



Minutes of the PRIM Administration and Audit Committee Remote Meeting
Thursday, August 1, 2024

Committee members attending:

- Robert Brousseau, Chair
- Treasurer Deborah Goldberg
- Patrick Brock
- Catherine D'Amato
- Dennis Naughton

Committee members not attending:

- James Hearty
- Theresa McGoldrick, Esq

The PRIM Administration and Audit Committee meeting was called to order at 10:03 a.m. Chair Robert Brousseau asked Treasurer Deborah Goldberg to chair the meeting due to a medical issue. Treasurer Goldberg announced that the meeting was being held in accordance with the provisions of Massachusetts Acts of 2022, Chapter 22, which was most recently amended on March 29, 2023, to include an extension of the 2020 Executive Order 'Suspending Certain Provisions of the Open Meeting Law' until March 31, 2025. All members of the Committee that participated did so remotely via audio/video conferencing, and public access to the deliberations of the Committee was provided via telephone, with all documents referenced at the meeting available to be viewed on PRIM's website (www.mapension.com). At the start of the meeting, the names of the members participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The PRIM Administration and Audit Committee approved (unanimously) by roll call vote the minutes of its May 10, 2024, meeting.

II. Executive Director / Chief Investment Officer Report

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

Mr. Trotsky was pleased to report that the PRIT Fund ended with another record balance of \$105.3 billion, surpassing the previous record of \$96.6 billion set last year. The PRIT Fund returned 9.9% (9.5%, net) for a net gain of \$9.1 billion in the fiscal year, with five of the seven asset classes outperforming their benchmarks. PRIM Staff researched and deployed \$6.6 billion in attractive new investments during the year.

Organizational Updates

Mr. Trotsky noted that PRIM had zero turnover in the fiscal year and successfully recruited three new employees and eight interns, all of whom are diverse in terms of race and/or gender. Currently, 63% of PRIM's workforce is diverse, and 52% is female.

Katherine Kovach recently joined PRIM as an Investment Analyst on the Private Equity team. Previously, Katherine was an Alternatives Senior Analyst at Corebridge Financial, formerly known as AIG, in New York City. Katherine graduated from the University of Virginia in 2022 with a bachelor's degree in Commerce – Accounting and Finance.

PRIM's Private Equity program once again finished in the top five (#4) in the American Investment Council's annual ranking of public pension plans based on 10-year performance. In addition, Bill Li, CFA, CAIA, Director of Portfolio Completion Strategies, received Alpha Edge Next Generation Recognition. PRIM ranked fourth in the U.S. for assets managed by diverse managers according to Pensions and Investments, and PRIM was awarded two Commonwealth Citations for Outstanding Performance.

PRIM earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the 19th consecutive year and successfully completed the CFA Institute's Global Investment Performance Standards of Integrity and Transparency (GIPS). PRIM also completed more than 30 separate audits, all of which resulted in unmodified opinions with no findings.

Mr. Trotsky will also receive a Lifetime Achievement award in October 2024 and was named on the CIO Power 100 list.

Market and PRIT Fund Performance

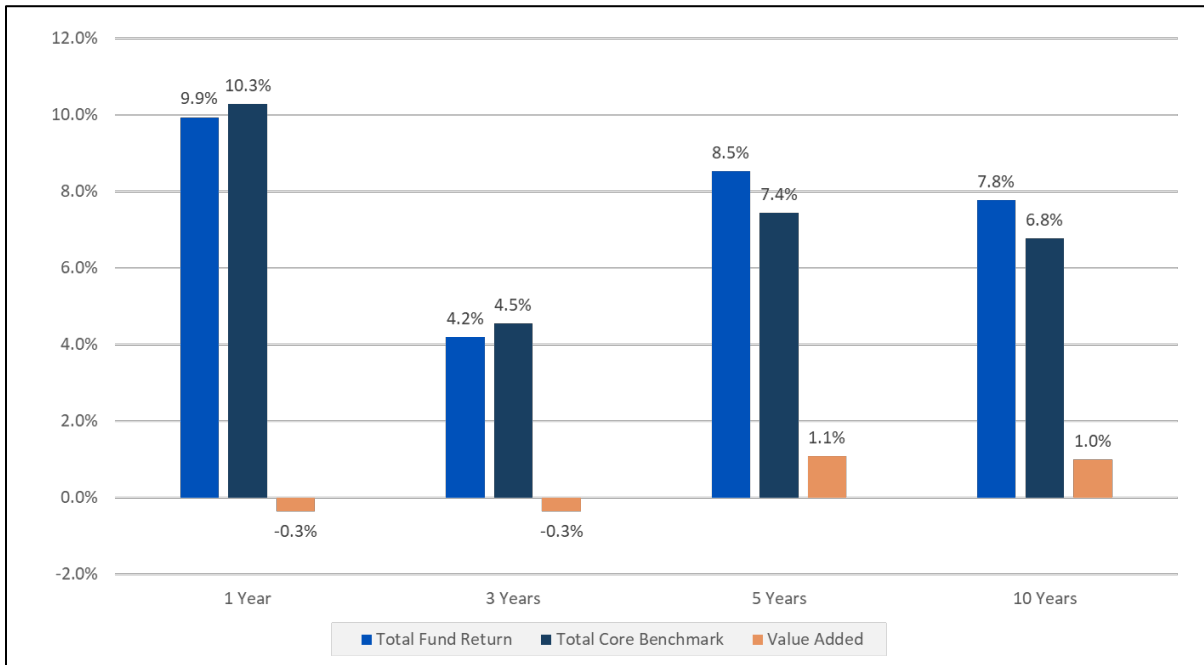
Mr. Trotsky noted that markets overall remained very strong: U.S. equities were up 24.6%, developed international equities were up 11.2%, and emerging markets equities were up 12.5%. Diversified bonds were up 2.6% as interest rates (and inflation) began to decline. The highest returning PRIT Fund asset classes included Global Equities, Value-Added Fixed Income, Portfolio Completion Strategies, and Timberland, all returning more than 10% net of fees. Hedge Funds had a very strong year with the highest Sharpe ratio (risk-adjusted return) of any asset class and a return of 12.5%. Private Equity returned nearly 8%, net of fees, continuing its strong rebound. Real Estate was the weakest, down nearly 7% for the year but still far outpacing the benchmark and peers.

- U.S. GDP expanded an annualized 2.8% in Q2, up from 1.4% in Q1, and above forecasts of 2.0%. Consumer spending accelerated (2.3% vs. 1.5%), led by a rebound in consumption of goods, mostly motor vehicles, recreational goods and vehicles, and gasoline, while services slowed.
- The U.S. Consumer Price Index fell for a third straight month to 3.0% in June, the lowest since June 2023, compared to 3.3% in May and below forecasts of 3.1%.
- The number of Americans filing for unemployment benefits fell by 10,000 to 235,000 for the period ending July 20, slightly below market expectations, but due to a higher participation rate, the unemployment rate rose slightly to 4.1%.
- Eurozone GDP expanded 0.3% in Q1 2024, recovering from a 0.1% contraction in each of the previous two quarters, inflation fell to 2.5%, unemployment remains at an all-time low of 6.4%, and the ECB has also kept rates unchanged in July.
- Chinese GDP expanded 4.7% y/y in Q2 2024, missing market forecasts of 5.1% and slowing from a 5.3% growth in Q1

The FUTURE Initiative, the program to increase the diversity of PRIM's investment managers, had another successful year. PRIM invested more than \$2.3 billion with diverse managers over six asset classes, including approximately \$270 million to emerging diverse managers. The PRIT Fund currently invests more than \$12.6 billion with diverse investment managers, nearly 12% of the PRIT Fund.

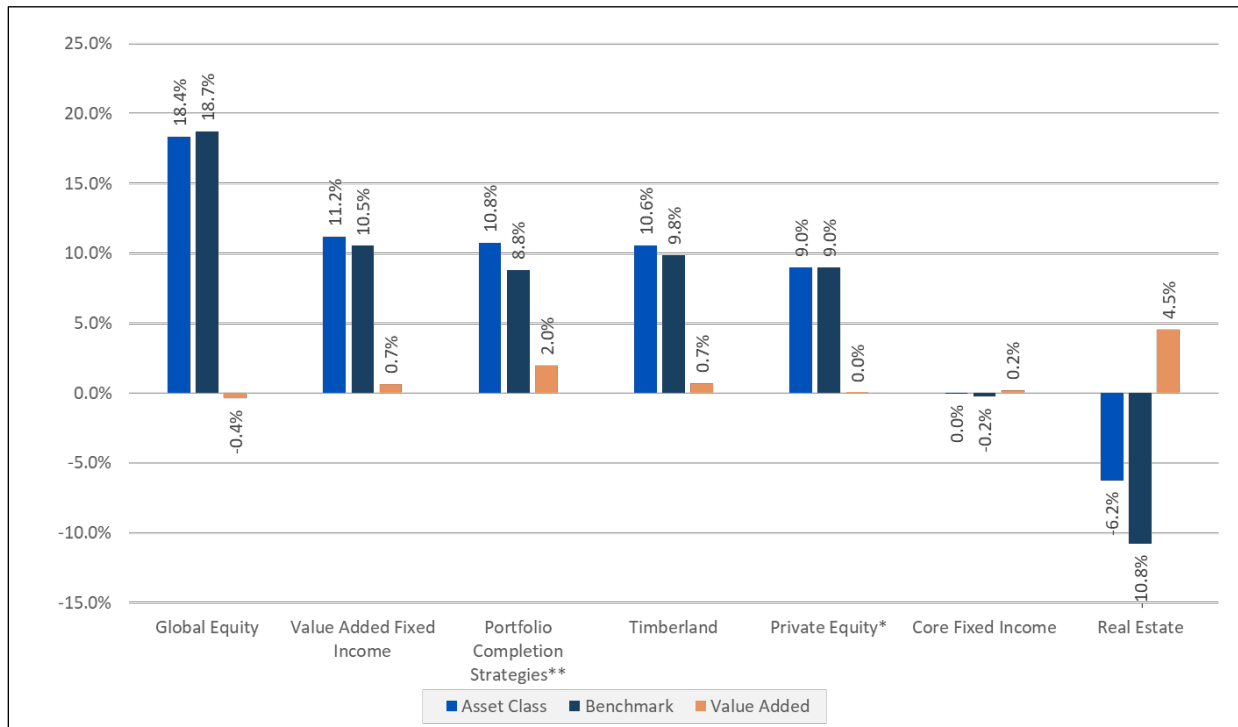
Mr. Trotsky referenced performance charts from Appendix B, a sample of which is as follows:

Total PRIT Fund Returns (Gross of Fees) Annualized Returns as of June 30, 2024



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

PRIT Performance by Asset Class (Gross of Fees) Annualized Returns as of June 30, 2024



Source: BNY Mellon. Totals may not add due to rounding. *Benchmark is actual performance. **Hedge Fund returns are net of fees.

PRIT Fund Periodic Table of Returns
(Gross of Fees) as of June 30, 2024

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 18.4%	PRIVATE EQUITY 10.2%	PRIVATE EQUITY 19.3%	PRIVATE EQUITY 18.5%
VALUE-ADDED FIXED INCOME 11.2%	TIMBER 9.3%	GLOBAL EQUITY 10.8%	GLOBAL EQUITY 8.6%
PORTFOLIO COMPLETION STRATEGIES 10.8%	GLOBAL EQUITY 5.2%	TIMBER 6.7%	REAL ESTATE 7.7%
TIMBER 10.6%	VALUE-ADDED FIXED INCOME 5.1%	REAL ESTATE 6.2%	TIMBER 6.2%
PRIVATE EQUITY 9.0%	REAL ESTATE 4.6%	VALUE-ADDED FIXED INCOME 5.9%	VALUE-ADDED FIXED INCOME 4.8%
CORE FIXED INCOME (0.0%)	PORTFOLIO COMPLETION STRATEGIES 4.4%	PORTFOLIO COMPLETION STRATEGIES 4.6%	PORTFOLIO COMPLETION STRATEGIES 3.8%
REAL ESTATE (6.2%)	CORE FIXED INCOME (4.9%)	CORE FIXED INCOME (0.5%)	CORE FIXED INCOME 2.1%

Source: BNY Mellon

III. Executive Director’s Fiscal Year 2025 Goals and Objectives (Voting Item)

Treasurer Goldberg noted that the Administration and Audit Committee, pursuant to the PRIM Board Charters, is tasked with reviewing and potentially revising the Executive Director’s proposed goals and objectives and recommending them to the PRIM Board for approval.

Mr. Trotsky noted that his fiscal year 2025 Goals and Objectives are largely consistent with prior years. He highlighted a few of his new goals and objectives, including the Investment Policy Statement (IPS) review, PRIT Fund Liquidity Study, and an AI Large Language Model implementation.

The Administration and Audit Committee voted (unanimously) by roll call vote to recommend to the PRIM Board that the Board approve the Executive Director’s Fiscal Year 2025 Goals and Objectives, as outlined in Appendix D of the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

Treasurer Goldberg reiterated the Executive Director evaluation process and asked that members contact Dennis Naughton, who is assisting Chair Brousseau with the administration of the process, with comments so that he could incorporate them into Mr. Trotsky’s performance evaluation for the presentation to the PRIM Board.

IV. Proposed 2025 PRIM Board and Committee Meeting Schedule

Anthony Falzone, PRIM’s Deputy Executive Director and Chief Operating Officer, mentioned to the Committee that the proposed 2025 PRIM Board and committee meeting schedule was not a voting item and that a final draft would be included in the November Administration and Audit Committee meeting materials for a recommendation to the Board at its December meeting.

V. Legislative Update

Emily Kowtoniuk, Director of Policy & Legislative Affairs in Treasurer Goldberg's office, provided a legislative update. Ms. Kowtoniuk reported that Governor Maura Healey had signed the Fiscal Year 2025 budget and that it did not include language that would alter the composition of the PRIM Board.

Additionally, Ms. Kowtoniuk mentioned that one stand-alone bill is still pending before the legislature, and her team will monitor it during the informal legislative session.

VI. Other Matters:

The Committee members briefly discussed the following topics:

- A. June 2024 PRIM Budget
- B. Travel Report
- C. Client Service

The PRIM Administration and Audit Committee meeting adjourned at 10:53 a.m.

List of documents and exhibits used during the meeting:

- Minutes of the PRIM Administration and Audit Committee Meeting of May 10, 2024
- PRIT Fund Performance Report (June 30, 2024)
- BNY Mellon Gross of Fees Performance Report (June 30, 2024)
- Executive Director and Chief Investment Officer's Draft Fiscal Year 2025 Goals and Objectives
- Proposed 2025 PRIM Board and Committee Meeting Schedule
- June 2024 PRIM Operating Budget
- Travel Report