



Minutes of the PRIM Administration and Audit Committee Remote Meeting
Tuesday, November 19, 2024

Committee members attending:

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

Committee members not attending:

- Theresa McGoldrick, Esq.

The PRIM Administration and Audit Committee meeting was called to order at 9:31 a.m. Chair Robert Brousseau 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 members' names 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 August 1, 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 began his remarks by highlighting the two audit-related items (Annual Report and Audit Report) on the agenda. He announced that all audits have resulted in unmodified, clean opinions. He added that PRIM's FY 2023 report was recently awarded the Certificate of Achievement for Excellence in Financial Reporting for the 19th consecutive year.

Mr. Trotsky continued by explaining that PRIM manages a very large and complex fund and operates in a constant state of auditing; this year, auditors conducted 34 separate audits. Unmodified audit opinions, a robust annual financial report, and compliance with GIP's performance reporting standards – one of only a small handful of pension funds to do so – are a testament to PRIM's time and attention to ensure that our reporting is timely, accurate, and complete. He thanked PRIM's Chief Financial Officer/Chief Administration Officer, Deb Coulter, Director of Audits and Financial Reporting, Qingmei Li, and the Finance and Accounting team for completing this monumental task.

Mr. Trotsky added that the PRIT Fund ended with a balance of \$110.5 billion, a new record-high balance, surpassing the previous record balance set in June 2024. For the September quarter, the PRIT Fund

returned 4.4% net of all fees, and for the trailing twelve months, it returned 16.4% net, which equates to an investment gain of \$15.6 billion. PRIM believes a 16.4% 12-month gain in this environment is a very solid accomplishment.

Organizational Update

Mr. Trotsky mentioned that PRIM's newest staff member, Katherine Kovach, Investment Analyst, Private Equity, recently passed the third and final CFA exam and is now a CFA Charter holder. Next, PRIM Director of Stewardship Veena Ramani and Director of Investment Operations George Tsipakis were named 2024 recipients of the Commonwealth Citation for Outstanding Performance by the Treasurer's Office. Veena joined PRIM about two years ago and has had a very impactful start. She has helped PRIM conceive and implement the development of its stewardship priorities. She's also enhanced PRIM's Proxy Voting Guidelines. Moreover, she has quickly become a very effective ambassador for the organization, speaking during Climate Week and other high-profile opportunities. George Tsipakis is one of PRIM's unsung heroes. A consummate, hard-working, and steady professional, George is the person who oversees the investment cash processing and investment back office, ensuring that all reporting is timely and accurate. He is also a key member supporting PRIM's entire real estate leverage program, and his responsibilities include maintaining all compliance protocols on this important program. George also implemented a novel automated tool to support PRIM's investment management reconciliations, making them more efficient and thorough. Mr. Trotsky congratulated all three PRIM staff members for their achievements and hard work. Additionally, he thanked the Treasurer for recognizing them.

Mr. Trotsky concluded his organizational update by highlighting an update to the reporting materials. He reminded the committee that PRIM staff began working with Solovis, an investment management and reporting platform provider, in January to automate and enhance the PRIT Fund's investment performance reporting. Jessica Murphy, PRIM's Manager of Investment Performance Reporting, has led this significant undertaking. The reports included in the package are the initial results of that work, and for the first time, these reports are now fully automated, whereas before, they were constructed manually. This new reporting technology saves PRIM staff considerable time. It is important to note that the performance calculations have not changed because BNYM remains our book of record. The most significant changes are that the report is now much easier to read, the reporting now includes a detailed breakdown of the PRIT Fund's asset allocation in an intuitive graphical format, and all reporting is now presented net of fees -this has become standard in our industry. PRIM expects the platform to continue to provide opportunities for automation and support the development of additional investment reporting that will help with advanced portfolio analysis. He thanked Ms. Murphy and Matt Liposky, PRIM's Chief Investment Operating Officer, for these innovations.

Market Update

Mr. Trotsky mentioned a quote by legendary investor Howard Marks, who said, "The only thing worthy of certainty is the conclusion that we shouldn't be expressing any of it." PRIM continues to monitor economic and geopolitical conditions worldwide during an uncertain time. Still, PRIM can take comfort in its carefully constructed portfolio, which has demonstrated its ability to perform well in different environments.

Mr. Trotsky continued by adding that with all that said, the economic environment has remained mostly positive. U.S. GDP expanded an annualized 2.8%, slightly below the Q2 level. Inflation continues to be moderate: this morning the Consumer Price Index was reported at 2.6% compared to September's report of 2.4%. The CPI rate was up 0.2% month over month, matching the increase in September, in line with economists' forecasts. Employment remains strong, with US unemployment remaining at 4.1% in October, unchanged from the three-month low reported last month.

US retail sales increased by 0.4% month/month in October, matching September and well above August numbers. Elsewhere, industrial production fell slightly in September and October as the manufacturing sector pointed to continued contraction: The ISM Manufacturing PMI unexpectedly fell to 46.5 in October -- readings below 50 signal continued contraction. The confluence of these indicators let the Federal Reserve Bank to lower its Funds Rate by 25bps to a range of 4.50 to 4.75% following the 50bps cut in September. Chair Powell indicated that the Fed is not on any pre-set course and will continue to make decisions on a meeting-by-meeting basis after assessing incoming data.

He concluded his comments on the market by mentioning that elsewhere around the world, the Eurozone continues to be afflicted with very little growth, slightly higher unemployment, and lower inflation than in the US. The ECB lowered interest rates again in October. In Japan, GDP growth resumed after falling in Q1. The Bank of Japan left rates unchanged. In China, GDP grew 4.6% in Q3, in line with expectations but the slowest growth since Q1 of 2023. The People's Bank of China cut key lending rates to new lows at the October fixing, intensifying efforts to support a weakening economy. Overall very positive results and a positive outlook.

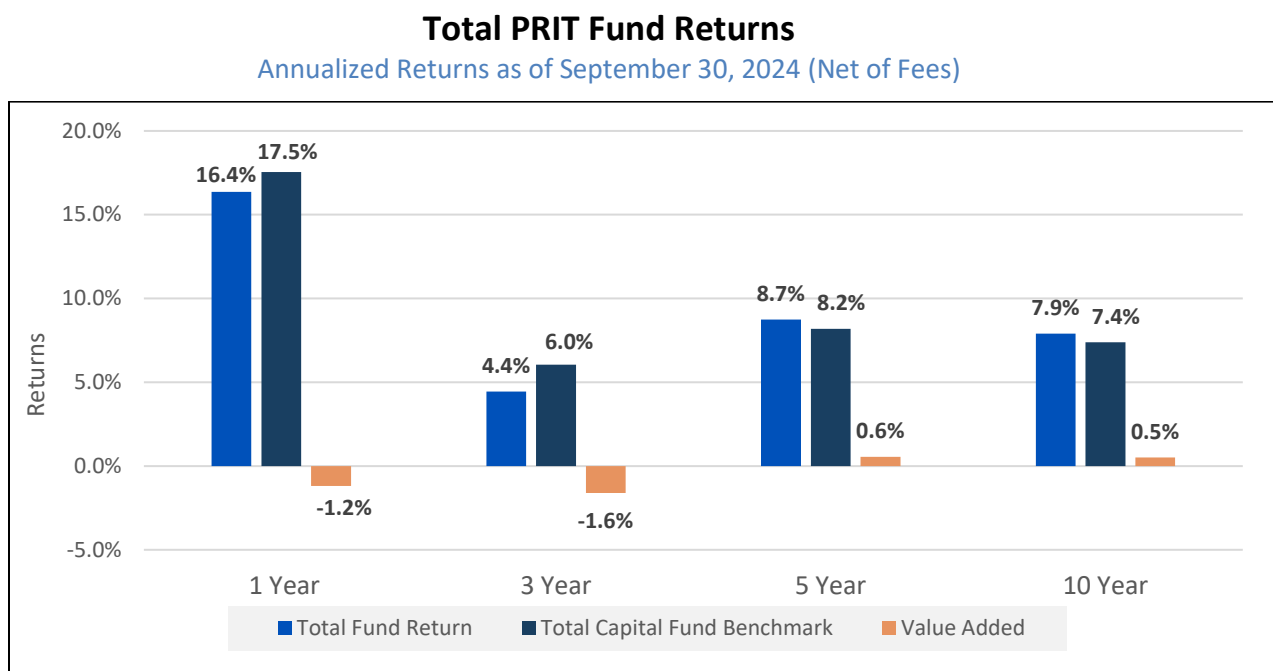
Catherine D'Amato asked what the current funding percentage of the pension fund is.

Mr. Trotsky replied that PERAC calculates the funding schedule and percentage separately from PRIM, which is only responsible for managing the assets.

Mr. Falzone informed the Committee that the most recent report available (January 2023) has the funding percentage at 63.5%. He committed to sending the report to the members of the Administration and Audit Committee.

PRIT Fund Performance

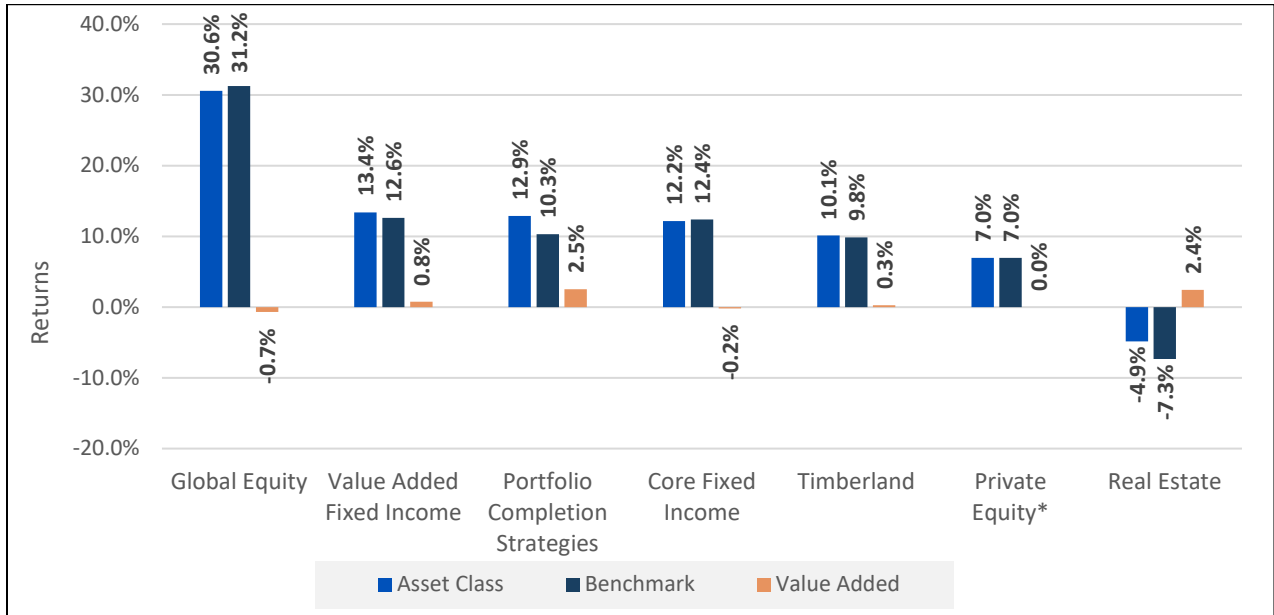
Mr. Trotsky discussed the September 2024 PRIT Fund performance in more detail, referencing the following performance charts:



Source: BNY. Total Capital Fund Benchmark includes private equity benchmark.

PRIT Asset Class Performance Summary

One Year ended September 30, 2024 (Net of Fees)



Source: BNY Mellon. Totals may not add due to rounding. *Benchmark is actual performance.

PRIT Fund Periodic Table of Returns

(Net of Fees) as of September 30, 2024

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 30.6%	TIMBER 9.4%	PRIVATE EQUITY 17.2%	PRIVATE EQUITY 16.7%
VALUE-ADDED FIXED INCOME 13.4%	GLOBAL EQUITY 7.6%	GLOBAL EQUITY 12.0%	GLOBAL EQUITY 9.4%
PORTFOLIO COMPLETION STRATEGIES 12.9%	PORTFOLIO COMPLETION STRATEGIES 5.3%	TIMBER 6.6%	REAL ESTATE 7.1%
CORE FIXED INCOME 12.2%	PRIVATE EQUITY 4.9%	VALUE-ADDED FIXED INCOME 5.9%	TIMBER 5.7%
TIMBER 10.1%	VALUE-ADDED FIXED INCOME 4.9%	REAL ESTATE 5.2%	VALUE-ADDED FIXED INCOME 4.7%
PRIVATE EQUITY 7.0%	REAL ESTATE 1.8%	PORTFOLIO COMPLETION STRATEGIES 5.0%	PORTFOLIO COMPLETION STRATEGIES 4.0%
REAL ESTATE (4.9%)	CORE FIXED INCOME (3.4%)	CORE FIXED INCOME (0.4%)	CORE FIXED INCOME 2.4%

Source: BNY Mellon.

III. Draft Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR) (Voting Item)

Anthony Falzone, Deputy Executive Director, and Chief Operating Officer, began by congratulating Deb Coulter, Chief Financial Officer and Chief Administration Officer, and Qingmei Li, Director of Audits and Financial Reporting, for all their work on the various audits that take place every year. He added that working with the auditors and managing the audits on the PRIM side is only half of the story. It takes work from everyone in the organization to achieve clean audits. Qingmei works with Matt Liposky and the Investment Operation's team and other business areas to ensure processes and procedures are followed throughout the year. This maniacal approach to process, procedure, and transparency is how PRIM arrives at the excellent results it has had in the past and the audit results reported today.

Mr. Falzone, Chief Operating Officer, explained that the Fiscal Year 2024 Annual Comprehensive Financial Report will be PRIM's 20th annual submission to the Government Finance Officers Association (GFOA) and is designed to provide information beyond standard financial statements.

Mr. Falzone described the report's four sections: Introductory, Investment, Financial, and Statistical. He reminded the Committee that PRIM's report has received the Certificate of Achievement for Excellence in Financial Reporting for the past 19 straight years. He expressed optimism that this year's submission will also earn the award. He thanked all the different teams at PRIM and reminded the Committee that this task is a total team effort, singling out Qingmei Li for her significant contribution.

Dennis Naughton mentioned that he has been on the PRIM Board for a while and commended the team for the quality of reporting and the level of transparency the annual report provides.

The Administration and Audit Committee voted (unanimously) by roll call vote to recommend to the PRIM Board that it approve the draft Fiscal Year 2024 PRIM Fund Annual Comprehensive Financial Report attached as Appendix D to the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

IV. Proposed 2024 PRIM Board and Committee Meeting Schedule

The Administration and Audit Committee voted unanimously to recommend to the PRIM Board that it adopt the proposed 2025 PRIM Board and Committee Meeting Schedule, attached as Appendix E to the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

V. Legal/Legislative Update

Emily Kowtoniuk, Director of Policy and legislative Affairs in Treasurer Goldberg's office, provided a legislative update, telling the Committee that the legislature had finalized an economic development bill. She mentioned that she is still monitoring other potential legislation that could impact PRIM, such as the Open Meeting Law revisions.

I. Other Matters:

The Committee members briefly discussed the following topics:

- A. September 2024 PRIM budget
- B. Travel Report
- C. Client Service
- D. Global Investment Performance Standards (GIPS)

Mr. Falzone mentioned that the items in the Other Matters section of the agenda were for informational purposes, but he did want to highlight one item (GIPS® Reporting).

Mr. Falzone continued that the CFA Institute's Global Investment Performance Standards (GIPS®) is a set of ethical guidelines for calculating and presenting investment performance adopted by PRIM as voluntary standards for the PRIT Fund in Fiscal Year 2018. PRIM is one of the few public pension funds that have adopted these standards. PRIM has completed the CFA Institute's Global Investment Performance Standards (GIPS®) verification for July 1, 2008, through June 30, 2024. He thanked Jessica Murphy for her work on the GIPS verification process.

Francesco Danielle, Director of Client Services, provided the Committee with a Client Service update.

VI. Fiscal Year 2024 Audit Results (Voting item)

Deborah Coulter introduced KPMG Audit Partner Christine St. and Senior Manager, Zachary Penfold, who attended the meeting to review their summary of the Fiscal Year 2024 PRIM and PRIT audits and the two Agreed-Upon Procedures (AUPs) that they perform each year.

Ms. Coulter noted that the audits again resulted in unmodified (clean) opinions. Ms. Coulter thanked the Finance and Operations teams for their hard work, especially Qingmei Li, who coordinated the audits and prepared the financial statements. Ms. Coulter also stated that PRIM and KPMG staff worked very well together.

Ms. St. Hilaire summarized the audit areas of emphasis, highlighting that most of the audit effort is related to investments and valuation, and Mr. Penfold reviewed the audit process and procedures.

The Administration and Audit Committee voted (unanimously) by roll call vote to recommend to the PRIM Board that the Board accept 1) the Fiscal Year 2024 PRIM and PRIT audited financial statements, as well as 2) the Agreed-Upon Procedures report on PRIM's Procurement Process for Investment Management and Other Professional Services, and 3) the Agreed-Upon Procedures report on the PRIT Fund's Benchmark Calculation, all as contained in Appendix H to the Expanded Agenda.

The PRIM Administration and Audit Committee meeting adjourned at 10:31 a.m.

In accordance with audit best practices, the PRIM Administration and Audit Committee members were provided with an opportunity to speak with the auditors without staff present.

List of documents and exhibits used during the meeting:

- Minutes of the PRIM Administration and Audit Committee Meeting of August 1, 2024
- PRIT Fund Performance Presentation (September 30, 2024)
- PRIT Fund Performance Report (September 30, 2024)
- Draft Fiscal Year 2024 Annual Comprehensive Financial Report
- Proposed 2025 PRIM Board and Committee Meeting Schedule
- September 2024 PRIM Operating Budget
- Travel Report
- KPMG 2024 Audit Results Report