous year. And in the
4 previous several years, we do make certain
5 changes. For example, on private equity, public,
6 global equity and also the value-added fixed
7 income.

8 MS. FITCH: But do you make those
9 changes during the year? Or do you wait to make
10 them for the next fiscal year?

11 MR. FALZONE: So we don't -- I think --

12 TREASURER GOLDBERG: I was going to jump
13 in on that.

14 MR. FALZONE: Go ahead. Go ahead,
15 Treasurer.

16 TREASURER GOLDBERG: One thing, Ruth
17 Ellen, I want to remind you is that obviously if
18 the team came together and said, gee, we need to
19 look at this, they would.

20 But however, I want to remind everyone
21 that we stay the course. And we don't let up and
22 down markets and variation throw us off our long-
23 term strategies. And so it would really have to
24 take --

1 We're built for up and down markets.

2 MS. FITCH: Right.

3 TREASURER GOLDBERG: And so it would
4 have to be really something extraordinary for us
5 to take a serious look at allocations and that
6 with intention, we have the asset allocation the
7 way we do now, and with the research we do
8 internally, we are taking volatility into
9 consideration.

10 And as you can see over the last
11 10 years, that strategy has essentially worked
12 very well in up and down markets.

13 MS. FITCH: Right.

14 TREASURER GOLDBERG: So I think that
15 would be your answer, right, Vivian? And
16 certainly it would be Michael's.

17 MR. TROTSKY: Right. That's definitely
18 correct. And thank you for saying that.

19 I'd also add that we are very
20 disciplined with our monthly rebalancing. So with
21 any large dislocation in the market, we're likely
22 to rebalance pretty aggressively to stay within
23 the ranges, always to stay within the ranges --

24 MS. FITCH: Okay.

1 MR. TROTSKY: -- if there's any
2 dislocation during the year. So maybe that's what
3 you're also referring to. We do --

4 MS. FITCH: Yes.

5 MR. TROTSKY: We do adhere to a strict
6 monthly rebalancing.

7 MS. FITCH: Okay. Thank you. It's good
8 to hear.

9 MR. LAPMAN: Can I just raise a
10 question?

11 TREASURER GOLDBERG: Yes, Mark.

12 MR. LAPMAN: I'm all for keeping within
13 our allocations.

14 I do note on this wonderful chart here
15 how close we are to the top of the range for
16 global equity, whereas the others seem to be
17 managed in the middle.

18 And given your monthly rebalancing,
19 Michael, what's your inclination in terms of that
20 rebalancing? Is it just small --

21 MR. TROTSKY: Well, we've already got it
22 set up to take a little out of global equities.
23 It's happening. We make fine adjustments --

24 MR. LAPMAN: Where do you think that's

1 going to end up?

2 MR. TROTSKY: We make fine adjustments
3 each month. And I just approved a small -- you
4 know, we're near the end of the month, so we're
5 thinking about that now.

6 Dave Gurtz is in charge of the monthly
7 rebalancing. He's very disciplined and thoughtful
8 about it. And because global equities are at the
9 very upper end of the range, we will sell a little
10 global equities and redeploy to other asset
11 classes.

12 TREASURER GOLDBERG: Any other questions
13 for Vivian?

14 So this is a reminder this is a voting
15 item.

16 I want to note that Bob Brousseau has
17 joined us on telephone. And he may be challenged
18 to vote, but we will try to give it a shot because
19 he is the first person on my list.

20 Bob, can you hear us, and are you able
21 to vote?

22 MR. BROUSSEAU: Yes. I vote yes.

23 TREASURER GOLDBERG: Thank you, Bob.

24 Catherine?

1 MS. D'AMATO: Yes.

2 TREASURER GOLDBERG: Ruth Ellen?

3 MS. FITCH: Yes.

4 TREASURER GOLDBERG: Theresa?

5 MS. MCGOLDRICK: Yes.

6 TREASURER GOLDBERG: Mark?

7 MR. LAPMAN: Yes.

8 TREASURER GOLDBERG: Dennis?

9 MR. NAUGHTON: Yes.

10 TREASURER GOLDBERG: Carly?

11 MS. ROSE: Yes.

12 TREASURER GOLDBERG: Myself, yes.

13 The motion carries.

14 All right then. Next item on the
15 agenda --

16 I'm hearing my own voice coming back at
17 me. Is that coming from Bob's phone?

18 Okay. All right. The next item on the
19 agenda is public markets. We will have two voting
20 items. And Michael -- not Michael Trotsky.
21 Michael number 2. Mike McGirr is number 3.

22 You're going to start off with a
23 performance summary, and then you will let me know
24 who's going to give us the presentation on the

1 global equity and other credit opportunities.

2 So take it away, Mike.

3 MR. McELROY: Great. Thank you.

4 Can everyone hear me?

5 TREASURER GOLDBERG: We can hear you.

6 MS. FITCH: Yes.

7 MR. McELROY: Perfect. Okay.

8 Good morning, everyone. I'm Michael
9 McElroy, director of public markets. I'll cover
10 the market environment and performance for the
11 fourth quarter and the one-year period ending in
12 December of 2025.

13 As you've heard already, equity markets
14 delivered another strong quarter, positive
15 absolute returns. This was the third quarter in a
16 row of positive returns. Global equity is up over
17 3 percent in the quarter. And across regions, it
18 was pretty well-balanced. Equities were up
19 between 2 to 5 percent, depending on the region.

20 For the one-year period, equities were
21 strong, up about 22 percent on a global basis and
22 between 13 to 32 percent regionally. And Michael
23 Trotsky mentioned just the strength of the non-
24 U.S. stocks, particularly last year, so they did

1 lead in 2025.

2 From a style perspective, value stocks
3 led in all geographies in the fourth quarter, but
4 yet over the full year, growth stocks were leaders
5 in the U.S. and emerging markets.

6 And this is really related to the
7 technology exposure within these two markets,
8 whereas value stocks, and this is primarily
9 financials and insurance-type stocks, were
10 strongest in the developed international markets.
11 This would be Europe and Japan. Large stocks
12 generally did better than small stocks across all
13 geographies over the year.

14 In terms of bonds, they continue to
15 deliver the consistency, diversification that we
16 expect to the public markets portfolio. The core
17 bond returns were flattish in the fourth quarter,
18 up almost 6 percent for the one-year period.

19 And our value-added bonds, these are the
20 more credit-exposed bonds in the portfolio, up
21 about 2 percent in the fourth quarter and up over
22 8 percent over the last year.

23 Rates did fall across most of the yield
24 curve in the fourth quarter and for the year, but

1 there was a little bit of steepening in the yield
2 curve as the long bond yields remained steady to
3 slightly higher, whereas the rest of the curve was
4 declining.

5 Credit spreads remain tight, generally
6 unchanged over the quarter.

7 In terms of relative performance, equity
8 returns for the fund were ahead of benchmark in
9 the fourth quarter by about 15 basis points,
10 though we did underperform over the one-year
11 period by about 38 basis points.

12 All regions contributed well to the
13 relative equity returns in the fourth quarter, and
14 this did help recoup some of the underperformance
15 that we've talked about over the previous quarters
16 related to some of the market concentration issues
17 that we've discussed previously.

18 While we're encouraged by the positive
19 relative equity performance in the fourth quarter,
20 it does continue to be a challenging market for
21 our active equity managers. Quality continues to
22 struggle. Higher risk, lower quality companies
23 are performing better than those with consistent
24 profitability and lower levels of debt.

1 On the other hand, value-oriented
2 managers, and these are managers who look for
3 attractively priced stocks, which often comes
4 along with some well-understood stock-specific
5 risks, they continue to do well in this
6 environment.

7 So across our active managers, about
8 half outperformed in the fourth quarter and one-
9 year periods. And this is at the low end of our
10 typical range for the percentage of outperforming
11 managers that we typically observe.

12 Our core and value-added bond
13 investments performed in line to slightly better
14 than their benchmarks. They outperformed in the
15 fourth quarter.

16 Our core fixed income outperformed by
17 about 5 basis points, and our value-added by about
18 27 basis points. And the one-year period, where
19 our core outperformed by about 10 and our value-
20 added by about 10 as well.

21 In our core bond portfolio, most
22 managers outperformed their benchmark. And within
23 value-added fixed income, our high yield and
24 emerging markets debt managers delivered strong

1 results.

2 In terms of fundamentals, they continued
3 to remain strong. Revenue and earnings growth is
4 coming through for companies. And profit margins
5 remain high. We heard few comments from our
6 managers on tariffs this past quarter, as levels
7 have stabilized since April.

8 Now, however, we will continue to probe
9 for insights on how managers are thinking about
10 these recent changes in tariff structures that
11 have been announced since the Investment
12 Committee.

13 Lower interest rates and tighter credit
14 spreads have given many companies the opportunity
15 to refinance their outstanding debt, and this
16 reduces worries of heightened debt service costs
17 impacting future earnings.

18 Our managers remain focused on
19 identifying attractive bottom-up opportunities,
20 while continuing to pay attention to the
21 constantly changing geopolitical and macro
22 environments these companies operate in.

23 And just finally an update on some
24 portfolio actions we took in the fourth quarter.

1 As part of our PRIM staff's continuous monitoring
2 of our managers, we did terminate three equity
3 mandates: Riverbridge, which is a U.S. small and
4 mid-cap growth manager; Baillie Gifford, which
5 managed international equities for us; and
6 Wasatch, which managed emerging market small cap
7 growth.

8 These terminations were due to long-
9 term risk-adjusted performance not meeting our
10 expectations. All of these were small allocations
11 within the global equity portfolio.

12 So in closing, public markets portfolio
13 delivered good results on a relative basis over
14 the last quarter, mixed results over the last
15 year. It remains well-diversified across
16 geographies, styles, sectors and asset classes,
17 and has weathered many different market stress
18 periods.

19 The aggregate risk of the overall equity
20 and fixed income portfolios remains low. And our
21 managers have delivered long-term value-added
22 relative to their benchmarks.

23 So with that, I'm happy to take any
24 questions on the performance commentary.

1 TREASURER GOLDBERG: Questions?

2 Looks like you're all set, Michael.

3 MR. McELROY: Okay.

4 TREASURER GOLDBERG: So we are moving
5 into -- I am going to read the motion.

6 I seek a motion that the PRIM Board
7 approve the Investment Committee's recommendation
8 to approve the global equity recommendations as
9 described in the expanded agenda, and further to
10 authorize the executive director to take all
11 actions necessary to effectuate this vote.

12 Is there a motion?

13 You have to unmute and actually verbally
14 say it. I saw a hand up.

15 MS. McGOLDRICK: Motion.

16 MR. LAPMAN: Move.

17 MS. McGOLDRICK: Motion, second.

18 TREASURER GOLDBERG: Okay. Great.

19 Thank you.

20 Catherine, what are you doing?

21 MS. D'AMATO: No. I thought we had
22 already moved that one, but I'm fine.

23 TREASURER GOLDBERG: No, no. We didn't.

24 Sorry.

1 Okay. We have a motion and a second.

2 Michael, are you presenting, or is
3 someone else going --

4 MR. McELROY: I am going to present
5 this.

6 TREASURER GOLDBERG: All right. Thank
7 you.

8 MR. McELROY: Great. Well, thank you,
9 Madam Treasurer.

10 So details on this voting item are
11 described on page 12 in the expanded agenda as
12 well.

13 Before going into the specific
14 recommendations, I just want to spend a moment on
15 the why behind these recommendations.

16 So as you know, we continuously monitor
17 the global equity portfolio. It's a core
18 allocation for the PRIT Fund. It receives regular
19 review from staff, from our risk team here, from
20 the Investment Committee and from you, the board,
21 as well.

22 Performance, the exposures, the
23 benchmarks we use and the implementation of this
24 portfolio are all actively overseen as part of our

1 normal governance process.

2 So that said, we felt it was appropriate
3 to take a step back and take a more holistic
4 forward-looking view of the portfolio. And rather
5 than evaluating individual components of the
6 global equity portfolio in isolation, we convened
7 a global equity working group to think more
8 broadly about the structure, the implementation
9 and the efficiency of the whole portfolio and how
10 it's positioned for both the current and the
11 evolving market environment that we operate in.

12 So this working group brought together
13 PRIM's staff. It brought together some Investment
14 Committee members, Mike Even, Mark Lapman and Phil
15 Perelmuter, and an external perspective as well,
16 Perry Traquina, who was the former CEO of
17 Wellington Management here in Boston.

18 The objective of the working group
19 really was to challenge assumptions, revisit
20 decisions that were appropriate at the time that
21 they were made and assess whether incremental
22 refinements could improve alignment, flexibility
23 and long-term outcomes for the global equity
24 portfolio.

1 Importantly, this wasn't driven by short-
2 term performance concerns, but by a desire to
3 ensure that the portfolio remains coherent,
4 scalable and well-aligned with our policy
5 benchmarks and our investment philosophy.

6 So the recommendations I'll present
7 today reflect that work. They're targeted,
8 pragmatic adjustments, but not a wholesale
9 redesign. And they're really intended to reduce
10 unintended noise, improve implementation
11 efficiency and create additional flexibility where
12 we believe it can add value over time, while
13 maintaining the overall risk profile and role of
14 global equity within the PRIT Fund.

15 The recommendations and rationales are
16 in Appendix G. I'll provide a bit of detail on
17 each of the four recommendations that make up the
18 voting item.

19 And, Tony, can you put up those --
20 perfect.

21 So yes. So page 2 here is the first
22 recommendation. And this is around eliminating
23 benchmark misalignment.

24 And what I'll do is kind of paraphrase

1 some of the rationale that we describe on each of
2 these pages.

3 The recommendation is to transition our
4 U.S. passive implementation, so this is currently
5 S&P 500 and Russell 2500 passive portfolios
6 against those benchmarks.

7 To transition those to MSCI USA with the
8 large cap and MSCI USA small cap for the Russell
9 2500.

10 So just for context, in 2023, PRIM
11 changed our domestic equity benchmark to the MSCI
12 USA IMI index. And previously, it had been a roll-
13 up of each manager's mandate benchmark. So we
14 just rolled up each manager's benchmark and put it
15 all together.

16 And our analysis at that time showed
17 minimal long-term expected impact from not
18 changing the underlying passive portfolio
19 benchmarks from the S&P 500 and the Russell 2500.

20 Now, however, since 2023, recent market
21 conditions, which we've certainly talked about
22 over many previous quarterly calls around market
23 concentration, how the index is constructed
24 differently by different vendors, has created a

1 little bit of tracking variance between the MSCI
2 and Russell and the S&P benchmarks.

3 So transition to MSCI benchmarks will
4 remove that unintended noise. These one-time
5 transition costs to do this are expected to be
6 very low. Execution could be completed very
7 quickly.

8 So that's the first recommendation.

9 So, Tony, the next page.

10 Okay. Perfect.

11 So on page 3 here, recommendation 2 is
12 for active global equities. And so our
13 recommendation is requesting permission to issue
14 an RFP for active global investment strategies.

15 So for context here, our current global
16 equity portfolio is managed against an aggregate
17 global benchmark, the MSCI All Country World IMI
18 Index.

19 But within our manager roster, we have
20 no managers with latitude to invest across all
21 these geographies. So therefore we maintain a
22 neutral position across the U.S., the non-U.S.
23 developed and the emerging markets.

24 A global mandate will allow skilled

1 managers to deploy capital to their highest
2 conviction ideas on a worldwide basis. Active
3 risk will be directed where expected alpha, or
4 outperformance, is greatest.

5 These strategies offer meaningful
6 capacity and will provide a practical way to scale
7 active exposure while maintaining cost discipline
8 and operational simplicity.

9 So that's the second recommendation.

10 The next page, Tony. Perfect.

11 Enhanced indexing. This
12 recommendation is to identify, evaluate and
13 recommend enhanced equity strategies.

14 So enhanced equity strategies are
15 benchmark-aware approaches designed to deliver
16 modest, repeatable excess returns. So our global
17 equity portfolio is almost two thirds passive,
18 63 percent passive. So we believe some of these
19 assets can be redeployed into enhanced strategies,
20 which we expect can add alpha above benchmark at a
21 moderate level of additional active risk.

22 The U.S. equity sleeve is a very natural
23 starting point, given its significant weight and
24 high passive concentration. Even small

1 improvements in return efficiency will be
2 meaningful at the total global portfolio level.

3 And then finally, recommendation 4,
4 which is other equity opportunities, what we call
5 OEO.

6 So the recommendation here will be to
7 establish a dedicated OEO sleeve within global
8 equities. We are requesting an authorization to
9 create this sleeve and then to allocate up to
10 \$1 billion to fund differentiated public equity
11 strategies that fall outside of PRIM's existing
12 global equity taxonomy. This will be subject to
13 explicit governance and risk guardrails.

14 So a little context here. We talk to a
15 lot of managers; we meet with a lot of managers that have
16 kind of different investment strategies.

17 And in some cases, these opportunities
18 just don't fit cleanly within our traditional
19 portfolio classifications that we have and really
20 therefore lack a natural implementation path
21 within the current structure.

22 So without this OEO allocation, we lack
23 a mechanism to act on these opportunities.

24

1 I think it's worth noting that we employ
2 the same structure within our value-added fixed
3 income. We call it other credit opportunities,
4 and we created this back in 2017 for these kind of
5 opportunities within the credit space.

6 So for this OEO bucket, capital will be
7 deployed very selectively and only when
8 opportunities meet our standards for return, risk
9 and cost as we evaluate any opportunity.

10 So just some examples of what could fall
11 into this other equity opportunities bucket would
12 be things like extension strategies where a
13 manager is 130 percent long, 30 percent short. It
14 could include target country or sector-focused
15 mandates like a technology strategy or a
16 healthcare or biotechnology strategy. Or any
17 other public equity strategies that offer
18 compelling risk-adjusted returns that don't
19 naturally fit into the rest of our global equity
20 structure.

21 I think very importantly robust
22 governance, working very closely with our risk
23 team, will ensure that any allocations that we
24 would make to this bucket improve the overall

1 portfolio efficiency on a risk-adjusted returns
2 basis.

3 So that's the last recommendation, the
4 fourth.

5 And then I would just -- maybe, Tony, if
6 you could just move to the next page, which is
7 kind of a nice summary of the next steps.

8 What page 6 shows on the left side is
9 the implementation roadmap in terms of how we
10 would envision staff at PRIM implementing this, in
11 terms of how we would take these steps in order -
12 the passive transition first, next the enhanced
13 indexing, then the global equities and lastly the OEO.

14 I think very importantly, the global
15 equity allocation remains unchanged. So we're
16 not asking for more allocation to global equities.
17 Really just how to configure it a little
18 differently. And that's shown on the right side
19 of the page, where the two dotted buckets, the
20 active global satellite and the other equity
21 opportunities, would be kind of what we're
22 proposing as part of this recommendation.

23

24

1 So there's a bit of detail, both in the
2 materials and what I've described, so I'm happy to
3 take any questions from the board on any of these
4 recommendations prior to the vote.

5 TREASURER GOLDBERG: So there was a lot
6 of detail, and so I am anticipating that there
7 might be some questions, although I think that the
8 majority of the people here were on or watched the
9 Investment Committee meeting.

10 MR. McELROY: Yes, I believe so.

11 MS. FITCH: Yes.

12 TREASURER GOLDBERG: Do we have
13 questions?

14 Well, either that implies, Mike, that
15 you did a very thorough job -- I have to say the
16 slides are extraordinarily helpful. So if --

17 I am assuming that everyone has gone
18 through them all, and between that and the
19 Investment Committee meeting, I think we're in
20 good shape.

21 Theresa?

22 MS. McGOLDRICK: I just have more of a
23 comment than a question.

24 I feel very comfortable with this, in

1 light of a lot of the predictions that I've been
2 hearing, reading and worrying about, that with a
3 new Federal Reserve chair coming on, with all the
4 changes with Trump, and what's going on in the
5 markets, that we need to have the ability --
6 although we are in it for the long term and we
7 don't make impulsive decisions, we need to have
8 the ability to move within the parameters of what
9 we set out in each asset class.

10 There's a range. And if equities seems
11 to be thing that's the most -- you know, we have
12 the most in it, and it's the thing that we think
13 could crash first or have some sort of effect, we
14 need to have that ability to be nimble. And this
15 spells out that.

16 And it's also the reasoning why we don't
17 have to wait a year to make that decision because
18 we set out a plan that has a range within each of
19 these asset classes to do just this.

20 So that's all I have to say. Thanks.

21 TREASURER GOLDBERG: Thank you.

22 MR. McELROY: Theresa, that's actually
23 very, very well said. I mean I think this is
24 really providing additional flexibility within the

1 construct of what global equities is intended to
2 do within the PRIT Fund. And so just it's really
3 allowing us to be a bit more nimble when
4 opportunities present themselves.

5 MS. FITCH: Yes. I just really wanted
6 to say I support this for the reasons that have
7 already been spoken, but I think it's a good move.

8 MR. McELROY: Thank you.

9 TREASURER GOLDBERG: Any other questions
10 or comments?

11 Hearing none, then we will proceed with
12 the vote.

13 Bob?

14 MR. BROUSSEAU: Yes.

15 TREASURER GOLDBERG: Catherine?

16 MS. D'AMATO: Yes.

17 TREASURER GOLDBERG: Ruth Ellen?

18 MS. FITCH: Yes.

19 TREASURER GOLDBERG: Theresa?

20 MS. McGOLDRICK: Yes.

21 TREASURER GOLDBERG: Mark?

22 MR. LAPMAN: Yes.

23 TREASURER GOLDBERG: Dennis?

24 MR. NAUGHTON: Yes.

1 TREASURER GOLDBERG: Carly?

2 MS. ROSE: Yes.

3 TREASURER GOLDBERG: Myself, yes.

4 The motion carries.

5 All right then.

6 MR. TROTSKY: Christina is next,

7 Christina Marcarelli.

8 TREASURER GOLDBERG: And that is also a
9 voting item, and it's a follow-on investment
10 recommendation. So I'm going to do a motion and a
11 second.

12 I seek approval of a commitment of up to
13 \$200 million to KKR Opportunistic Real Estate
14 Credit Fund III, LP. That the PRIM Board approve
15 the Investment Committee's recommendation to
16 approve a commitment of up to \$200 million to KKR
17 Opportunistic Real Estate Credit Fund III, LP, as
18 described in the expanded agenda, and further to
19 authorize the executive director to take all
20 actions necessary to effectuate this vote.

21 Is there a motion?

22 MS. FITCH: So move.

23 TREASURER GOLDBERG: Is there a second?

24 MR. BROUSSEAU: Second.

1 MR. LAPMAN: Second.

2 TREASURER GOLDBERG: Thank you.

3 Go ahead, Christina.

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

6 Good morning, everyone. My name is
7 Christina Marcarelli. I'm a senior investment
8 officer on the real estate and timberland team
9 working closely with Chuck LaPosta and Richer
10 Leung on the fixed income team.

11 We're recommending a \$200 million follow-
12 on commitment to KKR's Real Estate Opportunistic
13 Credit Fund III, also referred to as ROX III, in
14 the other credit opportunities allocation.

15 This is the third fund in the series,
16 but only the second fund to raise third-party
17 capital. In 2022, PRIM committed \$150 million to
18 ROX II, a fund that is nearing full deployment and
19 is performing as expected.

20 KKR is a large global alternative
21 investment management firm founded in the
22 mid-1970s. Today, they have over \$700 billion in
23 AUM. KKR founded their real estate platform in 2011
24 and have grown that to 85 billion under management

1 across equity and debt.

2 The real estate platform is led globally
3 by Ralph Rosenberg and Raj Agrawal.

4 The ROX fund series is led by Matt
5 Salem, head of real estate credit, who has been
6 with KKR since they began investing in real estate
7 credit in 2015. He's backed by a team of over
8 110 credit investment and asset management
9 professionals.

10 ROX III's strategy will be a
11 continuation of the predecessor fund strategy,
12 which is to originate a diversified portfolio of
13 leveraged senior loans backed by high quality
14 transitional assets owned by institutional
15 sponsors in major markets.

16 In addition to senior lending, KKR will
17 opportunistically invest in mezzanine loans,
18 preferred equity and CMBS and single asset single
19 borrower securities.

20 The fund will focus on U.S. investing,
21 but has the ability to invest opportunistically in
22 western Europe. The flexible mandate allows KKR
23 to deploy capital into investments with the most
24 attractive risk-adjusted returns.

1 KKR differentiates itself in multiple
2 areas, including having a global integrated
3 investment platform, a dedicated in-house asset
4 management team called K-Star that allows for more
5 rigorous loan monitoring, and lastly, a
6 sophisticated capital markets platform that
7 sources and negotiates bespoke financing
8 arrangements with a diverse set of lending
9 relationships.

10 And I will open it up for any questions.

11 TREASURER GOLDBERG: Any questions?

12 MR. LAPMAN: Is this investment
13 connected generally to all the talk in the markets
14 now about private credit? And how would you
15 delineate what you're recommending from what we're
16 reading in the papers about private credit?

17 MS. MARCARELLI: This strategy is
18 specifically backed by real estate. Everything
19 here will have hard asset collateral backing it. It's
20 differentiated to the broad term "private credit"
21 that you mentioned. Real estate credit investment
22 opportunities are rising up because of

23

24

1 increased regulation with banking institutions.
2 And that really has opened up the opportunity
3 for alternative lenders like debt funds, like this
4 KKR fund, enter the market.

5 And we've been investing in this space
6 for the past handful of years, and we've liked
7 the exposure that it has given us.

8 But it's differentiated from the broad
9 private credit term that we've been hearing
10 about.

11 MR. LAPMAN: Okay.

12 TREASURER GOLDBERG: Any other
13 questions?

14 We have a motion. We have a second. I
15 will then proceed with the vote.

16 Bob?

17 Bob Brousseau?

18 MR. BROUSSEAU: Yes.

19 TREASURER GOLDBERG: Thank you.
20 Catherine?

21 MS. D'AMATO: Yes.

22 TREASURER GOLDBERG: Ruth Ellen?

23 MS. FITCH: Yes.

24 TREASURER GOLDBERG: Theresa?

1 MS. MCGOLDRICK: Yes.

2 TREASURER GOLDBERG: Mark?

3 MR. LAPMAN: Yes.

4 TREASURER GOLDBERG: Dennis?

5 MR. NAUGHTON: Yes.

6 TREASURER GOLDBERG: Carly?

7 MS. ROSE: Yes.

8 TREASURER GOLDBERG: Myself, yes.

9 The motion carries.

10 MS. MARCARELLI: Thank you.

11 TREASURER GOLDBERG: All right then.

12 Let's see what's next. Private equity. We will

13 have performance summary and cash flows --

14 MR. TROTSKY: No. We have --

15 TREASURER GOLDBERG: Oh, wait, wait,

16 wait, wait. I got it.

17 Request for proposals.

18 MR. TROTSKY: Bill Li first on --

19 TREASURER GOLDBERG: Oh, right. I'm

20 sorry.

21 MR. TROTSKY: -- portfolio complete

22 strategies.

23 TREASURER GOLDBERG: Fail.

24 You are correct. I jumped up a whole

1 section.

2 Bill Li will be doing a performance
3 summary. That will be followed by two voting
4 items, and Bill will introduce who will be doing
5 each of the voting items.

6 Thank you, Michael.

7 MR. LI: Hi. Good morning, everyone.
8 Can you hear me?

9 MS. FITCH: Yes.

10 MR. LI: Okay. That's great.

11 Hi. My name is Bill Li. I'm the
12 director of portfolio completion strategies or
13 PCS.

14 I will start with the performance
15 summary before moving on to two voting items. My
16 colleague Eleni Klemperer will be presenting an
17 investment recommendation of JEN Partners Fund 9.

18 And after that, my other colleague
19 Ethan Spencer has a recommendation of RFP results
20 for consultants that we've spent a lot of time on.

21 But first things first, performance.
22 Hedge fund industry wrapped up 2025 with many
23 positives across many managers. Micro funds as a
24

1 group posted their strongest results since 2009,
2 while equity hedge funds delivered some of their
3 best numbers in the post GFC era.

4 Over half of hedge funds out there have
5 hit their high-water marks, and more than
6 80 percent are near all-time highs.

7 So what does that mean?

8 Simply put, hedge funds are back in
9 form. This sparks confidence and fresh inflows
10 from both existing and new allocators as well as
11 allocators lured back to this arena.

12 In the near term, we anticipate
13 competition for access to the top funds in 2026
14 will keep climbing, but that shouldn't be an issue
15 for PRIM, given our track record as a consistent
16 top performer in this arena.

17 That said, there's still a catch. The
18 performance gap between strategies as we are
19 observing is narrowing, which suggests that many
20 funds might be riding the same wagon, and that's
21 some crowding we are keeping an eye out on.

22 And we don't think crowding is great for
23 the long run. And that's why PRIM staff will stay
24 focused on managing a well-spread portfolio to

1 avoid clustering, which should help with the
2 strategic resilience.

3 And that's the overview of the hedge
4 fund industry.

5 Back to numbers of PRIT hedge fund, or
6 PCS, this is where hedge funds reside. PCS as a
7 total had a solid finish to calendar year 2025.

8 In Q4, PCS was up by 2.1 percent ahead
9 of benchmark's 1.7 percent. And the majority of
10 PCS are hedge funds. In Q4, hedge funds was up
11 by 2.6 percent, outpacing the benchmark by 80 basis
12 points.

13 Trailing one-year, hedge funds rose
14 8.8 percent. And that number was slightly ahead
15 of the benchmark. Trailing three-year, PRIT hedge
16 funds annualized a positive 11.4 percent,
17 outperforming by over 230 basis points yearly.

18 Our diversification benefit to the PRIT
19 mother ship remained exceptional. We achieved a
20 3.3 times return/risk ratio, which almost doubled
21 that of the 60/40 market portfolio.

22 And under the hood, we are still seeing
23 a healthy mix across our roster; some funds
24 zigging, while others zagging throughout the year.

1 That's what we've been seeing.

2 And as noted earlier, the industry is
3 undergoing a strong momentum, which is actually
4 prompting us to think ahead about a potential
5 reversal risk, which is why we believe maintaining
6 a well-dispersed portfolio is vital in this
7 environment.

8 And that's my performance summary,
9 together with the industry overview. Happy to
10 take any questions that you may have with regard
11 to either hedge fund industry, PCS and such.

12 TREASURER GOLDBERG: Any questions for
13 Bill?

14 I think we're good, Bill. We can move
15 on.

16 MR. LI: Great.

17 TREASURER GOLDBERG: So that will be the
18 follow-on investment recommendation, correct?

19 MR. TROTSKY: Right. First one is from
20 Eleni.

21 TREASURER GOLDBERG: Right, right. I am
22 aware.

23 Okay. So I'm going to do the motion.

24 And I seek a motion that the PRIM Board approve

1 the Investment Committee's recommendation to
2 approve a commitment of up to \$180 million to
3 JEN 9 LP as described in the expanded agenda, and
4 further to authorize the executive director to
5 take all actions necessary to effectuate this
6 vote.

7 Is there a motion?

8 MS. FITCH: So moved.

9 TREASURER GOLDBERG: Is there a second?

10 MR. BROUSSEAU: Second.

11 TREASURER GOLDBERG: Okay then. Eleni.

12 MS. KLEMPNER: Thank you, Madam

13 Treasurer.

14 Good morning. My name is Eleni
15 Klempner. I'm an investment officer in the PCS
16 team. We are asking for approval for a follow-on
17 commitment to JEN Funds 9.

18 JEN Partners is a New York-based
19 alternative investment manager. They primarily
20 provide off-balance-sheet financing related to
21 land development. The main strategies are lot
22 banking and land repositioning.

23 In lot banking, JEN provides short
24 duration, high yield financing to homebuilders for

1 the early stages of development. Typically, a
2 homebuilder agrees to purchase finished lots from
3 JEN on a fixed schedule at predetermined prices.
4 The homebuilder solicits JEN to acquire the land
5 and fund the costs of developing the land from
6 shovel-ready to finished lots.

7 The second main strategy is land
8 repositioning. Here, JEN focuses on mismanaged
9 partially entitled parcels and transforms them
10 into shovel-ready land. The main value-add comes
11 from securing and perfecting entitlements, often
12 by creating new plat maps or re-entitling part of
13 the property.

14 This is a very high-conviction manager.
15 PRIM has invested in four prior vintages. All are
16 exceeding their return expectations of 20 percent
17 plus gross IRR.

18 Another notable aspect is JEN's
19 liquidity profile. With its focus on short
20 duration strategies, JEN has demonstrated the
21 ability to distribute proceeds reasonably quickly.
22 JEN is also recognized for their discipline and
23 ability to navigate diverse market scenarios as
24 demonstrated by a strong track record dating back

1 to before 2008.

2 We are asking for up to \$180 million for
3 JEN Fund 9. That is an increase over our
4 \$125 million commitment in the previous fund.
5 The fund's size for JEN 9 is also up as \$850
6 million from JEN 8's \$650 million.

7 With that, I'll be happy to open up to
8 any questions or comments.

9 TREASURER GOLDBERG: Are there questions
10 for Eleni?

11 I am not hearing any.

12 MS. D'AMATO: What's the total
13 investment? What's the --

14 TREASURER GOLDBERG: I think she --
15 \$185 million.

16 MS. D'AMATO: \$185 million.

17 TREASURER GOLDBERG: And it is up from
18 our prior investment, but the size of the fund is
19 bigger.

20 MS. D'AMATO: Right. So that was the
21 change, Treasurer?

22 TREASURER GOLDBERG: No. This is a new
23 fund. So we're not increasing our investment in
24 the prior fund. This is a --

1 MS. D'AMATO: Oh, brand-new one. \$185.

2 Okay.

3 Thank you for the clarification.

4 TREASURER GOLDBERG: You're welcome.

5 Did I do a good job as being part of the
6 PCS team, Bill?

7 MR. LI: Oh, yes. That's very good. We
8 might even start considering recruiting you, Madam
9 Treasurer.

10 TREASURER GOLDBERG: Uh-oh.

11 MS. D'AMATO: Be careful, Treasurer.

12 TREASURER GOLDBERG: Anyway, okay. So
13 we have a motion. We have a second.

14 If there are no further questions, I'll
15 proceed with the vote.

16 Bob?

17 MR. BROUSSEAU: Yes.

18 TREASURER GOLDBERG: Catherine?

19 MS. D'AMATO: Yes.

20 TREASURER GOLDBERG: Ruth Ellen?

21 MS. FITCH: Yes.

22 TREASURER GOLDBERG: Theresa?

23 MS. MCGOLDRICK: Yes.

24 TREASURER GOLDBERG: Mark, if you are

1 here, you need to turn on your --

2 MR. LAPMAN: I'm here. I'm here. I'm
3 here.

4 Yes. Yes.

5 Just couldn't get it turned on.

6 TREASURER GOLDBERG: Dennis?

7 MR. NAUGHTON: Yes.

8 TREASURER GOLDBERG: Carly?

9 MS. ROSE: Yes.

10 TREASURER GOLDBERG: Myself, yes.

11 The motion carries.

12 All right. We will have Ethan on our
13 next item, which is also a voting item. And so I
14 am going to do the motion, and then Ethan will
15 take over.

16 I seek a motion that the PRIM Board
17 approve the Investment Committee's recommendation
18 to approve Aberdeen Investments to provide PCS
19 advisory services, and Aksia LLC to provide OCO
20 advisory services, subject to successful contract
21 negotiations; additionally, to approve adding
22 Aberdeen Investments, Albourne America LLC, Meketa
23 Investment Group, Inc. and New Alpha Management to
24 a bench of project-based PCS and OCO advisors, as

1 described in the expanded agenda, and further to
2 authorize the executive director to take all
3 actions necessary to effectuate this vote.

4 Is there a motion?

5 MS. FITCH: So move.

6 TREASURER GOLDBERG: Is there a second?

7 MR. NAUGHTON: Second.

8 TREASURER GOLDBERG: All right, Ethan.

9 Your turn. You're up.

10 MR. SPENCER: Great. Thank you, Madam

11 Treasurer.

12 This is Ethan Spencer. I'm a director
13 in the portfolio completion strategies group and
14 also was the procurement officer for the
15 alternative investment strategies RFP that we
16 issued on October 13 last year for both the
17 portfolio completion strategies team as well as
18 the other credit opportunities portfolio.

19 I would note that we had a great review
20 committee of 10 people from a variety of areas at
21 PRIM, including PCS, OCO, risk, operations, public
22 equity, real estate, our deputy CIO, as well as
23 Connie Everson from the Investment Committee. So
24 it was truly a team effort.

1 And for background, we received eight
2 responses by the November 21 deadline, but if you
3 recall, we allowed respondents the flexibility to
4 bid on providing advisory services to both PCS and
5 OCO combined, just PCS, just OCO or project-based
6 work with either or both.

7 So responses differed in what they --
8 MR. SPENCER: -- offered us. Following
9 some preliminary reviews, we
10
11 decided to bring back six for final round
12 interviews, which we conducted in December and
13 early January. And given the respondents'
14 strengths and weaknesses, as well as the needs of
15 the PCS and OCO teams, we are recommending
16 different advisors for each group, as well as
17 adding project-based model to go along with the
18 general advisory approach.

19 For PCS, our recommendation is to retain
20 Aberdeen for general advisory services. And as
21 you likely recall, Aberdeen has been PRIM's PCS
22 advisor for the past 10-plus years. And they've
23 been a good partner and provide us with a
24 customized and very high-touch bespoke engagement

1 model that is difficult to replicate.

2 And Aberdeen's fees are in line with
3 what we have been paying them for the past eight
4 years.

5 For OCO, we're recommending Aksia for
6 general advisory services. Aksia has over
7 100 billion in private credit assets under
8 advisement and 27 dedicated private credit
9 investment professionals providing broad coverage
10 across the private credit universe.

11 And in terms of fees, Aksia is in line
12 and at the median of the finalists who submitted
13 bids for the OCO mandate.

14 And lastly, as mentioned, in addition to
15 the two main advisors, we're recommending the
16 addition of Aberdeen, Albourne, Meketa and New
17 Alpha to a bench of project-based providers to
18 allow for greater flexibility to receive
19 supporting analysis for research projects,
20 alternative strategy types or other portfolio
21 needs that may present themselves in the future.

22 And as a point of reference, our real
23 estate team uses a similar project-based
24 consultant model, and we think a similar model for

1 PCS and OCO will provide PRIM with increased
2 flexibility, should the need arise.

3 And as always, as the Treasurer
4 mentioned, hiring these firms will depend on
5 negotiating satisfactory contracts.

6 So that is the formal recommendation.
7 And with that, happy to take any questions.

8 TREASURER GOLDBERG: Are there questions
9 for Ethan? Any at all?

10 Hearing none, we have a motion. We have
11 a second. We will proceed with the vote.

12 Bob?

13 Do we still have Bob? Oh, it's not
14 green anymore. He may be gone.

15 MR. BROUSSEAU: Yes.

16 TREASURER GOLDBERG: Oh, you were there.
17 Okay.

18 MR. BROUSSEAU: Yes.

19 TREASURER GOLDBERG: Thank you.
20 Catherine?

21 MS. D'AMATO: Yes.

22 TREASURER GOLDBERG: Ruth Ellen?

23 MS. FITCH: Yes.

24 TREASURER GOLDBERG: Theresa?

1 MS. MCGOLDRICK: Yes.

2 TREASURER GOLDBERG: Mark?

3 MR. LAPMAN: Yes.

4 TREASURER GOLDBERG: Dennis?

5 MR. NAUGHTON: Yes.

6 TREASURER GOLDBERG: Carly?

7 MS. ROSE: Yes.

8 TREASURER GOLDBERG: Myself, yes.

9 The motion carries. Okay. Thank you.

10 Now we can have private equity. Now we
11 can have Michael McGirr.

12 And Michael will start with performance
13 summary and cash flows, then a commitment summary.
14 And then we will have a voting item, which is a
15 follow-on investment recommendation.

16 Michael, take it away.

17 MR. MCGIRR: Thank you, Madam Treasurer.

18 Private equity performance for the
19 quarter was at 1.5 percent, as Michael had
20 mentioned.

21 And as a reminder, with our quarter lag,
22 this is the July through September time period, so
23 quite a while in the rears at this point.

24 We did post our 12th straight positive

1 quarter of performance. And we saw gains across
2 all major strategy types: large and small
3 buyouts, growth, and venture.

4 For the trailing one-year, private
5 equity's performance was 8.5 percent net. Also
6 seeing positive performance across all major
7 strategy types, with growth equity and smaller
8 buyouts being the strongest asset classes or
9 subasset classes.

10 PRIM's long-term private equity returns
11 remain strong, our 10-year net at 16 percent and
12 our five-year at 13.85 percent.

13 Looking across the calendar year for
14 2025, cash flows were a bright spot. We were cash-
15 flow-positive in Q4 and for the entire year. In
16 fact, we saw \$2.5 billion of total distributions
17 back to PRIM in 2025, which is our second highest
18 year of distributions in PRIM's history. And Q4
19 was particularly strong, as I mentioned.

20 With our positive performance, PE assets
21 grew to \$19.5 billion or 15.8 percent of PRIT, a
22 new high-water mark in terms of dollars and
23 towards the middle of our range in terms of
24 percent.

1 I'm going to pause my comments there.
2 We do have a couple voting items, both with high-
3 conviction existing managers or re-ups.

4 But happy to take any questions on the
5 market or the portfolio before we move to the
6 voting items.

7 TREASURER GOLDBERG: So questions on the
8 market or the portfolio. At this time, any?

9 All right. Hearing none, I will read
10 the motion so that we can then hear from -- Eliza?
11 Or no. Is it Helen? Who's going to do it?

12 MR. MCGIRR: Eliza will present the
13 recommendation.

14 TREASURER GOLDBERG: All right. That's
15 what I thought.

16 Okay. I seek a motion that the PRIM
17 Board approve the Investment Committee's
18 recommendation to approve commitments of up to
19 \$200 million to Quad-C Partners XI, LP; up to
20 \$18 million to Spark Capital IX, LP; and up to
21 \$42 million to Spark Capital Growth VI, LP, as
22 described in the expanded agenda, and further to
23 authorize the executive director to take all
24 actions necessary to effectuate this vote.

1 Is there a motion?

2 MR. BROUSSEAU: So moved.

3 MS. FITCH: So moved.

4 TREASURER GOLDBERG: Is there a second?

5 MR. LAPMAN: Second.

6 MS. MCGOLDRICK: Second.

7 MR. BROUSSEAU: Second.

8 TREASURER GOLDBERG: Okay. Eliza.

9 MS. HAYNES: Thank you.

10 And good morning, everyone. My name is
11 Eliza Haynes, and I'm an investment officer on the
12 private equity team.

13 We have follow-on investment
14 recommendations with two managers today. Our
15 first recommendation is Quad-C Fund XI. Quad-C is
16 a longstanding partnership for PRIM in the buyout
17 portfolio, targeting small North American
18 businesses in the services and industrial sectors.

19 Quad-C has been a stable partnership and
20 has generated strong risk-adjusted returns by
21 focusing on companies with sustainable competitive
22 advantages, strong margins and reasonable
23 valuations.

24 Fund XI is raising \$2 billion to

1 continue Quad-C's focus on investing in niche
2 industries benefiting from long-term growth
3 tailwinds. We are recommending a \$200 million
4 commitment to Quad-C Fund XI.

5 Our next recommendation is a follow-on
6 investment with Spark Capital. Spark is a
7 longstanding capital relationship for PRIM,
8 spanning 13 fund investments since the PRIM's
9 inception in 2005.

10 Spark is a top venture capital firm with
11 a bicoastal presence in Boston, New York and San
12 Francisco, and a generalist focus on early-stage
13 venture and early growth opportunities.

14 The core partnership has remained stable
15 throughout the firm's history, and Spark is now
16 raising \$850 million for their early-stage Fund IX
17 and \$1.59 billion for Growth Fund VI, which are
18 offered as a stapled commitment.

19 Spark invests across sectors and has
20 successfully stayed ahead of the curve by making
21 early and bold investments in transformative
22 companies.

23 We're recommending a \$60 million total
24 commitment with anticipated allocations of

1 \$18 million to Fund IX and \$42 million to Growth
2 Fund VI.

3 Happy to take any questions on Quad-C
4 and Spark.

5 TREASURER GOLDBERG: Questions?

6 No questions today, Eliza.

7 Again, I want to repeat that these were
8 all vetted in Investment Committee, and as I said,
9 everyone who is on here today was listening to the
10 Investment Committee meeting.

11 Okay then. We'll proceed with the vote.

12 Bob?

13 MR. BROUSSEAU: Yes.

14 TREASURER GOLDBERG: Catherine?

15 MS. D'AMATO: Yes.

16 TREASURER GOLDBERG: Ruth Ellen?

17 MS. FITCH: Yes.

18 TREASURER GOLDBERG: Theresa?

19 MS. MCGOLDRICK: Yes.

20 TREASURER GOLDBERG: Mark Lapman? Oh,
21 sorry.

22 MR. LAPMAN: Yes.

23 TREASURER GOLDBERG: Why did I say your
24 last name? I have no idea.

1 Dennis?

2 MR. NAUGHTON: Yes.

3 TREASURER GOLDBERG: Carly?

4 MS. ROSE: Yes.

5 TREASURER GOLDBERG: Myself, yes.

6 The motion carries.

7 All right. Moving on to real estate and

8 timberland. And this is just a performance

9 summary by Tim.

10 So please join us, Tim.

11 MR. SCHLITZER: Good morning.

12 TREASURER GOLDBERG: Good morning.

13 MR. SCHLITZER: Good to see everyone.

14 I'm just going to provide a few comments

15 on performance, and I will move on. And of course

16 happy to take any questions.

17 And Michael introduced the asset class a

18 bit in his comments, but as he said, total real

19 estate returned 3.1 percent in calendar year 2025

20 compared to a negative 3.1 percent return in 2024.

21 So we do continue to see market

22 recovery, and we're very pleased to be returning

23 to at the very least sort of a solid income-

24 generating portfolio at this point.

1 But more recovery to happen here, I
2 think, going forward.

3 The total portfolio was in line with the
4 benchmark, under by just 5 basis points and
5 slightly ahead using the unlagged December
6 benchmark, which was a little bit lower.

7 Total real estate outperformed the
8 benchmark by approximately 300 basis points on
9 both the three- and the five-year measures. So
10 very strong relative longer term performance.

11 Private sector returns were fairly
12 consistent at about 4 to 6 percent for the year.
13 So a much more normal level of dispersion across
14 the various sectors or segments of the market.

15 PRIM's REIT managers, the public side,
16 returned 2.7 percent, 40 basis points above the
17 market index, driven primarily by stock selection.

18 And I will note that the REIT market is
19 off to a very strong start this year, up about
20 10 percent and ahead of the S&P 500.

21 The private portfolio was in line with
22 the ODCE benchmark for the year. PRIM's core
23 managers, and Michael alluded to this, which make
24 up 94 percent of the private portfolio,

1 outperformed by about 80 basis points. That's
2 after fees.

3 And that also incorporates a little bit
4 of detraction from a negative mark to market on
5 our interest rate swaps as rates decreased during
6 the year. So overall good performance in the core
7 portfolio.

8 Just a little on attribution. The core
9 managers continued to see strong results from
10 Southern market overweights, particularly Miami,
11 Atlanta and Dallas. And particularly as well in
12 the industrial sector, which drove portfolio
13 returns.

14 We also saw some positive contribution
15 from New York residential assets.

16 The inland empire, so that's really
17 eastern LA, that industrial market, was more
18 challenged, but there do seem to be some signs of
19 recovery as tenants begin to make leasing
20 decisions despite some of the trade uncertainty
21 that they have been dealing with.

22 The primary return detraction did come
23 from the non-core portfolio. This was also
24 mentioned, which does contain more challenged

1 sector exposure such as office and life science,
2 higher leverage and typically more complex
3 renovation development and leasing strategies.

4 Again, non-core does represent only
5 about 6 percent of that portfolio, but it did
6 generate a negative 10 percent return, bringing
7 the portfolio return more back in line with the
8 benchmark for the year.

9 So those are my comments on real estate.
10 Happy to take any questions. I'll just make a few
11 comments on timberland as well.

12 So total timberland did return
13 4.4 percent net of fees, just 6 basis points below
14 benchmark for the year.

15 The Southern region, where we are
16 underweight, led in terms of regional performance.
17 The South does continue to benefit from population
18 growth and some associated development, as well as
19 additional production capacity coming online.

20 That underweight was offset by PRIM's
21 Australia and New Zealand position, which actually
22 outperformed the benchmark this year, a little bit
23 of a change there. Primarily driven by currency
24 effect and positive operating results in Australia

1 versus some detraction from New Zealand, which does
2 continue to be more challenged due to a weaker
3 China housing market. We've discussed this theme
4 previously.

5 And you can see that underperformance in
6 the three- and the five-year numbers.

7 And then lastly, the Pacific Northwest
8 region, where we are right about at market weight,
9 does continue to be weaker as well, primarily
10 given weaker export markets. That is primarily
11 the same China story.

12 So those are my comments on performance
13 in the portfolio. And again, happy to take any
14 questions, or we can move on.

15 Thank you very much, everybody.

16 TREASURER GOLDBERG: All right. I guess
17 that there are no further questions on that.

18 So there are no voting items then. We
19 are going to move on to stewardship and
20 sustainability. It is a voting item.

21 So, Veena, I will be doing the motion
22 first.

23 And then Veena will present on the proxy
24 voting guidelines and then do the stewardship

1 report.

2 So the motion is I seek a motion that
3 the PRIM Board approve the Stewardship and
4 Sustainability Committee's recommendation to
5 approve the updated draft proxy voting guidelines
6 attached as Appendix J, and further to authorize
7 the executive director to take all actions
8 necessary to effectuate this vote.

9 Is there a motion?

10 MS. FITCH: So moved.

11 TREASURER GOLDBERG: Is there a second?

12 MS. MCGOLDRICK: Second.

13 MR. LAPMAN: Second.

14 TREASURER GOLDBERG: Veena.

15 MS. RAMANI: Thank you very much, Madam
16 Treasurer.

17 And good morning, everyone. My name is
18 Veena Ramani, and I'm the director of stewardship.

19 As we shared at our last board meeting,
20 we are proposing that the board adopt new
21 principles-based proxy voting guidelines, which
22 are available --

23 MR. BROUSSEAU: -- leave the meeting.

24 I'll let them know --

1 MS. RAMANI: -- in your materials as
2 Appendix J.

3 We call these guidelines new, but in
4 reality, they just reflect new language that acts
5 as an executive summary of our current proxy
6 voting guidelines, which the board reviewed and
7 approved at this time last year.

8 The underlying expectations of how
9 companies should position themselves for long-term
10 value remain the same. And given this, we
11 anticipate that our voting patterns will remain
12 the same as well.

13 We're proposing to make this shift for
14 the following reasons. One, the new proposed
15 guidelines are more plainspoken and succinct than
16 our existing guidelines and therefore a better
17 communications document. This is particularly
18 important as we've started to engage companies on
19 aspects of our guidelines.

20 And two, in a very fast-evolving proxy
21 landscape, we think that having a more forward-
22 looking principles-based document combined with
23 our proxy voting decision-making policy will allow
24 us to be more dextrous and nimble.

1 So again, we shared this draft with you
2 in the December board meeting. We've made no
3 changes to the guidelines since then.

4 So, Madam Treasurer, I'm happy to stop
5 here and open it up for questions.

6 TREASURER GOLDBERG: I just want to add
7 that it is incredible the kind of national
8 attention that this work is getting, both in terms
9 of specifically our proxy voting guideline updates
10 and the work of the committee. It's actually --

11 Tony, can you mute Bob, please?

12 MR. BROUSSEAU: -- for the rest of the
13 meeting.

14 TREASURER GOLDBERG: Thank you.

15 I hope everyone could hear what I said,
16 but that the work that we are doing is other
17 people are looking at it, and in particular now,
18 because it is very timely in terms of its
19 foundation in fiduciary duty.

20 And it gives greater weight to real data
21 and real strategies as opposed to some things that
22 people utilized in the past.

23 So I wanted to add that and thank Veena
24 again for her work and the team's work because

1 she's doing an extraordinary job.

2 Theresa?

3 MS. MCGOLDRICK: Can I just pretty much
4 echo what you said? I really am proud to be part
5 of this team, and we're so lucky to have Veena.
6 Her focus on this and the Treasurer's emphasis has
7 always been on being cutting edge in this area.

8 And I really feel like we've moved to
9 the next level. I'm proud of this work.

10 So thank you, Treasurer and Veena and
11 the whole stewardship team.

12 TREASURER GOLDBERG: So are there
13 questions for Veena?

14 Hearing none, we can proceed with the
15 vote.

16 I don't know, Tony, if you want to
17 unmute Bob so he can vote.

18 MR. FALZONE: We can try. It's going to
19 be a little bit more challenging on the phone, but
20 we'll try it.

21 TREASURER GOLDBERG: All right. I'll do
22 the rest of the vote and come back and see if
23 you're able to do that.

24 Catherine?

1 MS. D'AMATO: Yes.

2 TREASURER GOLDBERG: Ruth Ellen?

3 MS. FITCH: Yes.

4 TREASURER GOLDBERG: Theresa?

5 MS. MCGOLDRICK: Yes.

6 TREASURER GOLDBERG: Mark?

7 MR. LAPMAN: Yes.

8 TREASURER GOLDBERG: Dennis?

9 MR. NAUGHTON: Enthusiastically yes.

10 TREASURER GOLDBERG: Carly?

11 MS. ROSE: Yes.

12 TREASURER GOLDBERG: Looks like we
13 cannot unmute him.

14 MR. FALZONE: He would have to allow us
15 to unmute, and we're not doing that.

16 TREASURER GOLDBERG: Myself, yes.
17 The motion carries.

18 Bob, if you can hear us, I'm sorry I had
19 to mute you, but we literally could not hear the --
20 He unmuted himself.

21 Do you want to --
22 Bob? Bob?

23 MR. BROUSSEAU: Yes.

24 TREASURER GOLDBERG: Renee got that.

1 MR. FALZONE: Thank you.

2 TREASURER GOLDBERG: All right then.

3 Next item --

4 Thank you again, Veena. And now Veena's
5 going to go over the 2026 stewardship report.

6 MR. BROUSSEAU: Madam Chair, could I
7 just -- just apologize?

8 I'm going to have to be leaving the
9 meeting because I have a physical therapist that
10 had just arrived --

11 TREASURER GOLDBERG: Okay.

12 MR. BROUSSEAU: -- for an 11:30 session.

13 So not that I'm not interested, but I
14 have a medical appointment here right now.

15 TREASURER GOLDBERG: I understand, Bob.
16 We're happy that we had you for what we had you
17 for today.

18 MR. BROUSSEAU: Okay. Thank you.

19 MR. FALZONE: Thank you, Bob.

20 MR. BROUSSEAU: Yes. Bye-bye.

21 MS. RAMANI: Should I proceed, ma'am?

22 TREASURER GOLDBERG: Yes, please.

23 MS. RAMANI: Lovely. So I'm really
24 pleased to announce that last month on the day of

1 the Stewardship and Sustainability Committee
2 meeting, we released MassPRIM's first-ever
3 stewardship report, which is available in your
4 materials as Appendix K. The report is also
5 available on the MassPRIM website.

6 The report reflects our commitment to
7 the Stewardship and Sustainability Committee and
8 the board that we not only intend to make progress
9 in our stewardship efforts, we also intend to be
10 transparent about what we're doing and the impact
11 that we're having. Transparency is one of our
12 stewardship priorities so our effort here is to
13 walk the talk.

14 The report does three things. One, it
15 articulates what stewardship means in practice at
16 MassPRIM. It does this by laying out what
17 stewardship means to MassPRIM, the tools we will
18 use, and policies that you, the board, have
19 approved to ensure that our decision-making aligns
20 with our fiduciary duty to position the PRIT Fund
21 for long-term value.

22 Two, it highlights our stewardship
23 priorities and underscores the research-based and
24 analytical process that we use to identify them.

1 And finally, it details the work we're
2 doing to operationalize the priorities, including
3 through manager engagement, company engagement,
4 proxy voting, and working with like-minded
5 investor groups that share our stewardship focus
6 and goals.

7 This is our first report. So as such,
8 this is our first attempt to tell our stewardship
9 story. We plan to issue such reports regularly
10 and anticipate continuously evolving future
11 reports, as we receive your and broader
12 stakeholder feedback on what is most useful and
13 relevant.

14 So happy to stop there, ma'am, and take
15 any questions.

16 TREASURER GOLDBERG: Are there questions
17 for Veena on the report?

18 MS. FITCH: Just a thought. How broadly
19 has this been -- I don't know what -- sent out or
20 have a basis for beyond Massachusetts in a sense?

21 MS. RAMANI: I don't believe that we've
22 actually sent it out to people sort of beyond the
23 folks that we've been engaging with, Ruth Ellen.
24 I think that's something that we're thinking

1 about --

2 I mean we've written the report. I
3 think now our work is to figure out that the story
4 and the message that we have in the report
5 actually gets communicated to the folks that we
6 want to.

7 MS. FITCH: Okay.

8 MS. RAMANI: That, I think is going to
9 be a little bit of a work in progress.

10 But hope to have more to report on that
11 maybe at the next Stewardship and Sustainability
12 Committee meeting.

13 MS. FITCH: That's good. I think that's
14 important. So thanks.

15 TREASURER GOLDBERG: I will tell you one
16 of our members, Mary Cerulli, is like a walking
17 talking campaign on directing people to reading
18 our report.

19 MS. FITCH: Good. Good, good.

20 MR. TROTSKY: And it is on the website,
21 right?

22 TREASURER GOLDBERG: Yes.

23 And she thinks I should be having
24 presentations for people all over the country.

1 And I felt like, well, as long as they want to do
2 it on Zoom because I'm a little busy right now,
3 but I'd be happy to do these presentations.

4 And in fact, Veena and I had an
5 interesting conversation with someone who's
6 involved in a very big foundation because of their
7 concern about how they were going to handle having
8 fact-based, fiduciary duty-based voting positions
9 under a far more challenging environment.

10 And they were really delighted with some
11 of the things we shared with them. So people are
12 approaching me.

13 But yes. We wanted to get the report
14 done. We wanted to share it with the committee
15 and the board. And as Veena said, it's a work in
16 progress.

17 MS. FITCH: Good. That's very positive.

18 TREASURER GOLDBERG: So that, by the
19 way, is not a voting item. It was just an update.

20 MS. FITCH: Mm-hmm.

21 TREASURER GOLDBERG: And so unless there
22 are further questions for Veena, we will move on
23 to the finance and administration report.

24 And Emma Staff from my office is taking

1 Emily's place today to do the legislative and
2 legal update.

3 Emma.

4 MS. STAFF: Good morning, everyone. I'm
5 Emma. I'm the Treasurer's deputy director of
6 policy and legislative affairs, here to give the
7 legislative update.

8 So we are now in the second year of the
9 legislative session. We're still waiting on
10 several bills to be released from committee,
11 despite new reporting deadlines that moved the
12 reporting deadline up to November.

13 We are also in the start of the FY '27
14 budget season. There are a couple notable
15 elements to that budget that we wanted to
16 highlight for you, one being the new triennial
17 funding schedule.

18 So full funding has been pushed from
19 2036 to 2038. And commitments that had previously
20 been increasing between 9 and 10 percent year over
21 fiscal year are now going to increase 4 percent
22 year over fiscal year.

23 This is being framed as a more
24 sustainable rate and a way for the state to

1 balance long-term pension liability with current
2 budgetary concerns.

3 So this was proposed in the governor's
4 budget. It has not been signed into law yet, but
5 we expect it to move forward through the process.
6 And we'll keep you posted.

7 Another notable item was that the COLA
8 commission released its report. The COLA
9 commission recommends an enhanced COLA for those
10 who have been retired longest and those who are
11 below a certain threshold.

12 The increases would be phased in
13 gradually. And they recommend a new dedicated
14 revenue source, which is 10 percent of excess PRIM
15 earnings above and beyond the actuarial rate of
16 return. Those earnings would still be managed by
17 PRIM.

18 The recommendation was not included in
19 the governor's FY '27 budget, but it is something
20 that we expect to come up as a amendment in the
21 house and senate and to be brought into the
22 conversation as the budget continues to move.

23 And I think that's all we have for the
24 moment. I'm happy to answer any questions, if you

1 have any.

2 TREASURER GOLDBERG: Well, it is a lot.
3 Questions for Emma?

4 MR. NAUGHTON: Madam Treasurer, if I
5 may, I have a couple of comments based on the
6 things that Emma reported upon.

7 TREASURER GOLDBERG: Right.

8 MR. NAUGHTON: Just reminding everyone
9 that I sit on this board because I've been placed
10 here by my membership on the Mass. Teachers
11 Retirement Board.

12 And my first comment regarding that is
13 that I'm very distressed. I expressed this at
14 Administration and Audit. I'm very distressed at
15 the direction that the governor has gone in her
16 budget.

17 I think it's wrong to once again
18 essentially raid the teachers' retirement fund and
19 the state retirement fund as a whole in order to
20 ameliorate some of the shortcomings of money to
21 the state.

22 I understand, recognize, appreciate what
23 Washington has done has created a situation that's
24 very difficult for the governor and the

1 legislature to deal with, for all of us to deal
2 with who are involved with any aspect of state
3 government.

4 But the fact of the matter is if you go
5 back and look at the history of the funding by the
6 legislature and by the state of the retirement
7 fund, the retirement fund has been used as a piggy
8 bank too many times. Once is too many as far as
9 I'm concerned.

10 But if you go back and look year by
11 year, and I have the data that Erika Glaster put
12 together when she was the executive director of
13 the teachers retirement board. We're going to be
14 discussing that at our meeting tomorrow. This is
15 a twofer week for me. I get to do this today, and
16 I get to do the retirement board tomorrow for an
17 equal amount of time. So we'll be discussing that
18 tomorrow.

19 And I am looking toward having the
20 retirement board write a letter very directly with
21 the data, laying it out and saying that we object
22 as a retirement board to the plan that the
23 governor has put forward regarding this.

24 So I just wanted to share those thoughts

1 with the board.

2 As far as the COLA recommendation is
3 concerned, let me say this. It's nice that the
4 legislature is looking at a COLA. And it's nice
5 that everybody seems to be feeling so good about
6 that over there on the Hill and elsewhere, even
7 among retirees.

8 But the fact is if you look at the
9 mechanism that's being suggested, once again,
10 state employees are paying for their own COLA,
11 according to this plan. Think about it. Okay.

12 You're going to take some excess funds --
13 "excess" in serious quotation marks, given the
14 unfunded liability -- excess funds and use those
15 funds to create an account from which a COLA will
16 be paid.

17 Huh? This is money that the
18 investments, teachers and others who have put
19 their money in out of their paychecks have
20 created, okay. The PRIT Fund is the PRIT Fund.
21 The PRIT Fund is one of the three legs of the
22 stool that supports our system.

23 So essentially when you look at it,
24 retirees will be paying and active employees will

1 be paying for their own COLAs, according to this
2 formula.

3 I don't like it. I think it's wrong. I
4 think it's another version of what I just said
5 about not funding the retirement fund over the
6 years by the legislature.

7 So those are my thoughts. Sorry to be
8 getting close to the end of the day with things
9 that sound gloom and doom, but they're also real.

10 Thank you.

11 TREASURER GOLDBERG: Dennis did
12 articulate actually what is happening here. And
13 when these conversations come up, I always need to
14 remind people that state employees and teachers do
15 not get Social Security. They pay into their own
16 retire --

17 The general public does not know that
18 state employees and teachers do not get Social
19 Security, that it is only their retirement. And
20 in fact, if they end up in the private sector with
21 another job, although that has had some fixes put
22 to it, it reduces their pension fund payments.

23 I mean it's a very interesting fact for
24 people. People are astonished when they hear

1 that.

2 And the average retiree isn't getting
3 what you see on the front page of newspapers. It
4 is -- I think it has moved. It was 28 or 29,000,
5 and it may now be like around 30 or 31 annually to
6 live on.

7 Correct, Dennis?

8 You're on mute. You're on mute. You're
9 on mute.

10 I see lips. I'm not a lip reader.

11 MR. NAUGHTON: Yes.

12 TREASURER GOLDBERG: You're back on
13 mute.

14 MR. NAUGHTON: I think I've got it now.

15 TREASURER GOLDBERG: Yes, you do.

16 MR. NAUGHTON: Could you repeat the last
17 part of what you said?

18 TREASURER GOLDBERG: I was saying the
19 average -- it's not what you see on the front page
20 of newspapers. It's about \$30,000 a year. It was
21 for --

22 MR. NAUGHTON: Are you talking about
23 what people can earn in Social Security?

24 MS. MCGOLDRICK: No. The average

1 pension.

2 TREASURER GOLDBERG: Average pension.

3 MR. NAUGHTON: Oh, the average pension.

4 Yes. I'm not sure either. It might be a little
5 bit more than that --

6 TREASURER GOLDBERG: Theresa, it was
7 like 27, 28.

8 MS. MCGOLDRICK: I think you're right.

9 I think you're right, Treasurer.

10 And you've got to think also about the
11 people that lived long and retired with even less
12 than that, of which they are tons. And it's sad.

13 TREASURER GOLDBERG: Yes. The problem
14 with both proposals -- we all want COLAs for
15 people. It's not even that much money. It just --
16 it will, like, pay grocery bills for a couple
17 months, maybe.

18 I mean it's really -- I've been a
19 fighter for COLAs for a long time, even within my
20 own local community.

21 It's just that what I've said to Michael
22 Trotsky and others is people are turning to PRIM
23 and seeing it as an ATM machine. And I know
24 that's a dramatic statement, but I think it

1 exhibits --

2 And I can understand why. You see
3 \$120 billion sitting there. You don't think about
4 what that means. And for some average people,
5 it's inconceivable to them.

6 And I'm going to tell you what the other
7 issue I share is the rainy day fund, and people
8 looking at that in the same way.

9 So this is what happens during tough
10 times. And today, I heard the latest of what the
11 federal government is withholding from Minnesota
12 and that the vice president is touting that. And
13 I thought --

14 And I did note that in the speech the
15 other night, after Minnesota, the state that was
16 at the tip of the president's tongue was
17 Massachusetts.

18 And he's already doing so many things to
19 Massachusetts that people aren't aware of,
20 attacking -- and I'm not being political. I am
21 being literal.

22 NIH funding. Funding for the colleges
23 and universities and hospitals. This is --
24 funding for research. Allowing Ph.D. candidates

1 to come in from overseas that work in our labs and
2 our research laboratories.

3 This is the ecosystem of the
4 Massachusetts economy. And these are deliberate
5 actions against our economy.

6 So I get it. I get why people are
7 looking at -- like, when we had the SNAP crisis,
8 and Catherine and I were very involved in that,
9 why the rainy day fund looks like the right place
10 to go and why the pension fund looks like the
11 right place to go.

12 But I want you all to know that I am a
13 voice, the voice of reason in the room. And as
14 you can well hear, as I articulate it, I am very
15 emphatic about it.

16 So we're in very tough times. And it is
17 a political situation, even though we need to keep
18 politics out of this room.

19 So with that, Dennis, do what you need
20 to do. And we will continue.

21 And in terms of PRIM, PRIM will continue
22 to do their job and manage in the ups and downs in
23 volatility of this environment.

24 So with that --

1 MR. FALZONE: We have a legal portion of
2 that update, as well, Treasurer, if that's okay
3 for Renee to make a few comments.

4 TREASURER GOLDBERG: Yes. Yes.

5 And then after that, we will be done
6 because we're not going to do the travel report
7 or --

8 MR. FALZONE: It's all informational
9 after that.

10 TREASURER GOLDBERG: Right, right.
11 Thank you.

12 MS. LeFEVRE: All right. Thank you.
13 Good morning, everyone, Madam Treasurer and Board
14 members.

15 For the record, Renee LeFevre, chief
16 legal officer at PRIM. I have a brief update.

17 Last Board meeting, I spoke to the
18 Board about doing the year-end self-evaluation.
19 And many Board members indicated that the end of
20 December was not a good time for Board members to
21 do the survey.

22 So at the meeting, we decided to do it
23 at a different time. I've been working with our
24 outside counsel, Foley Hoag, and they will be

1 sending out the Board self-evaluation survey in
2 early March. Foley Hoag will present the
3 evaluation results at the next Board cycle for
4 the May 21 Board meeting.

5 In addition, since we're conducting the
6 survey, Foley Hoag will include some questions
7 and speak to Board members about updates and best
8 practices for the Board governance manual. Foley
9 Hoag will review the Board governance manual and
10 make recommendations on updates and best
11 practices.

12 The survey will come from them, and all
13 answers will go directly back to Foley Hoag. And
14 in addition, they will be available to speak to
15 Board members, if they so wish.

16 So please look for the survey from
17 Foley Hoag, and I ask that every Board member
18 participate in filling it out. And I'm sure the
19 Treasurer will --

20 TREASURER GOLDBERG: I was just waiting
21 for that one.

22 Those with long memories -- Mark, you're
23 new to this -- is if it doesn't come in, I nudge
24 people. Nicely. With a big smile.

1 MS. FITCH: Yes.

2 TREASURER GOLDBERG: Others can --

3 MS. LeFEVRE: -- success in the past
4 over this.

5 TREASURER GOLDBERG: Just as an FYI,
6 when I came along and I heard only three people
7 were doing these surveys, I went you've got to be
8 kidding me.

9 So we've had 100 percent.

10 MR. FALZONE: Ever since then, that's
11 correct.

12 TREASURER GOLDBERG: And I don't want to
13 break my record.

14 So with that, no other updates, correct,
15 Tony?

16 MR. FALZONE: Correct. Everything else
17 is informational.

18 TREASURER GOLDBERG: Do you know -- by
19 the way, Renee, you said Foley Hoag. But it will
20 be somebody's name at Foley Hoag?

21 MS. LeFEVRE: Yes. It won't be Kevin,
22 just so you know.

23 I can't remember.

24 TREASURER GOLDBERG: Do me a favor.

1 MS. LeFEVRE: Yes.

2 TREASURER GOLDBERG: When you know
3 it's been sent, send out an email to all the
4 Board members, telling them who it's coming from
5 and that if they haven't received it, to check
6 their junk and/or let you know.

7 MS. LeFEVRE: Okay. I will do that.

8 TREASURER GOLDBERG: All right. So
9 that --

10 MS. LeFEVRE: Coming soon. It's --

11 TREASURER GOLDBERG: So that my nudging
12 won't say, "Oh, I didn't get it."

13 MS. LeFEVRE: Well, I'll send out the
14 email to all the Board members. And then that
15 way, if we need to do reminders, Treasurer, you
16 will have that email to work off of so --

17 TREASURER GOLDBERG: Thank you so much.

18 All right then. Anything else anybody
19 has to say except to thank everyone for continuing
20 to work so hard in a very tough environment with a
21 lot of uncertainty and staying the course.

22 And then I will seek a motion to
23 adjourn.

24 MS. D'AMATO: So moved.

1 MR. LAPMAN: Motion.
2 MS. FITCH: So move.
3 TREASURER GOLDBERG: Second?
4 MS. FITCH: Second.
5 TREASURER GOLDBERG: Catherine?
6 MS. D'AMATO: Yes.
7 TREASURER GOLDBERG: Ruth Ellen?
8 MS. FITCH: Yes.
9 TREASURER GOLDBERG: Theresa?
10 MS. McGOLDRICK: Yes.
11 TREASURER GOLDBERG: Mark?
12 MR. LAPMAN: Yes.
13 TREASURER GOLDBERG: Dennis?
14 MR. NAUGHTON: Yes.
15 TREASURER GOLDBERG: Carly?
16 MS. ROSE: Yes.
17 TREASURER GOLDBERG: Where did you --
18 thank you.
19 Myself, yes.
20 The motion carries. Stay warm.
21 (Meeting adjourned at 11:41 a.m.)
22
23
24