COMMONWEALTH OF MASSACHUSETTS
PENSION RESERVES INVESTMENT MANAGEMENT BOARD

Minutes of the Board Meeting

Thursday, May 21, 2026

commencing at 9:32 a.m.

(CONDUCTED REMOTELY)

PRIM Board Offices
53 State Street
Boston, Massachusetts

A T T E N D E E S

(Via Zoom)

Board Members

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

Other Attendees (partial list):

· Alyssa Acker
· Kevin Conroy
· Deb Coulter
· Anthony Falzone
· Renee LeFevre
· Bill Li
· Matt Liposky
· Christina Marcarelli
· Michael McElroy
· Michael McGirr
· Veena Ramani
· Tim Schlitzer
· Joy Seth
· Emma Staff
· Michael Trotsky

P R O C E E D I N G S

A meeting of the Pension Reserves Investment Management Board (PRIM Board) was held remotely on Thursday, May 21, 2026. The meeting was called to order and convened at 9:32 a.m. Treasurer and Receiver-General Deborah Goldberg chaired the meeting.

TREASURER GOLDBERG: Good morning and welcome to the May 21, 2026 meeting of the PRIM Board. It is now 9:32 a.m., and I call this meeting to order.

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

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

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

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

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

MR. FALZONE: Yes, Treasurer. Thank you.

Matthew Scheffler, Framingham Public Schools, has noted he will be recording the meeting.

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

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

Bob Brousseau, Catherine D'Amato, Ruth Ellen Fitch, Theresa McGoldrick, Mark Lapman, Dennis Naughton.

I don't see Carly Rose, but Tony, let me know when she arrives.

MR. FALZONE: Will do.

TREASURER GOLDBERG: And myself, Treasurer Deb Goldberg.

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

All Board members may participate in any votes scheduled to take place at today's meeting. All votes must be taken by roll call. Unless extenuating circumstances apply --

I just wanted to mention Carly Rose has arrived.

Unless extenuating circumstances apply, everyone participating in roll call votes should activate their video camera before voting.

We will now proceed to the first item on the agenda.

Okay then. The first item on the agenda is the consent agenda. I seek a motion that the PRIM Board approve the following consent agenda items as described in the expanded agenda: one, approval of the PRIM Board minutes of the February 26, 2026 meeting; approval of the issuance of an RFP for audit and/or tax services; and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MS. FITCH: So moved.

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Is there a second?

MS. McGOLDRICK: Second.

TREASURER GOLDBERG: Any questions or comments on any of the minutes or votes?

Hearing none, I'll proceed.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Yes.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Dennis.

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes.

The motion carries.

The next item on the agenda will be the executive director/chief investment officer report, who will first talk about markets and PRIT Fund performance, followed by organizational updates.

Michael.

MR. TROTSKY: Thank you very much, Treasurer, and good morning, everybody.

First, everyone should know that this really is a moment of great emotion for PRIM. You may not realize it, but today is the last Board meeting for Bob Brousseau.

And, Bob, we are so happy you can dial in and join us today.

Thank you, Tony and Dave Griswold, for your really heroic efforts to get him on the call today so he can hear what I'm about to say.

We think it is appropriate that this statement be recorded in the Board minutes, which of course is also our public record.

Bob, you are the Board member with whom I have worked the longest, and I'm really going to miss you at these meetings. We're all going to miss you.

As our longest-serving Board member with a tenure of 39 years, Bob is frequently described as the dean of the PRIM Board. And quite simply, Bob has shown a unique and unparalleled dedication to PRIM and our mission. No one ever has served PRIM for as long as Bob. He's been a volunteer Board and committee member for, again, 39 years.

Bob joined the PRIM Board in 1987, soon after its inception, while he was already a veteran educator having served more than 25 years in the Wareham Public Schools.

In 1987, way back when Bob started, the

Treasurer was Bob Crane, and we did not even have a committee structure yet. According to our archives, when Bob's tenure began, assets under management were approximately $2 billion. $2 billion. And today, you will hear that assets are more than $122 billion.

Bob has worked with six treasurers, eight governors and seven executive directors. And as soon as the Admin and Audit Committee was established, Bob joined it and has chaired it ever since for decades.

Bob's enduring legacy will be that he has always worked to ensure and enable a professional and well-run organization that can provide ample returns and responsible stewardship for the retirement assets of more than 300,000 beneficiaries.

And it's always clear to anyone at PRIM that Bob is always well-prepared for these Board and committee meetings. He always asks great questions, often from details deep inside the materials. We know that Bob painstakingly reviews all the materials in advance, sometimes hundreds of pages in length. And you never know what Bob will ask at these meetings.

I joined PRIM soon after the Great Financial Crisis when the organization really did face several challenges and high turnover of staff. And I fondly remember that Bob was instrumental in providing us with the tools to attract and retain the top talent that we have today. And that really helped usher in a new era of productivity and performance for PRIM.

I also remember Bob conducting my performance evaluation each year, which, as you know, must be done in an open public meeting, and as you also know is not one of my favorite days of the year.

But I am very deeply appreciative of the deft skill that Bob uses in conducting this very awkward meeting for me, often using language that befits a skilled French, English and social studies teacher.

On a more personal note, Bob and I check in with each other very, very regularly, except for two weeks during August when Bob historically enjoys a remote off-the-grid camping trip to Maine with Mary.

During these check-ins, we always discuss whatever issues are in front of PRIM. That takes most of the time, but Bob never ever ends a conversation without checking on me, Amy and Ben, my family.

So I can honestly say after 15 years working together, I can call Bob one of my closest mentors and friends, in addition to being a great business partner.

Now, PRIM is widely recognized today as one of the top public pension funds in the United States. As such, we all feel that the recognition and the numerous awards we receive each year are really recognition for Bob too, yet Bob never gets an award.

And so today, as a small token of our gratitude to Bob for decades, 39 years, of service to PRIM and its beneficiaries and to the Commonwealth, we are giving him an honorary commemorative award. It's a plaque that we had made to commemorate his long and successful service on the PRIM Board.

We'll send it to you, Bob, as soon as this meeting ends. And don't worry. We didn't spend any pension money on this plaque because you would never allow it. As proud Board member and chair of the Admin and Audit Committee, we recognize that you would always want every penny to be invested for the benefit of our members and not for you.

So thank you so much, Bob, for your service. We'll miss you at these meetings. And we're so happy you are able to dial in today.

Now, on to a few organizational updates --

TREASURER GOLDBERG: Whoa, whoa, whoa, whoa. Wait, wait, wait.

You really think you're going to move on to other things and we're not going to say something about Bob Brousseau, a legend?

I mean honestly, Michael, he was there long before you. So truthfully, you should be sending all your awards to him.

But all kidding aside, Bob --

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: -- you and I have been working together now for almost 12 years. And you welcomed me with open arms. I hope I've always made you proud.

And it has been a real pleasure in all the things that we've talked about, worked on and the growth that we have seen and our ability to ensure the stability of the pension fund and that every retiree, including you, are able to know that that check is going to arrive every single month, even during COVID, even during volatile markets. We are considered one of the top of our peers.

And you were here from the, quote/ unquote, almost beginning. So I know that you will always be available to me with your wise counsel. And I am going to extend that invitation to the rest of the members of the Board. So you may be getting phone calls. I know you will from Michael.

And just know that I thank you for a life devoted to service.

MR. BROUSSEAU: Thank you, Treasurer.

MR. NAUGHTON: Madam Treasurer, may I speak?

TREASURER GOLDBERG: Absolutely.

MR. NAUGHTON: Good morning, Bob.

MR. BROUSSEAU: Good morning, Dennis.

MR. NAUGHTON: I want everyone here to know I have known Bob all of my professional life. I started teaching in 1968 and shortly thereafter got involved in MTA activities.

And Bob was one of the people you would always recognize as a leader at MTA. Okay. So Bob is a leader kind of person. We just saw that here at PRIM, but throughout his life, he's been a leader in anything with which he's been involved.

And I just want to say that, you know, I recognize you, Bob, as -- I know how difficult this is for you. I can't imagine, you know, after putting in 39 years. And I'm so happy to see the recognition that you're being given this morning.

Certainly you and I won't be strangers when you're finished on this Board. And I look at Bob too as a kind of a mentor, a little older than I am. And in all my years at MTA, he was always a leader. And eventually we became leaders together, particularly when it came to championing pension issues before the MTA and particularly the MTA Annual Meeting.

Bob, all the best. We'll be in touch.

MR. BROUSSEAU: Thank you, Dennis.

MS. FITCH: Can I just add my praise for the work that you've done and thank you.

I'm an appointee of the Treasurer, and it has meant a lot for me for the conversations and all of the work that we do.

And just want to say a quick but deeply felt thank you, Bob.

MS. McGOLDRICK: I want to also add thank you to Bob because you were a mentor to me too. And I started back in 2004 and knew nothing about the pension fund really or retirement.

And, you know, you've always been so helpful to me and so welcoming and kind. So thank you for everything that you've done.

MR. BROUSSEAU: Thank you, Theresa.

MR. TROTSKY: Okay.

TREASURER GOLDBERG: Now you're allowed to continue.

MR. TROTSKY: All right. Thank you very much.

Bob, as I said --

MR. BROUSSEAU: May I just say a few words, Madam Chair?

TREASURER GOLDBERG: Oh, absolutely.

MR. BROUSSEAU: Okay. You know, I knew this day would come. And it certainly has evoked a lot of emotions within me because not only have I worked with what I believe the best people that I've ever seen in my life, but people who have been so dedicated to the public employees of this Commonwealth and their financial security in retirement.

I'm so pleased that having worked with every executive director since the organization was founded and every Treasurer who was in office at that time, never have I seen the growth that we've seen in our fund in the last 16 years almost under the leadership of Michael and the staff. It is amazing to me what we've been able to accomplish.

I was thinking of going back many, many years, but I won't do that because the past is something else.

But I just wanted everybody to know I'm leaving the PRIM Board, not because I really wanted to, but three years ago, when I ran the last time, I made the very difficult decision in my own heart that this would be my last term.

After all, as this February 6, at the age of 88 years old, I felt it was time for me to let more people, other people, probably younger people, become involved in this process.

And I know that the organization is going to be in very, very fine hands.

Also the bit of advice that I have garnered over the years is that look at what we have accomplished and how we have accomplished it. Through diversification of this fund, we have built one of the premiere, if not the premiere fund for public retirees in the United States of America.

This is something I'm so proud of, that I was a part of this. And especially what we have seen, the growth in the last 16 years under Michael's leadership, under your leadership, Madam Treasurer, and under the excellent staff that Michael has assembled around him.

It has been a source of pride to me and especially to our members, when I speak to them and see them at meetings, tell them what PRIM has accomplished for them. It is heartwarming for me to think that I was able to be just a small part of this endeavor.

Michael, I'm going to miss these meetings. I'll be honest with you. And I wish I could continue, but when you get to be 88 years old, three more years would have made me 91, going on 92, to my 92nd year.

And I believe there comes a time when everybody has to make that decision. And I had made it three years ago in my heart, but it certainly wasn't one that I made lightly.

So once again, the honor that you've bestowed upon me, this honorary plaque, and I understand what we can do in spending resources of PRIM for anything of that because we're not here --I think all of us on this Board are not here for self-gratification. It's here for the mission that PRIM was established to do, and that is to protect the retirement income of our public retirees in Massachusetts.

But once again, Michael, Treasurer, staff, know that you will hold a special place in my heart, now until the end of time, until I take my last breath.

So thank you. Thank you so much. I

love all of you.

TREASURER GOLDBERG: Well, we love you too.

MR. BROUSSEAU: And I'm going to stay on the meeting obviously.

TREASURER GOLDBERG: Obviously. Thank you.

MR. TROTSKY: Right to the end, Bob. Right to the last minute, I'm sure.

But the honor is ours to have served with you. And your confidence in me in particular and the entire organization means the world to us. So we'll be in touch.

MR. BROUSSEAU: Thank you, Michael.

MR. TROTSKY: Now on to a few other organizational updates. We could spend a whole meeting appreciating Bob, and maybe we'll do that in a different setting.

But first of all, this meeting does coincide with the completion of the required periodic Board self-assessment process, which every member completed. You'll hear about that today.

And this year, we did receive feedback

on the pacing of our meetings, so I do want to pick things up a little now. Several members suggested streamlining our meetings.

So with that in mind --

TREASURER GOLDBERG: Well, we have to admit this was an extraordinary circumstance.

MR. TROTSKY: It was.

TREASURER GOLDBERG: Yes. Okay. I just want to make that clear. We promise we're back to streamlining.

MR. TROTSKY: Right. Back to streamlining.

So with that in mind, we're going to try to make our remarks, all of us, more efficient today. And it starts with me. So here we go.

First, Carly, I'm glad you're on because I want to congratulate Carly for running and finishing her fifth Boston Marathon.

So that's terrific, Carly. Well done. You make us proud.

MS. ROSE: Thank you very much, Michael.

MR. TROTSKY: Next this quarter, we are very pleased to report that *Institutional Investor* has honored Helen Huang with the Alpha Edge

Recognition as one of the most influential women in private markets. Alpha Edge program, this program recognizes those, and I quote, "whose conviction, judgment and impact set the standard for the industry."

Helen is a senior investment officer and director of growth and venture capital on the private equity team.

So congratulations, Helen. This is very well-deserved.

On a more bittersweet note, Maria Garrahan, our senior investment officer and director of research, has informed us that she will not be returning to PRIM following her family leave after the arrival of her second baby daughter.

We're deeply grateful of course to Maria's many successful years at PRIM, during which she collaborated closely with our asset class teams, the Investment Committee, the Board. And she played a central role in building a highly capable research effort.

We wish Maria and her family all the very best in their next chapter.

PRIM research will continue to report directly to Mike McElroy, who has been covering Maria's responsibility during the time of her leave.

Now, moving on to markets and PRIT Fund performance, since our last board meeting, global markets have experienced really one of the most geopolitical volatile quarters in recent memory. And yet the PRIT Fund remained very resilient.

The fund held up very well through a series of truly historic market dislocations, including the Iran war, the unprecedented oil supply shock and significant rotations across equity markets.

In the first quarter, markets were up through February, but March, if you remember, was an especially challenging month. Global equities declined sharply in March, but we are very pleased to report that the PRIT Fund's careful diversification again helped cushion the impact.

With a balance of $122.1 billion at the end of March, the PRIT Fund was down less than 1 percent, down 0.8 percent in the quarter, significantly outperforming the markets and also a

60/40 mix of stocks and bonds. This is yet another example of the PRIT Fund performing well in both up markets and down markets.

Global equities and hedge funds were among the weakest asset classes in the March quarter, while private equity, real estate and timberland were among the strongest.

Noteworthy is that in April, after the ceasefire in Iran, the selloff completely reversed, and the S&P 500 and the NASDAQ each achieved new record levels, more than overcoming the March quarter selloff.

The S&P 500, for example, was up 10 and a half percent in April alone after falling 5 percent in March. And this strength has continued into this quarter, rising in May 3.2 percent, in May alone, through yesterday.

It should also be noted, however, that bond yields have been rising with a 10-year Treasury yield hitting a six-month high of 4.7 percent on Tuesday. I think it's about 4.6 percent today.

The longer term results of the PRIT Fund remain strong despite this recent volatility. For the 12-month period ending in March, the PRIT Fund gained 11 and a half percent net. That's an investment gain of $12.6 billion.

And for the 12-month period, global equities, private equity and value-added fixed income were among the strongest asset classes, while interest-sensitive asset classes like core fixed income and real estate were the weakest.

At the end of last year, we discussed that U.S. equities were in a three-year super streak with a three-year annualized return of nearly 23 percent, meaning that the market had nearly doubled in just three years.

And this was primarily due to the artificial intelligence surge, where a small group of mega cap tech stocks posted really unprecedented growth. These are the Magnificent Seven stocks: NVIDIA, Google, Amazon, Apple, Meta, Tesla and Microsoft.

And we noted that these three-year super streak markets often exhibit a mean recertification the following year. That is when the market takes a breather.

And in the first calendar quarter of

2026, the quarter that we report on today, markets definitely took a breather, albeit at least for now a very short breather.

And as I have said, the PRIT Fund is carefully designed. It's diversified with components that will perform well in any investment environment. And we remain pleased and confident about the resiliency of the PRIT Fund and its performance over all time periods and throughout several different market environments in both up markets like we had the previous three years and in down markets like we had in the first quarter ending March.

Quickly, Tony, the performance slides.

And you'll see that I'm presenting fewer of them today.

Let me know when they're up.

MR. FALZONE: All set.

MR. TROTSKY: Thank you.

This shows that at the end of March, the PRIT Fund stood at $122.1 billion. Again, it was down fractionally for the quarter, down 0.8 percent for the one-year period. We were up 11.5 percent net, which is an investment gain in one year, $12.6 billion.

We pay benefits out of this pool of assets, net outflows. Net outflows to pay benefits were $475 million for the year.

Next slide.

For the one-year period, all major asset classes had positive returns. You can see on the left, global equities and private equity led the way with strong returns. And public equities, emerging markets and developed international markets led U.S. large caps. Emerging markets were up 32 percent for the one-year period. Developed international markets up 22 percent, and large cap U.S. stocks were up 18 percent.

In private equity, venture capital and growth equity strategies were slightly stronger than buyout strategies. And on the right, you can see that interest-sensitive asset classes were up less than the equity markets.

Real estate, you can also see up. And that continues to strengthen from the pandemic era slowdown. I'll note that our focus is on core real estate, and that has served us very well through the pandemic slowdown. We're exposed less to more opportunistic, more risky investments. Instead, we concentrate on the best properties with very low leverage in the best locations around the country.

Each asset class head later will have more to say about their respective sleeve.

Next slide.

Again, 11 and a half percent is a strong result in a challenging market. The entire performance -- this is something I've been saying for many quarters now. The entire underperformance relative to the benchmark is due to the private equity benchmark mismatch, which helps us sometimes and hurts us other times.

It's because we compare the actual private equity one-year return, the actual, which was 8 and a half percent this year, to a seven-year smoothed public benchmark plus 7 percent. Seven years in the equity markets, the last seven years have been very strong.

That benchmark, seven-year smoothed benchmark, was up 16 and a half percent. Comparing 8.4 percent one year to a seven-year smoothed of 16.5 percent hurts the look of this chart.

And I'll end as usual with the quilt chart, next slide.

You can see that global equity led the way for the one- and three-year period. We talked about the super streak. Private equity leads for 5 and 10 years and is actually creeping up in the ranks for the one- and three-year period.

We've had a really strong super streak in global equities that showed some signs of cracking in the March quarter. And that has really allowed some other asset classes to begin to catch up.

You can take those down.

And in closing, just a short word -- I promise short -- about the global economy.

The economic data has been uneven amid some reporting delays and geopolitical disruption, but really the broad picture is consistent. Growth is holding up, while inflation pressure from the Iran conflict is showing through in energy prices.

Corporate earnings results have been very strong with the S&P earnings up 27 percent year to date, and breadth beyond just the Magnificent Seven is showing.

To quote Connie Everson, who at the Investment Committee said, and I quote, "Absent a meaningful slowdown, a bear market is hard to produce." That's really what's happening. Corporate results have been strong so the markets grind higher.

Key things to monitor going forward include a prolonged energy spike feeding inflation and bond yields. Persistently high volatility, tightening liquidity as the Fed steps back from supporting bank reserves. And of course energy price risk that isn't priced into current valuations.

That said, again, we remain confident that the carefully constructed and diversified PRIT Fund will continue to perform well, whatever the future holds.

So thank you. I'll take any questions or comments before we move on.

TREASURER GOLDBERG: Are there questions for Michael?

MS. D'AMATO: This is Catherine. No

question, but, Michael, the food inflation is continuing to increase substantially so thank you for -- you know, just keep noting it.

And what we're seeing, and I think some of the uncertainty around this that is some of the federal policies around food access, SNAP being one, WIC being another highly targeted federal program, what the implications would be on the state. So they could be significant.

And states are actually now, a couple of them very seriously, looking at leaving or not having the SNAP program at all in their states.

So again, that puts more pressure on the nonprofit sector, but also just on the wallets of people that are in our pension program and just in terms of their ability to take care of themselves and their families.

So there's going to be greater pressure coming in from a variety, but the food inflation -- I mean during COVID, it went as high as 15 percent, but we're seeing that creep 7, 8. Depends on what you buy and where you're buying it from.

But the last thing is fuel pricing. So

fuel pricing's gone up. Diesel too now. It's pushing in some states two and a half dollars more a gallon. Gas is all over the place.

But diesel is very much attached to the cost of food. So just -- or cost of any goods coming in. Those are all diesel trucks.

So just two comments to include in your thinking. Thank you.

MS. McGOLDRICK: I have one comment as well. I just want to say, and I said this at the Admin and Audit Committee meeting as well, and I want to reiterate that the one bright light in our NAGE members and state employees across the Commonwealth right now is looking at how well the pension fund is doing because there are so many things that couldn't be going worse in terms of what Catherine just outlined and the cost of living and trying to keep up.

Being a state employee, a public employee, knowing that you're a beneficiary of a fund that's doing so well is something that's holding people together, to look forward to the fact that they will have that to rely upon when they retire because there are very few bright lights right now for anyone that is a public employee, whether it's at the state level, the federal level.

And until things change, this is the one thing that folks really can count on. And we're really happy that we can spread that news to people.

So thank you, Treasurer, and thank you, Michael, for all the hard work you do maintaining this fund.

TREASURER GOLDBERG: Thank you, Theresa.

MS. McGOLDRICK: And growing the fund.

TREASURER GOLDBERG: We like growing. I have the watering can right behind me.

Any other questions for Michael? Or shall we move on?

I guess there are no more questions.

So the next item on the agenda is our investment report. We'll be starting with public markets. And that is Mike McElroy.

MR. McELROY: Thank you. Can everyone hear me?

TREASURER GOLDBERG: We can.

MR. McELROY: Great. Good morning.

Again, I'm Mike McElroy, director of public markets. I'll give an overview of the market's performance and the operating environment that we've observed in the first quarter and for the one-year period ending March 2026.

As we've noted, global equities paused a little bit in the first quarter, down about 3 percent. That comes on the heels of three consecutive quarters of positive returns prior to the March quarter.

And then as Michael Trotsky noted, we had a very strong April, up 10 percent. So global equity is a very strong rebound coming off that weak first quarter.

In terms of the relative rankings of what was performing, the domestic equities in the quarter were the weakest. They were down about 4 percent. Non-U.S. stocks, these would be developed and emerging, were just slightly negative for the quarter.

And this is a pattern that we've observed over the one-year period as well, that we did see very strong returns in the one-year period. Global equities were up about 21 percent for the one-year.

Domestic equities lagged slightly. They were up only about 18 percent. And the non-U.S. equities up between 23 to 29 percent over the one-year period. So very strong rebound for the non-U.S. equities in our portfolio.

Value stocks, the stocks that tend to be a little bit cheaper than the market, they were the top performers everywhere in the first quarter. And this is very similar to what we observed last quarter as well.

Over the one-year period, growth stocks led in the U.S. in the emerging markets, and these would really be the technology stocks, AI-related stocks, semiconductors, memory stocks in the U.S. and emerging markets, whereas in the developed international markets, the value stocks were the best performers, financials, industrials, other sectors that have a little more value behind them.

And smaller stocks tended to do better than the larger stocks in the developed markets, but in the emerging markets, the largest stocks, again like Taiwan Semiconductor, some of the memory companies like Samsung were the real strong performers in the emerging markets in the quarter.

In the bond markets, core bond returns were about flat in the first quarter, up about 2 percent over the one-year period. And our value-added bonds, these would be more the credit-exposed or emerging market debt issuers, were flat in the first quarter, up about 8 percent over the one-year period.

Rates didn't move much in the first quarter. Unchanged to just slightly higher, but we did observe the yield curve did steepen over the one-year period as the long rates increased. I think Michael Trotsky mentioned that just in terms of those core bonds not having the same return profile just because the rates went up in the longer end of the yield curve.

From a credit perspective, credit spreads remained tight, generally didn't change much over the one-quarter and the one-year period.

So in terms of performance of the different parts of the public equities portfolio, equity returns for the PRIT Fund slightly lagged our benchmark in the first quarter by about 7 basis points and by about 18 basis points over the one-year period.

This is really related to our international equity managers, particularly our global quality or our quality growth managers. They struggled in both the first quarter and over the one-year period.

On the other hand, our domestic equity and our emerging markets managers did perform well against their benchmarks. So we're starting to see it broadening out a little bit in terms of the contributions, but we are still finding some challenges within our quality growth managers in the developed international markets.

One positive I would say was strong performance that we saw from what we call our systematic managers. These are quantitative equity managers, very model-driven, very disciplined, very risk-controlled. They put up very good results across the areas that we have invested with them.

And we expect several managers of this type will be represented as we complete work of the recently approved enhanced equity search that we've been working on. And there will be more to come on that in the next quarter or two.

On the bond side, core and value-added bonds performed in-line to slightly better than benchmarks. In the first quarter, core lagged by 5 basis points. Value-added was ahead by about 46 basis points. And over the one-year period, core was ahead by about six. Value-added ahead by about 96 basis points.

In the core bond portfolio, most managers beat their benchmarks, and that was nice to see in terms of that breadth.

And within value-added, we saw really strong results from our high-yield managers, our multi-asset credit, emerging markets debt. And our OCO, our other credit opportunities, managers delivered very strong benchmark-relative returns for us in both periods.

From an operating environment perspective, comments we're hearing from managers, it does continue to be a challenging environment for active equity managers. Quality really continues not to be rewarded by the markets. Risk-taking postures, looking for companies or rewarding companies with lower profitability in certain sectors or companies that have high amounts of debt is really kind of being sought out by market participants rather than the higher quality investments. And this kind of flows through across our portfolio in terms of that anti-quality bias in the markets right now.

On the other hand, companies continue to deliver very strong revenue and earnings growth, though these characteristics really aren't being rewarded consistently by the market. So it isn't a case that companies aren't delivering. It's just not being recognized because it's just not glamorous enough. The results aren't kind of flashy enough for the market at this point.

And there's been some headline risks on the obsolescence of software due to AI disruption or replacement of software by other software, kind of AI-generated software, but our managers are noting that these software companies are continuing to see strong bookings. They're continuing to maintain service on any debt that they have out there.

So it does seem to be kind of a headline risk but not something that we're really observing in terms of the market and the behavior of companies that operate within this sector currently.

One comment just on private credit, and I would just relate this in terms of direct corporate lending. It's been in the news a lot, just as an area of stress and liquidity in the market.

The OCO portfolio, our credit portfolio, we have a very low level of exposure to this direct corporate lending. It's only about 5 percent of the OCO portfolio. And we've really observed no meaningful credit events to date, and we're talking to our managers quite frequently about this.

I would also note that the way that we have structured our investments with these managers in terms of the types of funds that we have with them has really protected PRIM from some of the liquidity concerns that have been highlighted in the press.

And so I think the way we've structured as well as the exposures of our managers have really kind of shielded us from a lot of the stresses that are being highlighted in the news. We're speaking with managers regularly, monitoring these risks and the market behaviors.

And I would just note also that just with the strength of equity markets, we continue to prudently redeploy these equity market gains across the rest of the portfolio, really harvesting these gains to remain within our asset allocation ranges as the markets keep going up.

So in summary, we're continuing to deliver the resilience that we expect in the public markets portfolio.

For the outperformance and the underperformance that I talked about, it's all within our expected bands in terms of the risks that we're taking across the public markets portfolio. Very well-diversified across different dimensions, geography, styles, sectors, as well as asset types. And the aggregate risk remains low across the overall public markets portfolio.

So I'm happy to take any questions that anyone has on the public markets.

TREASURER GOLDBERG: Questions for Mike?

I guess you're all set, Mike.

MR. McELROY: Thank you.

TREASURER GOLDBERG: I'm assuming, Christina, that you popped up because you're going to do the voting item.

MR. McELROY: Correct.

TREASURER GOLDBERG: So I am going to seek a motion and a second, and then Christina will do the presentation.

I seek a motion that the PRIM Board approve the Investment Committee's recommendation to approve an initial commitment of up to $250 million to Affinius Credit Fund-of-One as part of the other credit opportunities allocation, as described in the expanded agenda, and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MR. BROUSSEAU: So moved.

MR. LAPMAN: Move.

TREASURER GOLDBERG: Is there a second?

MR. NAUGHTON: Second.

MS. McGOLDRICK: Second.

TREASURER GOLDBERG: Thank you.

Christina.

MS. MARCARELLI: Thank you, Madam Treasurer. Good morning, everyone.

We are recommending an initial commitment of up to $250 million to the Affinius Credit Fund-of-One, which will sit in the other credit opportunities allocation.

The fund will operate as a separately managed account but will be structured as a fund with PRIM as the sole limited partner, giving us full customization and control over mandate parameters.

The strategy aims to originate senior loans backed primarily by recently completed, in lease-up, or under-construction properties, primarily in the residential and industrial sectors, and retaining subordinated positions in the fund.

The rationale for this recommendation includes the market opportunity. Traditional banks continue to pull back from transitional and higher leverage loans, creating a meaningful gap for nonbank lenders.

Second, Affinius brings a highly integrated equity and credit platform. Their credit team collaborates directly with their equity professionals on sourcing, underwriting, asset management, providing real-time perspective on relative value.

Third, the manager's sourcing network and capital markets capabilities. Affinius has completed significant borrowing across 70 counterparties since 2012, and this level of activity improves their access to senior funding and helps reduce execution risk.

Briefly on the manager, the firm traces its roots to USAA Real Estate and Square Mile Capital, combining decades of experience in both credit and equity investing and employing more than 300 professionals globally.

The proposed fund strategy is designed to complement Affinius's existing Credit Partners and Tactical Partners fund series. It targets similar property types but focuses on loans that sit at higher attachment points, allowing PRIM to capture an incremental return relative to the lower leverage strategies.

We have evaluated the key risks. Higher leverage is a factor, but the fund remains within

Affinius's established credit box, and the incremental risk is deliberate and controlled.

Pipeline risk is mitigated by a robust near-term pipeline, along with a wave of upcoming loan maturities in the market that will require refinancing.

And lastly, the terms are attractive relative to a commingled fund vehicle, and the evergreen structure provides PRIM the ability to impose limitations to align with our highest conviction areas.

So we believe the Affinius Credit Fund-of-One offers timely exposure to a compelling part of the commercial real estate lending market, led by an experienced and well-integrated manager.

I'll end it there, and happy to answer any questions. Thank you.

TREASURER GOLDBERG: Questions for Christina?

Okay. Hearing none -- I want to make sure. I'll proceed with the vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Yes.

TREASURER GOLDBERG: Ruth Ellen?

I'm come back to you, Ruth Ellen.

Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Dennis?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes.

The motion carries. Thank you.

MS. MARCARELLI: Thank you.

TREASURER GOLDBERG: The next item on the agenda, we will be doing portfolio completion strategies. Bill will --

There you are, Bill.

Bill will give us a performance summary, and it will be followed by two voting items.

And, Bill, you can tell us who will be presenting on each of those voting items. I bet I can guess, but I'll let you -- I'll make sure. I have some strong hunches here.

MR. LI: And they are appearing on the screen too here.

So hi, everyone. Good morning. This is Bill Li, director of portfolio completion strategies.

I will speak to performance of PCS, followed by Joy Seth, my colleague, presenting the emerging manager direct hedge fund program recommendation. And after that, my other colleague, Matt Liposky, will cover the management account RFP recommendation.

So first thing first, performance. As usual, we look at our performance through three angles: absolute return, relative return and risk-adjusted return.

In Q1, PCS, portfolio completion strategies, saw a minus 1.6 percent hiccup. And we have more than recovered that ground after April.

Trailing one-year, hedge funds, which is over 90 percent of PCS, was up by 7.7 percent. And trailing three-year, hedge funds annualized

10.1 percent, meaningfully ahead of our benchmark.

But to take a peek under the hood, the stable value funds was up by 9 percent, outperforming by 200 basis points. Directional hedge funds annualized 13.2 percent, outpacing by 240 basis points annually.

As you know, we employ a barbell approach in constructing the portfolio from top-down, despite a predominant bottom-up philosophy in manager selection.

The two-thirds stable value funds and the one-third directional funds organically combined to have delivered a 2.9 return-risk ratio. And that's more than doubling the 60/40 market portfolio's 1.3 ratio. And we're genuinely pleased with the quality of those returns.

Equity beta stayed in a healthy range, which is moderate, now around .2. Again, proof that our barbell approach works.

And we are seeing idiosyncrasies, or alpha, dominate the performance, which was not a surprise, given our preference for event-driven types of strategies such as fixed income arbitrage and special situations.

So as an absolute return program, we've done what we set out to do: unlock distinctive return streams for the PRIT mother ship and generate real alpha.

One last note on our emerging manager program, which helps us find great talents at every stage of their life cycle. It's continued to pull in high single-digit annualized returns over the last few years, all with a *de minimus* beta risk.

Since the inception of that sourcing channel seven years ago, we've tested, learned and refined our approach. And at this point, we're confident in scaling this success. And Joy Seth will dive deeper later on how we envision executing that on a go-forward basis.

And with that, happy to address any questions.

MR. BROUSSEAU: Madam Treasurer, could I make a comment?

TREASURER GOLDBERG: Absolutely.

MR. BROUSSEAU: I would certainly like to congratulate Bill and his team for the work they've done, especially in the hedge fund area.

I guess historically going back to the early part of this century, between 2000 and 2010, I can recall the discussions and the controversies surrounding hedge funds and should our fund be invested in them at all.

I'm glad that we moved on the decision we did because it certainly has been a tremendous investment.

MR. LI: Thank you, Bob, really, for your kind words, but more importantly, for your strong support all throughout the years.

Our hedge fund has gone through waves until its current stage of the nationally recognized success, and this wouldn't be possible really without your support.

TREASURER GOLDBERG: Thank you, Bob.

Any other comments or questions on performance, or shall we move on to the voting items?

Okay then. Who is going to present the first voting item on the emerging manager direct? Is it -- I see --

MR. SETH: That would be me, Madam Treasurer.

TREASURER GOLDBERG: I had a feeling, Joy. Okay. I'm going to seek a motion and a second. And then you can take it over.

I seek a motion that the PRIM Board approve the Investment Committee's recommendation to approve the Emerging Manager Direct Hedge Fund Program recommendations, attached as Appendix D of the expanded agenda, and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Is there a second?

MS. D'AMATO: Second.

TREASURER GOLDBERG: Okay. Go ahead, Joy. Thank you.

MR. SETH: Thank you, Madam Treasurer.

Good morning, everyone. My name is Joy Seth, senior investment officer on the portfolio completion strategies team.

Tony, before I get started, could we please pull up slide 2 of Appendix D.

MR. FALZONE: All set.

MR. SETH: Thank you.

So today --

Sorry. I think this -- this is the wrong slide, Tony, I think.

TREASURER GOLDBERG: Yes. It is.

MR. FALZONE: Joy, which appendix are you referring to?

MR. SETH: Sorry. Appendix D.

MR. FALZONE: D?

MR. SETH: Yes.

MR. FALZONE: Give me one second. I apologize.

MR. SETH: Sure. I'll get started. So --

MR. FALZONE: That was the one I had showing, but I'll show it again. Bear with me.

Let's take a look at it. Make sure.

MR. SETH: Perfect. Yes. Thank you.

Great. So today we are proposing a set of recommendations to the Emerging Manager Direct Hedge Fund program, or EMP.

Special thanks to Dave Gurtz, Matt Liposky, Jay Leu and Shannon Ericson for their unwavering support and meaningful contribution throughout the program's life.

The primary recommendation today is to

replace the program's fixed current cap, which has been used up, with a dynamic capacity of 10 percent of the total PRIT hedge fund.

Alongside that, we are proposing to raise the initial allocation range, increase the emerging manager's strategy AUM cap, and refine the fee structure to remain competitive while ensuring alignment of interest.

Finally, we are also proposing to expand the program's sourcing efforts to include directional strategies, applying the same underwriting discipline.

Tony, could we please move to slide 4?

By way of quick background, EMP was launched in 2018 as a dedicated sourcing channel for emerging hedge fund managers and initially budgeted at a fixed cap, which at the time represented approximately 10 percent of the PRIT hedge fund.

The program operates exclusively through SMA or separately managed accounts, giving PRIM full transparency, daily position-level visibility and negotiated capacity on pre-agreed favorable terms.

Over its seven-year history, the program has on-boarded and actively managed a rotating roster of emerging managers across stable value strategies which are of low net or low sensitivity to market beta.

Very quickly, I just want to share how the program has evolved. So when it first started, it wasn't without an initial rocky period. It went through challenging ramp-up period between 2018 and '22, characterized by relatively high manager turnover, performance below expectations.

In 2022, PCS conducted a comprehensive internal review, which identified a rigid economic framework that disincentivized some top-tier talents. The review also highlighted the importance of tighter underwriting and deeper management engagement.

In acting upon those findings, the team concentrated the portfolio into few high-conviction managers and increased the frequency and depth of engagement with the underlying managers to ensure hands-on scrutiny aside from the regular monitoring performed in parallel by our consultant.

And those changes have delivered. Performance has significantly improved on both absolute and risk-adjusted basis relative to relevant benchmarks since those changes were implemented.

At this point, we think that the program is at a natural inflection point for scaling. As the total PRIT hedge fund has grown, EMP's fixed budget has not kept pace. The program has finished ramping up. And in the meantime, because of the allocation cap, its relative size within the total hedge fund has effectively halved since launch.

At the same time, PRIM has existing reserve capacity on favorable terms which remains unused. And we believe it would be prudent to utilize the capacities where we had negotiated excellent business terms.

And at the same time, the emerging manager market space has also become materially more competitive since the program was first launched.

Multi-PM platforms have scaled

dramatically since the program launched, as well as in terms of AUM and in share they allocate to external managers.

So all this means that for PRIM, the window to access high quality managers has shortened meaningfully. That said, PRIM's institutional credibility, patient capital and long-term partnership orientation remain a genuine differentiator and are highly valued by managers.

So in summary, the EMP program has evolved from a pilot program into a proven and scalable sourcing platform. The team has been disciplined in executing the post-2022 changes, and the results delivered. And we believe that these Phase II enhancements are well-calibrated, scaling what is working, updating the criteria to remain competitive in the current emerging manager market landscape, and widening the sourcing net to include directional strategies without diluting the program's underwriting rigor.

And with that, happy to take any questions.

TREASURER GOLDBERG: Questions for Joy? Anyone?

All right. The explanation was complete. And again, we've vetted all this at the Investment Committee. And so I will proceed with the vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine D'Amato -- Catherine? Sorry.

MS. D'AMATO: That's okay. Not a problem.

Yes.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Dennis?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes.

The motion carries. Thank you.

The next item is also a voting item, and

I have a feeling Matt has something to do with this.

MR. LIPOSKY: Excellent. Yes.

TREASURER GOLDBERG: Okay then. I'm going to seek a motion and a second.

I seek a motion that the PRIM Board approve the Investment Committee's recommendation to approve Innocap, the incumbent, to provide managed account platform services, subject to successful contract negotiations, as described in the expanded agenda, and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Is there a second?

MS. McGOLDRICK: Second.

TREASURER GOLDBERG: All right. Thank you.

Go ahead, Matt.

MR. LIPOSKY: Thank you.

I'm Matt Liposky, the chief investment operating officer.

Good morning, Madam Treasurer and Board

members.

I am at Appendix E to go over the recommendation for managed account platform services.

The Board approved the issuance of a request for proposals for managed account platform services on December 4, 2025, as the contract with PRIM's current managed account provider, Innocap, formerly HedgeMark, was set to expire towards the end of this year.

The recommendation is for the selection of the incumbent, Innocap. The evaluation committee unanimously felt that Innocap was the best firm to provide managed account platform services.

Innocap and HedgeMark merged in 2022, bringing together the two largest and most successful managed account platform providers.

Since we began investing in managed accounts in 2014, Innocap has been instrumental in on-boarding, operating and monitoring PRIM's separately managed accounts.

The team that Innocap has servicing PRIM's relationship is truly Innocap's A team, that on a daily basis act as an extension of staff for PRIM.

Innocap brings industry expertise in all facets of directly managed account operations, allowing PRIM to maintain control of assets, transparency, customization of strategies and firm negotiations yielding fee and expense savings to PRIM.

Over the last decade-plus, Innocap has demonstrated to be the best-in-class platform provider. Since we partnered with Innocap in 2014, Innocap has helped PRIM launch 34 separately managed accounts. And for 11 consecutive years, Innocap has been named best managed account platform provider by *Hedgeweek*.

In addition to bringing top-level talent and services to the PRIM relationship, Innocap will continue to offer PRIM the same fee rate we've had in place over the past several years.

I'll end it there, and I'm happy to take any questions.

TREASURER GOLDBERG: Any questions for Matt? Just want to make sure I'm not missing anyone.

All right. Thank you, Matt.

If there are no more questions, we will proceed with the vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Yes.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Dennis?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes.

The motion carries.

Thank you, Matt.

MR. LIPOSKY: Thank you.

TREASURER GOLDBERG: And that is the end of portfolio completion strategies.

We will next move on to private equity,

and we have Mike McGirr.

MR. McGIRR: Thank you, Madam Treasurer.

Can you hear me okay?

TREASURER GOLDBERG: We can hear you.

So there will be a performance summary, a commitment summary, and then we'll have a follow-on investment recommendation.

MR. McGIRR: That's right.

A few words on performance. As Michael mentioned, we're up 1.4 percent for the quarter and 8.4 percent for the one-year. As a reminder, with our lag, this is the period ending December 2025.

Private equity's performance, as Michael mentioned, was stronger, with growth and venture for the one-year period up more than buyouts.

However, on a relative basis, relative to the State Street Private Equity Index over that one-year period of time, our buyout slightly outperformed, while our venture and growth assets underperformed.

Most acutely, in our venture capital portfolio, the underperformance over the past year is largely a story of what we don't own or don't own enough of, relative to the State Street Index and the venture market in general, as a handful of AI-dominated names have raised increasing amounts of money at higher valuation levels. Those companies include OpenAI, SpaceX, Anthropic, Cursor, Scale AI, Anduril and Perplexity.

A very narrow market dominated by these companies, where, again, we own some of them, but not enough as they have been really the story.

Also moving forward, certainly a focus of the financial press, we have the potential for some of those large companies that are now valued in the private markets at close to a trillion dollars anticipated entering into the public markets so stay tuned.

Moving back to PRIM's long-term performance, private equity performance remains strong with our 10-year, up 15.75 percent. And cash flows for Q1 were positive, distributions outpacing contributions, which is welcome to see.

Private equity assets remains at about 19 and a half billion dollars. That's a slight uptick to 16 percent of PRIT, which is the middle of our target allocation range.

And for context, as a reminder, if we rewound the calendar to this time last year, private equity would have been about 17 percent of PRIT. So 17 to 16 percent.

Looking at the commitment plan for the year, we're about halfway through the year, and we're making progress towards our goal. So feel really good about that. And Alyssa Acker is going to present our investment recommendation with the high-conviction re-up.

But before she takes over, I'm happy to speak to any comments or questions on the private equity portfolio.

TREASURER GOLDBERG: Are there questions for Michael?

MR. NAUGHTON: I have one, Madam Treasurer.

TREASURER GOLDBERG: Yes. Go ahead, please.

MR. NAUGHTON: Good morning, Michael. I just was hearing this morning about SpaceX IPO, and I was wondering if you had any comment on that in the context of PRIM investments.

MR. McGIRR: SpaceX is one of our

misses. We are not invested with the venture capital firms that have participated in that high growth(?) company.

I haven't had time to look through the S-1, but it's certainly going to be a bellwether in terms of reigniting the IPO market.

MR. NAUGHTON: Thank you.

TREASURER GOLDBERG: Is that the only question, Dennis?

MR. NAUGHTON: I'm afraid so, Treasurer. Thank you.

TREASURER GOLDBERG: It's fine.

Okay. We have a motion. We have a second --

MS. D'AMATO: That was good.

TREASURER GOLDBERG: Oh, was there another question? I don't --

MS. D'AMATO: No. I just said that was very good, Treasurer.

TREASURER GOLDBERG: Oh, oh, oh. Thank you.

MS. D'AMATO: And Dennis's humor is even more pronounced so --

TREASURER GOLDBERG: Always has been.

Okay. Then I'm proceeding with the vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Yes.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Dennis?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes.

The motion carries.

Okay then. The next item --

Oh, we're moving on. We are moving on to real estate and timberland performance summary. I'm assuming it's Tim.

MR. FALZONE: I don't know if the Altor presentation took place yet.

Mike, am I wrong?

MR. McGIRR: Yes. Madam Treasurer, I'd like to maybe rewind a little bit for the --

TREASURER GOLDBERG: Okay. Wait a minute. I screwed something up. We had the performance summary and cash flows.

Did I not read the motion?

MR. McGIRR: We haven't had the motion, and we haven't had a investment recommendation.

TREASURER GOLDBERG: And Alyssa is doing the presentation.

Okay. I knew I was due for a second cup of coffee, and I've been so mesmerized, I didn't go get it.

All right. Apologies to everyone. I know I've shown you many times how many papers are spread out in front of me so I won't do that.

Okay. I seek a motion that the PRIM Board approve the Investment Committee's recommendation to approve a commitment of up to 150 million euro to Altor Equity Partners VII, as described in the expanded agenda, and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Is there a second?

MS. McGOLDRICK: Second.

MS. FITCH: Second.

TREASURER GOLDBERG: Okay then. And Alyssa.

And then when Alyssa is done, people can ask questions, and then I'm going to do a roll call vote.

And I'm going to blame all this on Catherine D'Amato for teasing me and Dennis. There you go. I knew I'd find something.

MS. ACKER: Well, thank you, Madam Treasurer.

Good morning, everyone. I'm Alyssa Acker, a senior investment officer on the private equity team.

As the Treasurer mentioned, we have a follow-on recommendation with Altor Equity Partners. We made our first investment with Altor about four years ago in Fund VI.

Altor is a leading private equity firm headquartered in Stockholm, Sweden, investing in lower middle market buyouts in the Nordic region, as well as Germany and Austria.

The firm was founded in 2002 and has since built a leading position in the Nordic mid-market over more than two decades, establishing a very strong reputation as a visionary, ambitious and hands-on partner.

Altor has a sector-focused model and invests in the industrials, business services, consumer, financial services and technology sectors.

While they take a proactive approach to sourcing, they continue to benefit from deal flow from their local networks. Altor seeks to establish partnerships with entrepreneurs and management teams who favor the team's proven focus on operational improvement and willingness to take on complex operational challenges.

We believe that Altor has built a differentiated sourcing advantage through their deep local presence, sector expertise and a strong partnership reputation, a combination that often results in attractive entry valuation.

Altor has developed a repeatable and

well-defined value creation playbook to improve businesses that is focused on commercial, operational and procurement excellence. The firm will also pursue add-on acquisitions.

We're recommending a commitment of up to 150 million euros to Fund VII. And I would be happy to take any questions on Altor.

TREASURER GOLDBERG: Are there questions for Alyssa?

Okay then. Now we will proceed with the vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Yes, Treasurer.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: We couldn't hear you.

Dennis?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes.

The motion carries. All good.

All right then. Now we're going -- oh, we're going to move on to --

I don't see Tim. Oh, there you are, Tim. Okay, great.

Real estate and timberland performance, summary only.

MR. SCHLITZER: Good morning, Madam Treasurer. Good morning, everybody.

I just want to quickly wish Bob well. I've known Bob for over 20 years. I got to PRIM in 2005.

And, Bob, we have on staff always felt your support and your commitment to the mission at PRIM. And that really means a lot to all of us. It has been a pleasure working with you. And I want to thank you for everything.

MR. BROUSSEAU: Thank you, Tim. I appreciate that. I enjoyed working with you and your team also.

MR. SCHLITZER: Thank you, Bob.

So with that, no voting items today from us. I'm just going to speak for a minute on markets and performance, and we'll move on. And not referring to any materials specifically, I would add.

Real estate. In terms of the market environment, private markets were up 1 percent in the first quarter, 3.1 percent for the trailing year. Not back to where we want to be, but solidly in positive return territory.

The U.S. REIT market up 4.8 percent in the first quarter, up over 13 percent year to date, with outperformance being driven by data centers, healthcare, and really senior housing there, and self-storage, sectors which are less prominent in the private benchmark.

Just speaking more specifically to our portfolio, the allocation's at 8.9 percent. No material change there. We're well within range.

In term of our returns, we returned 3.8 percent net for the year, 32 basis points above benchmark.

Let me just break that out a little bit more. Public real estate, so that's about 14 percent of the portfolio, returned 7.9 percent net, 104 basis points above benchmark.

And I'll note that the $300 million that we borrowed in December for real estate was deployed in REITs, generating obviously a very strong return ahead of that long-term redeployment that we planned for.

Private real estate -- Michael spoke to this a little bit -- which is 85 percent of the real estate portfolio, up 3.2 percent net. That's 25 basis points above benchmark.

Levered core. This is really our bread and butter, 95 percent of the private portfolio, up 4 percent net. That's 110 basis points above the benchmark. Led by retail and self-storage, but really with outperformance broadly diversified across sectors and mostly by geographic return dispersion. So that's sort of the differences in the returns, more relative to local supply cycles.

And then non-core. Michael also referenced this bucket. A much smaller part of what we do.

4.6 percent of the portfolio, down about 10 percent, and really no change in the story here. We have not added to this bucket,which is continuing to be driven by headwinds in office, life science lab properties and higher leverage, with some development and in some cases, exposure to apartments.

So just moving on to timberland and a couple of comments on the market environment. The index, the private timberland index, up 1.1 percent in Q1, up 4.9 percent for the trailing year with the Southern region leading, up 6.6 percent, and then the Northwest with higher export exposure positive at 2.4 percent but behind the South.

Housing starts reached 1.5 million in March, a constructive level for log sellers. I did see this morning that the April numbers were down a bit. And we always see volatility there. But still at decent housing start numbers. Hoping that they get higher, though.

And adding a point there. Canadian lumber tariffs, which are at about 45 percent when combined now, have reduced imports and supported domestic lumber price increases in Q1. Still lots of tariff uncertainty. And then elevated mortgage rates are remaining as structural headwinds.

PRIM's portfolio. 2.6 percent of the PRIT Fund. We're well within range. In terms of returns, we were up 4.8 percent net for the year. That's 19 basis points above benchmark.

One of the key return drivers notable here was strong outperformance in the Australia and New Zealand portfolio. A bit of a turn there. I will say a lot of that was FX-driven, but we also had positive returns in local currency. So good to see that as well.

You know, Asian demand does continue to drag a bit, despite strong performance at our property in that region. Longer term, I'm referring to.

So we're continuing to monitor that. But as I said, short-term results are better.

So I'm going to end there, and happy to take any questions.

TREASURER GOLDBERG: Questions?

I don't see any, Tim.

MR. SCHLITZER: Thank you, everyone.

Good to see you.

TREASURER GOLDBERG: Thank you.

Next item on the agenda is stewardship and sustainability engagement update. I see Veena has joined us and --

Veena.

MS. RAMANI: Thank you, Madam Treasurer. Good morning.

Good morning, everyone. I'm Veena Ramani. I'm the director of stewardship.

Again, like Tim, no voting items for us today. Just an information update.

So in our April Stewardship Committee meeting, we covered two topics. Again, interesting going after Tim because the first item was work that we've just embarked in partnership with Tim and the real estate team to conduct a physical climate risk assessment off our real estate holdings with the goal of being able to dig deeper on how our managers are assessing this issue.

But where I'm hoping to focus my time today is to talk about the next -- the additional item we covered, which is our efforts to engage the SEC on their proposal to modernize the corporate disclosure regime, which is a new effort for us.

So as quick background, in January of this year, the SEC issued a call for public feedback on changes that they are considering to Reg S-K, which are the rules that govern everything public companies are required to put in words as a part of their SEC filings.

The SEC's invitation for public feedback, Chair Atkins' letter, is included in your package as Appendix G.

And as you will have seen from the letter, the SEC's view is that the current regulatory expectations for corporate disclosure are not always useful to investors and in fact creates a burden on companies as they are disincentivized to go public, again, sort of hearkening back to the point that Dennis just made about SpaceX.

So as you may recall, transparency is a stewardship priority. It is our view that you cannot make good decisions without good information.

So we felt that this issue was an important one for us to submit our thoughts on what we felt the disclosure regime ought to look like for our purposes, to the SEC.

Now, it was our great pleasure to partner with the Treasurer and her team to draft and submit a letter, which is available in your package as Appendix H.

We have not engaged regulators in this way before, so it was very helpful to lean on the expertise and the experience of the Treasurer and her team in building this out.

Our message is what we hope is a constructive one. We agree that the system is not working as well as it should, but our recommendation is that the SEC should not throw out the baby with the bathwater.

So in that spirit, we also identified a number of targeted adjustments to Reg S-K that we felt would help both companies and their investors.

So let me stop there, Madam Treasurer, and pass it back to you to see if you have any thoughts, and, again, happy to take any questions.

TREASURER GOLDBERG: I just want to add that this committee and the work that this committee is doing, along with all of our superb members of the committee, including several members of our Board here, are doing groundbreaking work.

You know, for years, people were trying to strategize. How can you work with those companies that you invest with in order to assure that your long-term investment with them is not at risk?

And the thoughtful strategies that Veena has proposed and that we've worked through in our various committee meetings are really setting the standard nationally on intelligent approaches of how you execute common sense into investment strategies and work with the companies that we invest in in --

I was going to say a non-threatening way. I mean they would prefer we didn't challenge them at all. But in a comprehensive and intelligent way.

And so I'm very impressed with the work that Veena has done with others. And that's basically what I have to add. Does anyone want to ask any --

I'm going to shut -- I don't know if anyone else can hear a screaming dog, but I'm going to shut off my audio.

MR. BROUSSEAU: Madam Chair?

TREASURER GOLDBERG: Yes.

MR. BROUSSEAU: Bob Brousseau here. You know, you've said many of the thoughts that I've had, but stewardship and sustainability, of course, for all of the negativity that we have seen in certain quarters in this country against this kind of -- these kinds of investments have been I think very shortsighted. And I think some of the comments made in certain regions of the country, I think points that out.

I'm amazed and very proud of the fact that we are a leader, with the literature that I read, and I read a lot of it, especially *Pensions and Investments* and others. We are a leader in this area.

And I really commend you for having had the foresight to move forward as we did, starting about a year and a half ago in this area. I think it's going to make a big different in our society and in the future.

TREASURER GOLDBERG: Thank you, Bob.

Any other comments?

MR. NAUGHTON: I have a comment, Madam Treasurer, if I may.

TREASURER GOLDBERG: Thank you, Dennis. Please do.

MR. NAUGHTON: First, I want to thank Veena for a very thorough report.

And I want to say when that letter first came and I read it, the letter that you sent, Treasurer, I was stunned by the --

Well, I think that it appealed to my Irish sense of humor, I guess I'd say, because we all know what was behind Chair Atkins' request and what he was referring to.

And to me, the response was an exquisite jujitsu one, to take advantage of his presented opportunity to have that input.

Thank you for that great language.

TREASURER GOLDBERG: Since the letter is a public document, I am sharing it with some other treasurers throughout the country because I think that it -- the tongue-in-cheek approach, we may not achieve anything by it.

However, I think we need to draw a line in the sand because we cannot accept that an SEC will deprive investors of their rights as investors.

So any other questions or comments from members of the Board?

Hearing none, Veena, thank you again. As always, I've often said that without Veena --

Veena's incredible creativity and understanding of this space has really helped educate all of us on best approaches that are workable and very importantly within our fiduciary duty.

MS. RAMANI: Thank you, ma'am.

TREASURER GOLDBERG: Next item on the agenda is under finance and administration report. And we will be looking at the draft fiscal year 2027 operating budget, which is a voting item.

And there's Deb Coulter.

MR. FALZONE: Treasurer, do you want to read the motion before we do the presentation?

TREASURER GOLDBERG: I sure will so that

we don't skip it.

MR. FALZONE: Thank you.

TREASURER GOLDBERG: Okay then. I seek a motion that the PRIM Board approve the Administration and Audit Committee's recommendation to approve the draft fiscal year 2027 operating budget attached as Appendix I of the expanded agenda, and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Is there a second?

MR. LAPMAN: Second.

TREASURER GOLDBERG: Thank you.

MR. FALZONE: Thank you, Treasurer. So I'm going to begin, and then I'll hand it over to Deb for more detail.

Before I get into the voting item, though, I'd be remiss if I didn't thank Bob on the record for all the support he's shown the finance and operations team and even more specifically me. I've been working very closely with Bob, as Tim mentioned, 20 years now, but really closely as chair of the Admin and Audit Committee for almost 10 years now.

And he's been a huge help to me, a big supporter of PRIM staff. And we thank you for all of that. So I just wanted to say that before I got into the item.

MR. BROUSSEAU: Thank you, Tony.

MR. FALZONE: You're welcome.

So I'm going to start on page 11 of the expanded agenda. And the actual document is at Appendix I of your packet.

I want to thank Deb, Dan Eckman, director of finance, and the entire finance team for their work creating the budget. There are a lot of other contributors along the way, and I want to thank them as well.

This budget impacts all areas of the organization, and it is genuinely an organization-wide collaboration.

As you know, PRIM operates outside of the state budget and relies on investment returns to support its operations. PRIM is not a line item on the state budget.

You'll notice that the fiscal year 2027

budget this year has a new look. Cosmetic makeover, if you will.

We have been systematically modernizing PRIM's reporting, and what we're presenting to you today reflects the finance team's efforts in this area.

So on page 3 of the actual budget, you'll notice the total fiscal year 2027 budget is projected to be $645.9 million, or 50 basis points, of the projected average PRIT Fund assets, which, as Deb will go over with you, is pretty flat, and we've been able to continue to keep costs low.

This amounts to a budget increase of $42.3 million or 7 percent from the prior year. This budget is based on continued asset growth using NEPC's 10-year growth assumptions of 6.3 percent.

I'm always sensitive to increases in the budget, but with that said, approximately 95 percent of the budget covers expenses for external investment manager fees, advisors, service providers and consultants that are outside of PRIM's four walls. The pie chart on page 4 of the budget shows that breakdown.

With the PRIT Fund's assets continuing to grow, the expense of managing them will also continue to rise. But we consider asset growth a good thing, which will also increase expenses.

So let's say if you isolate investment management fees, they account for over 90 percent of the budget. These are variable costs. The fees are paid to our investment managers for managing the PRIT Fund assets.

These costs are typically based on the value or complexity of our investments. Our actual costs are going to fluctuate as our investment values rise or fall.

Passive index investing is less expensive than investing in more complex or active strategies. There's a pie chart on page 5 that shows the budget allocation by strategy.

It's worth noting that the size of any particular asset allocation or asset class does not directly determine the expense. Active strategies, private markets and other more complex alternative asset classes, they have higher fee structures than the passive public markets do.

Now, none of us here at PRIM like to pay high fees, and the investment team does an excellent job negotiating fees down. But investing in these various asset classes helps diversify the PRIT Fund, and are a critical component of PRIM's asset allocation that has historically allowed the fund to exceed the 7 percent actuarial rate of return.

So those are my prepared comments. And with that, I can hand it over to Deb.

TREASURER GOLDBERG: Before you do, are there any questions for Tony?

Okay. Deb, please take it away.

MS. COULTER: Great. Thanks, Madam Treasurer.

And good morning, everyone. I'm Deb Coulter, PRIM's chief financial officer.

As Tony mentioned, the fiscal year '27 operating budget is approximately $646 million, which equates to an estimated expense ratio of 50 basis points, a rate that remains steady, even with our projected growth in assets and services to support the organization. As always, controlling costs remains a central part of PRIM's philosophy.

As in prior years, the budget is divided into two primary sections: investment expenses, which are the costs directly associated with managing the PRIT Fund assets, and non-investment expenses, which are PRIM's operating costs.

So I'm starting on page 6 of Appendix I. Investment management fees, which represent 91 percent of total expenses, are budgeted to increase by approximately $39.7 million. And this is driven by projected growth in PRIT Fund assets.

The most significant year-over-year increases are seen in global equities where we are budgeting for new enhanced domestic equity managers and a new integrated global equity mandate that was recently approved.

Also in value-added fixed income, where we are projecting an increase in assets with continued growth in our OCO allocation, and in PCS, mainly due to a budgeted increase in hedge fund assets with possible new mandates being added as opportunities arise throughout the year.

In the next section, investment service provider fees are projected to increase by $768,000. And this is largely driven by higher budgeted platform fees to support our separately managed account structures in PCS. These fees are asset-based so as we add new accounts and assets continue to grow, these fees will also increase.

And this increase is offset by decreases in risk and research, where the teams have identified lower fee options for data fees and analytical tools.

So turning to page 7, non-investment expenses. This section includes expenses that support PRIM's daily operations, and they're projected to increase by $1.6 million, mainly driven by a budgeted increase in compensation to support projected organizational growth.

And this section also includes funding for potential AI tools as we continue to explore ways to leverage this technology across the organization.

Moving on to non-investment service providers, expenses in this category are relatively flat, increasing by only $230,000, mainly due to an increase in IT consulting fees to support ongoing projects, including a cybersecurity review and ongoing AI initiatives.

So in summary, the 7 percent budget increase is primarily driven by anticipated growth in PRIT Fund assets and projected investments in organizational growth and technology.

Before I wrap up, I also wanted to thank Bob for his many years of service. As the chair of the Admin and Audit Committee, Bob is the Board member that I've had the most interaction with, and his guidance and support over my time here has been invaluable.

So thank you, Bob.

And with that, we'd be happy to answer any questions.

MR. BROUSSEAU: Thank you, Deb.

Madam Chair, if I may, it's amazing to me after all these years as chair of the committee, you know, sometimes PRIM has received undue criticism because of the increase in fees.

I can't recall a time -- well, maybe one year, there was -- when the basis point cost to manage this nearly $123 billion fund is only 50 basis points. I think one year we may have been at about 49 and a half. But 50 is a very small amount.

The team that Tony has assembled and Deb and the work they have done has been phenomenal. And I think the retirees and the members of the public sector who are impacted by the fund should be proud of the job that they have done.

You know, I've said many times, increase in fees, not a bad thing because if these fees go up, it means that we are investing the money and earning assets for the members of the fund.

So fees are not necessarily bad as we have heard them attacked in some quarters. They are in many instance very good for the growth of our fund.

And that's it. I don't want to say more. But after all these years doing this work, I've come to recognize how important this concept is.

TREASURER GOLDBERG: Thank you, Bob. You put it in very perfectly direct terms.

As we grow, we're going to end up spending more on fees. It's just like when you own your home and if you only have heat but you decide to have air conditioning, you're going to have to pay more in maintenance. It's that kind of thing.

But rather, the payoff on these increased investments more than justifies having to pay more in total fees.

So are there any other questions or comments?

MR. NAUGHTON: I have just a brief comment, if I may, Madam Treasurer.

TREASURER GOLDBERG: Absolutely.

MR. NAUGHTON: First, I want to thank Tony and Deb for presentation. It's always brilliant. But I've got to tell you, as a lifetime educator, I love your new format.

MR. FALZONE: Thank you, Dennis.

MR. NAUGHTON: Thanks for that.

MS. COULTER: Thank you.

TREASURER GOLDBERG: Any other questions?

So we actually do have a voting item here, and we do need to vote to approve the Admin and Audit Committee's recommendation on the operating budget.

So I'm going to put forward the motion that the PRIM Board approve the Admin and Audit

Committee's recommendation to approve the draft fiscal year 2027 operating budget, attached as Appendix I of the expanded agenda, and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MS. FITCH: So moved.

MR. BROUSSEAU: So moved.

MS. McGOLDRICK: Second.

TREASURER GOLDBERG: Second?

Any more questions or comments about the operating budget?

Hearing none, I will proceed with the vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Yes.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Dennis?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes.

The motion carries.

Okay then. The next item is legislative updates.

MR. FALZONE: And we have promoted Emma to help us out today.

TREASURER GOLDBERG: Okay.

MS. STAFF: Hello, everyone. I'm Emma. I'm the Treasurer's deputy director of policy and legislative affairs.

And we've had quite a bit going on in the last couple of months so I wanted to share a few updates, the first being that the legislature is currently in the middle of its budget season.

The house passed its budget in late April, and the senate is now working on their budget as we speak.

Based on the report of the COLA Commission, the house budget included a section that would create a pension cost of living reserve fund. Our team, alongside the PRIM team, reviewed this section and determined that this language is meant to be an accounting exercise on PERAC's side of the house and that PRIM will not need to account for any of the new language, besides continuing to do what we do and earn more than 7 percent.

Both the house and the senate also included the triennial funding schedule that we discussed in February.

And we also saw a few PRIM-related amendments on both the house and senate side, but none of them prevailed.

We will continue to monitor the budget process and keep you posted on any PRIM-related items that make it through the conference and to the governor's desk.

At the same time that the budget has been moving, there is also a new economic development bill that was filed by the governor. Included in the bill is language known as GlobalMass that would direct the PRIM Board to provide a seed investment of at least $50 million for a new fund designated to attract global institutional capital.

The bill was heard by the economic development committee on Tuesday. And we're continuing to monitor the bill as it works its way through the legislature.

I also want to flag that we're coming up on the end of this legislative session. We are approaching the traditional end in July 31, and this year, we're expecting to see some debate continue into the fall.

But we also expect to see a flurry of legislative movement over the next couple of months. Should any of this action relate to PRIM, we will of course keep you all updated.

That's all I have for the moment.

TREASURER GOLDBERG: Thank you, Emma.

Are there questions for Emma?

MR. NAUGHTON: Madam Treasurer, if I may, I have a comment. I think I understood Emma to make allusion to H.5386, section 104. And I just want to comment on that.

TREASURER GOLDBERG: Can you tell me what that is?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: I'm not good with the numbers. I mean I'm good with numbers, but not with the bill numbers.

MR. NAUGHTON: Yes. Just quickly, okay, because we ought to -- I wake up in the night sometimes thinking about section 104 of that bill because it's so horrible in my opinion.

This is what Emma referred to as taking between $50 and $100 million from the PRIT Fund to be turned over to essentially one of the cabinet secretaries of the governor's regime to be "invested," quote/unquote, in something or other.

And it really isn't clear where that money is going to go. My understanding of it is that if it goes, it's not going to be anything that comes back to the PRIT Fund. It's just going to be out there in space somewhere.

So it could be really viewed as a simple expenditure, between $50 and a hundred million dollars, out of the PRIT Fund.

Now, here's the thing, all right. All of my active colleagues in education in Massachusetts pay 11 percent of their paycheck every pay period all year long, year in and year out, faithfully, because they have no choice, into investments in the PRIT Fund.

And for the executive branch of the Commonwealth to essentially treat the PRIT Fund, in my view, as an ATM to finance something that they want to finance, frankly, I'm appalled to think that all of the active and retired teachers who rely on this pension system would be treated in such a backhanded cavalier fashion.

And if I sound emotional in saying this, it's because I am. I'm horrified at this prospect.

And every one of us on the PRIM Board should take this as a lesson, dig in our heels, contact our own legislators and say no. This is the wrong thing to do. This is a slippery slope. Bad precedent.

And I will end by saying if you take a look at how much the legislature failed to fund the pension system between 2000 and 2025, you can really see that it's already been used over many years as an ATM.

Enough. We have to stand firm on this. It's wrong. Thank you.

MR. BROUSSEAU: Kudos to Dennis for saying this. And, Madam Treasurer, I've been appalled over the years also, and it is the fear of many of our members that PRIM could be used as a piggy bank to fund not just this, but any other effort that might come out of state government to pay for these expenses.

And they're looking at us for the $123 billion and attempts to I would say raid this fund for these purposes.

And I also am appalled by this.

MS. McGOLDRICK: I want to echo both Dennis and Bob's comments.

NAGE has been advocating against the passage of this bill. Our legislative team has met with legislative leadership. I had a discussion with Executive Director Trotsky and also, Treasurer, with your legislative director, Emily Kowtoniuk, about our position in this.

And we view it very similarly. This is our beneficiaries' money that is entrusted in the capable hands of the PRIM staff. And it should not be loaned out to the executive branch so they can invest it in whatever way or manner that they see fit.

So I'm glad that you both raised that. Thank you.

MR. BROUSSEAU: And to add to that, Theresa, when looking at this, for years and years, the retirees have received a measly sum for close to 15 years now of $390 per year as a cost of living adjustment to their pension that are capped at $13,000 is the limit that they'll pay, that 3 percent cost of living of $390 per year.

The fact is this $100 million could go a long way towards funding a meaningful cost of living adjustment for our retirees.

MS. McGOLDRICK: Yes. Who are living check to check.

MR. BROUSSEAU: You're right.

MS. McGOLDRICK: Mm-hmm.

MS. FITCH: You know, I just want to add my voice to all that's been said. I think that it is worth paying attention to. Obviously we would do that. But raising issues, if need be. It's just too important not to.

TREASURER GOLDBERG: Is there anyone else who wants to comment? Because I do want to comment also.

First of all, I totally understand the concerns that you and our member systems and others have voiced. I am particularly sensitive to the environment that PRIM is in right now.

Dennis, honestly, my list is a little bit even longer than yours. (a) We're navigating, from my perspective, an increasingly challenging volatile market. And the world is in tremendous amount of instability.

The war in Iran has deepened economic uncertainty. We hear there's going to be a ceasefire; oil prices go down. The ceasefire's over; oil prices go up. I mean, it's crazy out there.

And the good news is really an enhanced COLA payment. But again, that will be at a cost to the fund. And we are working on the language and a way in which to do it that will have the least negative impact on the fund.

I know that I was not particularly comfortable with the new triennial funding schedule, pushing it out. It's 2039, I believe, they pushed it out to.

MR. BROUSSEAU: Yes, yes, yes.

TREASURER GOLDBERG: Yes. And I think that this is an issue that is worthy of thoughtful deliberation.

And Dennis articulated it beautifully.

MS. FITCH: Yes.

TREASURER GOLDBERG: So one question I have -- whether Tony or Michael knows the answer to this -- is is there no return to PRIM at all in what the administration is proposing?

MR. TROTSKY: Well, I just think it's at this point a little unclear how the money will be deployed and what the return will be.

But really the existence of the legislation does reflect the fact that this kind of investment is outside of PRIM's strategy.

TREASURER GOLDBERG: No. That's absolutely. And I know that we all explained that to them over and over, that it is --

We've had in the last six months at least on three occasions been asked to -- have had to explain how we operate to various people and that our fiduciary duty is to our beneficiaries, that we have certain strategies of how we achieve our goals, the challenges that we have in front of us, just with the volatility of the market, our moving towards trying to be fully funded and the like, and why we do not want to do high-risk strategies in any kind of uncontrolled way.

But I had thought that this potentially, that there would be some return on the money. And I don't know if that was the case or not.

And I have even shared the list that I've just articulated now, the cost of the COLA, which is something we do want to do; the triennial funding, which we were not happy with; the volatility in the market. I mean there are a lot of things that we're dealing with.

And I certainly can understand, and we have seen this before. I mean, Bob, you recall the economically targeted investment strategy of 2006.

MR. BROUSSEAU: Oh, yes.

TREASURER GOLDBERG: And it still -- you know, this is not the first time that the pension fund has been asked. And in admirable ways. The idea with ETI in 2006 was to create housing in Massachusetts, only the mandate wasn't entirely

Massachusetts.

At least in this case, it's a desire and attempt to draw businesses in and have businesses grow in Massachusetts. And I think the concept is a good one in terms of the goals because of what the federal government has been doing to us. We need private investment because we're not getting the kind of public investment dollars.

But we have been sharing pretty much everything Dennis said. And it's a legislative matter. And we've encouraged people to talk with all of you and consider all of these things in light of the total picture.

Anything else?

MR. BROUSSEAU: Well, I think you've said it very well, Madam Chair. I mean if I look at, you know, people paying 11 percent of their salary into a fund that when they retire, they're going to get $390 per year in cost of living, I think the discrepancy here is well-noted.

TREASURER GOLDBERG: So okay then. I was also happy to see that some of the other PRIM-related bills have not moved. That was the other thing that was on my mind because they were not productive, from my point of view, towards the operations of the PRIM Board.

MR. NAUGHTON: Madam Treasurer, if I may, just quickly, I neglected in the beginning of my remarks to thank Emma for a very thorough report.

TREASURER GOLDBERG: Emma's great. I know we usually see Emily, but Emma is also quite excellent.

So thank you, Emma.

MS. STAFF: Thank you, all.

TREASURER GOLDBERG: Okay. The next item is the results of the PRIM Board's self-evaluation.

MS. LeFEVRE: Would you like me to introduce Kevin?

TREASURER GOLDBERG: Yes, you can introduce Kevin. It was my understanding that you were going to kick things off, Renee.

MS. LeFEVRE: Yes.

TREASURER GOLDBERG: Okay.

MS. LeFEVRE: Good morning.

TREASURER GOLDBERG: Turn it over to both of you.

MS. LeFEVRE: Madam Treasurer and Board members, thank you.

As required, the Board recently filled out the year-end Board self-evaluation survey. And today our outside counsel, Kevin Conroy, from the law firm of Foley Hoag will present the survey results and findings.

Kevin.

MR. CONROY: Good morning, everybody. It's good to see you.

It's good to see you, Treasurer.

Tony, could you put the slides up, please.

So I'm presenting on the self-evaluation survey that many of you completed.

Tony, next slide, please.

As you know, we used an online platform, SurveyMonkey, to complete the survey. This survey was substantially similar to the same surveys we did in 2024, 2020 and 2019. Seven members completed the survey. And then we analyzed the responses and prepared this report.

Next slide, Tony.

So I want to start first with the open-ended questions because I think these are the ones that provide the most -- are most meaningful to our discussion.

Look. This Board thinks very highly of itself. It thinks it functions well. You think that the Board is effective, and you think the Board is aligned with management.

You think that the leadership and staff at PRIM are strong. And you're proud of the fact that the Board has maintained strategy during volatile market conditions.

You appreciate the expanded work that you have put into shareholder actions and proxy voting.

And, you know, we don't always see this in Board surveys that we do for Boards so, you know, you should be proud of this. We don't always see this. It's doesn't happen all the time. But you do think your fellow Board members are smart, thoughtful and respectful. And that's great.

Next slide, Tony.

The Board is collaborative. The decision-making is effective. The Board adheres to its own policies and takes timely action to address issues.

The Board works well together and creates a supportive environment for management and staff. Importantly, the Board feels that it provides alternative views to management. And the Board communicates and sets goals effectively.

Again, I just want to emphasize, we do a fair number of Board surveys. This is not always the way these survey results come back. And so this is very positive.

Next slide, please.

All right. As a number of folks have referenced so far during the meeting, the Board indicated in the survey that the number of Board meetings is optimal, that you like the quarterly meetings.

But some of you, more than one of you, have indicated that the Board meetings are too long.

There were a number of suggestions that Board members suggested streamlining meetings by reducing time spent on operational details and keeping the focus at a higher level, a more strategic level.

We surveyed your interest in Board education topics. And your top priorities are portfolio risk management, asset allocation/asset mix, investments, governance and fiduciary duty.

You also suggested -- one of you suggested different education tracks for newer and more experienced Board members.

And then finally, a number of you suggested that there should be a review of the Board governance documents and an enhancement of the Board code of conduct.

And I will actually be presenting on those issues after this presentation.

Next slide, please.

So in general, here are the conclusions. Board member interactions are positive. Your interactions with management are viewed favorably by the Board. You feel like you accomplish your communication and goal-setting functions. You'd like more streamlined meetings. And you wonder about education for newer Board members.

Let me just get to the last slide, Tony, please.

So there were a number of suggestions for improvement. And I just want to walk through these.

We talked about this. Board meetings could be shorter and more strategically focused. Operational details, particularly individual manager hire decisions, many of you thought should be shifted to the committees with condensed high-level briefings for the full Board.

And presentations should not read Board book materials word for word.

And I'm trying to avoid that right now, Treasurer, okay.

The Board should prioritize a review of its governance documents. I went through what the Board education priorities are.

And for future self-evaluation surveys, again, an indication that maybe newer Board members should get certain self-evaluation questions and more experienced Board members should get different questions.

Those are the results. Are there questions for me?

TREASURER GOLDBERG: Anyone?

Actually, the last recommendation about different questions, I don't recall having seen that before. That's actually a very interesting idea.

MR. CONROY: Yes. I would say a couple thoughts on this, Treasurer. There is this -- and this came out in a number of ways, that maybe some of our newer Board members might need different education and might get asked different questions on an evaluation survey.

TREASURER GOLDBERG: Yes. I think that's a really good idea. I mean, we do have open-ended conversations.

And one of the things we consistently recommend is that -- and Michael and the staff are open, willing and more than able to do extra work with newer Board members to help them.

I know when -- Mark, I'm sure you've met with the team, and I know when Catherine came on, she was meeting with the team. And everyone feels very comfortable outreaching to not only Michael, but others on the team for information and conversations and educational opportunities.

But I think that's a great question. So

I'm happy to see that included.

Are there other questions for Kevin on this? This is not, I want to point out, a voting item. It's their analysis of the Board evaluation.

MR. BROUSSEAU: Not a question, Madam Chair, but just a comment.

I was very pleased in reading through the report very, very thoroughly -- I know for the administrative committee, we did. And today.

However, I think that we are -- tell me if I'm wrong. We are ahead of the curve in seeing more and more decision-making being made -- and I think this has been positive -- where staff members and the staff and our investments -- will have more authority to make the investment decisions that we think have to come to the Board every time probably somebody sneezes.

And I think that concept of more staff responsibility I think is a good one.

But especially the Board should be relying far more on discussing strategic issues and strategy. And I think that is a very positive move on our part.

And I'm wondering if we are ahead of the curve with other pension funds, or are they ahead of us? Or does Kevin know this?

MR. CONROY: I do know this, Bob, and you're stealing a little bit from my next presentation. And I'll answer the question now, and then I'll just talk in less detail at the next presentation.

There is a trend among pension funds to push down investment decisions to committees and staff. And in fact, the PRIM staff has a report from Verus, one of its consultants, that finds that the trend among large state-level public funds is for Boards to continue to retain the strategic decision-making, but to push down the decision-making on investments and investment managers to committees or staffs.

And CalPERS, CalSTRS, Teachers Retirement System of Texas and the State of Wisconsin Investment Board have all done that.

But I'm going to get into more detail on that, Bob, in our next presentation.

MR. BROUSSEAU: Okay. Thank you.

TREASURER GOLDBERG: Thank you, Bob, and

thank you, Kevin.

If there are no more questions on the self-evaluation, we do have a voting item. And so what I'm going to do is before Kevin and/or Renee --

I don't know, Renee, if you're going to be part of this.

I'm going to seek a motion that the PRIM Board approve the Administration and Audit Committee's recommendation to update the PRIM Board Governance Manual, which includes the delegation of certain functions to the Investment Committee and Real Estate and Timberland Committee, all in a manner consistent with PRIM's investment policy statement, as presented in Appendix K of the expanded agenda, and further to authorize the executive director to take all actions necessary to effectuate this vote.

Is there a motion?

MS. FITCH: So moved.

MR. BROUSSEAU: So moved.

TREASURER GOLDBERG: Is there a second?

MR. LAPMAN: Second.

TREASURER GOLDBERG: Thank you, Mark.

Okay. I'm turning it back over to Kevin

and Renee.

MS. LeFEVRE: I could give Kevin a quick introduction, just for the minutes.

Thank you again, Madam Treasurer, and board members.

The PRIM Board governance manual is required to be reviewed, and we have engaged our outside counsel, Foley Hoag. We asked Foley Hoag to review the manual, survey best practices and propose changes as necessary.

Kevin Conroy from Foley Hoag will present the proposed changes and recommendations today. Thank you.

Kevin.

MR. CONROY: Thank you.

Thanks for putting up the slides, Tony.

You can go to the next slide. Thank you, Tony.

So your governance manual was last amended in 2023. And in current form, it provides that the manual shall be reviewed every three years.

I just talked to you about the findings of the Board survey, and a number of the findings of the Board survey are specifically addressed in what we propose as governance manual changes today.

We worked with Renee and other staff members in proposing these governance manual changes that the Treasurer noted are at Appendix K.

Next slide, please.

So we have four recommendations. First is that we suggest you alter the frequency of the Board governance manual review. The current version of the Board governance manual provides that it shall be reviewed at least every three years.

We think this three years is arbitrary. We would recommend that you strike that and that you leave it to your own discretion when to review the governance manual.

You may find that you need to alter it more frequently than three years. You may find that you don't need to alter it more frequently than three years.

But three years is arbitrary, and we recommend that you take that out.

Next slide, please, Tony.

This came directly from the survey. A number of Board members suggested an enhancement of the code of conduct for Board members. And we propose a number of changes to the code of conduct.

First, we suggest your code of conduct also be extended to committee members. Currently it only applies to Board members, but you have a variety of non-Board member committee members. And they should be under the same code of conduct as you are.

We suggest incorporating the fiduciary duties. This is already in your statute. And it should be incorporated into your code, what is in the statute.

Confidentiality in your role is very important, as you know. And it's important for your committee members also, especially Investment Committee members, to live by the certain codes of making sure that they keep material confidential. And we've incorporated that into the code.

This is not an issue for the Board in the short term, but we think it's a best practice that the chair has sufficient tools to run Board meetings efficiently. And we've proposed a number of changes to the governance code to give the chair the authority to do that.

And we talk about enhanced procedures to enforce the code, including clarifying the process for suspension and removal of non-designee Board members.

As you know, you have different ways that you are appointed. Right now, there is no procedure for Board members who are not designated, who are not appointed by someone to serve, and we think that should be changed.

Next slide, please, Tony.

So due to Bob's good question, I've talked a little bit about this, and so I'm going to go in a little less detail on this slide.

But our third recommendation is that we delegate certain investment decision-making to staff and the Investment Committee, rather than requiring the full Board approval for each recommendation.

We think this is a better -- and as I noted before, this is a trend throughout larger pension funds. You have a consultant report from Verus that talks about the importance of this.

And there's a number of advantages. It leaves for better use of board time. It allows you to focus on strategy risk and fiduciary oversight, reduces the repetitive nature of PRIM Board meetings.

And it allows for a stronger governance structure. You as a Board are responsible for oversight. It allows the committee and the staff to focus on execution and allows for more efficient and timely decision-making.

So we recommend the delegation of authority to the Investment and the Real Estate and Timber Committees to select investment managers and partners.

I want to note on our last recommendation that the Board and committees will continue to receive the same information. You as a board will continue to receive the same information about investment manager selection.

And the Board and the committees will continue to meet their obligations under the Open Meeting Law.

Next slide, please, Tony.

So finally, there are a number of administrative and cosmetic changes. It clarifies the appointment process for Board committees to reflect the current process. We clarify the process for Board and committee members' interaction with PRIM staff members. We clarified in the proposed code the communication responsibilities of the Board and committee members.

And then I'll note at the end here, right now, your governance manual provides for a self-evaluation process, which we just went through in this presentation before this, every year.

That's pretty frequent, for a Board to be surveying itself every year. You only have quarterly meetings. You're a very active Board.

But to sort of evaluate yourself on a yearly basis and to go through a survey process is probably not best practice. And we suggest extending that out to three years.

That is my presentation. Are there questions?

TREASURER GOLDBERG: Questions from members of the Board?

We had very robust discussions at the Admin and Audit Committee meeting, which is exactly what's part of the proposal is that the subcommittees vet a lot of the information so that we are streamlining Board meetings.

This is a voting item. So before I move to the vote, I just want to make sure that everyone feels comfortable with all of the changes that are being proposed.

MS. McGOLDRICK: Can I speak, Madam Treasurer?

TREASURER GOLDBERG: Absolutely.

MS. McGOLDRICK: Obviously I already spoke on this in Admin and Audit Committee, but I do think that these are valid changes that should have been made even sooner.

We were looking at doing this earlier. Time gets away from us, and there's a lot of things on our plate.

But I think this is the right thing to do and the right time to address it. And I am fully in support of the changes.

TREASURER GOLDBERG: Thank you, Theresa. Any other questions or comments?

Hearing none, I will proceed with the vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Yes.

TREASURER GOLDBERG: Ruth Ellen?

MS. FITCH: Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: Yes.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Dennis?

MR. NAUGHTON: Yes.

TREASURER GOLDBERG: Carly?

MS. ROSE: Yes.

TREASURER GOLDBERG: Myself, yes. The motion carries.

Okay. Other matters. They're just advisory.

MR. FALZONE: Yes. Informational updates.

TREASURER GOLDBERG: Right, exactly.

MR. FALZONE: Happy to answer any questions.

TREASURER GOLDBERG: Well, we did streamline, guys. It's 11:45.

MR. TROTSKY: That's terrific. Off to a good start. We'll even be better next time.

TREASURER GOLDBERG: And by the way, this was even with the opportunity to hear from Bob, each of us giving Bob our love and our best wishes and thanks, particularly thanks. I mean, none of us would be where we are today without Bob Brousseau.

MR. BROUSSEAU: Thank you, Chair.

TREASURER GOLDBERG: And I thank you for the extraordinary effort that you made both to attend the last Admin and Audit Committee meeting and today's meeting.

And this is not goodbye. This is just until the next time we speak with you.

MR. BROUSSEAU: Yes. Well, Madam Chair, I'm in an assisted living facility right down here in Buzzards Bay. Very happy, a lovely apartment.

And hopefully things will get better.

We've had health issues, both myself and my dear wife, Mary. But hopefully things will improve.

TREASURER GOLDBERG: Well, you know I have an expression because I've said it to you before. It's refuah sh'leimah, which is a prayer for a perfect healing for both of you.

MS. FITCH: Well said.

MR. BROUSSEAU: Do you want me to make the final motion?

TREASURER GOLDBERG: I do. I would like you to make the final motion.

MR. BROUSSEAU: I would like to move that the PRIM Board adjourn this meeting on behalf of the eight voting members of the Board, and I might add also posthumously including Paul Shanley --

TREASURER GOLDBERG: Yes.

MR. BROUSSEAU: -- a very good friend, who of course was very, very active in this Board. And I know that he would -- up there looking down at us that we approve adjourning this meeting of the Board.

MR. NAUGHTON: Second.

TREASURER GOLDBERG: Thank you, Dennis.

MR. BROUSSEAU: And also I would like to add and the best wishes of the Board, Michael, Amy and Ben.

TREASURER GOLDBERG: Okay. I'll allow that amendment.

Can you second that, Dennis?

MR. NAUGHTON: Absolutely. Second it, Treasurer.

TREASURER GOLDBERG: All right. And with that, we will do a roll call vote.

Bob?

MR. BROUSSEAU: Yes.

TREASURER GOLDBERG: Catherine?

MS. D'AMATO: Absolutely.

Best wishes, Bob.

TREASURER GOLDBERG: Ruth Ellen?

MR. BROUSSEAU: Thank you.

MS. FITCH: Thumbs-up. Yes.

TREASURER GOLDBERG: Theresa?

MS. McGOLDRICK: We love you, Bob.

Yes.

MR. BROUSSEAU: Thank you.

TREASURER GOLDBERG: Mark?

MR. LAPMAN: Yes.

TREASURER GOLDBERG: Dennis?

MR. NAUGHTON: Yes.

Talk soon, Bob.

TREASURER GOLDBERG: Myself is sending a big hug, a big kiss. And I want you to feel better really soon.

MR. BROUSSEAU: Thank you so much. I so appreciate it. Love to all of you.

TREASURER GOLDBERG: And by the way, I think I said yes, but I'll say it again, Tony and Renee, in case you didn't hear that part of it.

Our meeting is adjourned.

(Meeting adjourned at 11:48 a.m.)