Commonwealth of Massachusetts
State Retiree Benefits Trust Fund

Board of Trustees *Henry Clay, Chair*

State Retiree Benefits Trust Board of Trustees
Minutes of the Meeting of
June 11, 2026.
As approved by The Board on September 10, 2026

I. Call to Order:

A meeting of the State Retiree Benefits Trust Fund Board (SRBTF Board or Board) was held on Thursday, June 11, 2026, via remote participation pursuant to the Open Meeting Law, G.L. c.30A, §20, as amended.

A quorum being present at the meeting was called to order at 9:35 a.m. The SRBTF Board members or designees present for all, or part of the meeting, were Henry Clay, William McNamara, William Keefe, Jennifer Hewitt and Theresa Flynn. All participants were notified that this meeting would be video recorded. All votes were taken via roll call.

Also present for all or part of the meeting were David Pottier and Sylvia Nguyen of Massachusetts Department of Transportation (MassDOT); Francesco Daniele and Emily Green of the Pension Reserves Investment Management Board (PRIM); Matthew Feeney of Feeney and Feeney Law, LLP; and Ingred Goretti Rica of the SRBTF.

II. Approval of March 12, 2026 Meeting Minutes

The Chair reviewed the minutes of the December 11, 2025 board meeting and asked the Board to consider them.

On a motion made by Mr. Clay and duly seconded by Mr. Keefe, the Board took the following action.

VOTED: To approve the minutes of March 12, 2026 board meeting.

Mr. McNamara – Yes.
Mr. Keefe – Yes.

Ms. Hewitt – Yes.
Ms. Flynn – Yes.
Mr. Clay – Yes.

III. Approval of May 12, 2026 Meeting Minutes

The Chair reviewed the minutes of the May 12, 2025 board meeting and asked the Board to consider them.

On a motion made by Mr. Clay and duly seconded by Mr. McNamara, the Board took the following action.

VOTED: To approve the minutes of March 12, 2026 board meeting.

Mr. McNamara – Yes.
Mr. Keefe – Yes.
Ms. Hewitt – Yes.
Ms. Flynn – Yes.
Mr. Clay – Yes.

IV. MassDOT OPEB Transfer Request

The Chair opened the discussion on the Massachusetts Department of Transportation (MassDOT) annual Other Post-Employment Benefits (OPEB) request and turned the floor over to David Pottier, Chief Financial Officer at MassDOT.

Mr. Pottier presented a request to transfer $200,000 from the SRBTF account to MassDOT. He provided historical context for the request, explaining that the trust was established during the 2009 merger of the Mass Turnpike Authority with other transportation agencies to guarantee employees' sick leave benefits as of that date. While MassDOT initially managed its own trust, the Board voted to in January 2015 to transfer the fund to the SRBTF. He clarified that the primary objective of this trust is to maintain a sick leave bank for former Turnpike employees, specifically providing a 50% sick leave buyout for time accrued through December 2009 and a 35% reimbursement for subsequent retiree healthcare benefits. Eligibility required employees to be able to retire in November 2009, be over age 55, and have over 20 years of service with 10 years vested.

Mr. Pottier emphasized that the program is in a natural runoff mode, noting that active membership has steadily declined from 521 members in 2019 to just 94 members today. Current expenditures are running at approximately $15,000 per month, totaling an annualized run rate of $180,000. To ensure safe and conservative financial coverage, MassDOT formally requested a $200,000 transfer. To illustrate the financials, Sylvia Nguyen, DOT's Operating

Budget Director, shared a spreadsheet detailing the program's projections. The data showed an anticipated starting balance of $32,000 which, combined with the requested $200,000, would leave an available balance of $232,000 and an expected end-of-year balance of around $50,000. Ms. Hewitt pointed out that the previous year's request was only $125,000 due to a higher starting balance of $91,000, which Mr. Pottier confirmed.

Mr. Mcnamara asked about changes in the population and why the numbers might occasionally fluctuate; Mr. Pottier clarified that while the overarching trend is downward, a slight bump could simply result from a new sick leave claim being filed. Ms. Hewitt inquired about the total remaining balance of the trust and what happens to the funds once the program eventually concludes. Mr. Pottier deferred the current balance question to the Chair and noted his assumption that any remaining funds would revert to the state rather than to MassDOT. Finally, Mr. Daniele asked if the team needed any operational assistance processing the requested funds from the SRBTF assets, but both Mr. Pottier and Mr. Clay confirmed their respective departments were all set.

Having no further questions, the Board moved to approve the fund transfer to MassDOT.

On a motion made by Ms. Hewitt and duly seconded by Mr. McNamara, the Board took the following action.

VOTED: To approve the annual OPEB fund transfer of $200,000 to MassDOT.

Mr. McNamara – Yes.
Mr. Keefe – Yes.
Ms. Hewitt – Yes.
Ms. Flynn – Yes.
Mr. Clay – Yes.

V. Investment Report

Mr. Daniele provided an update on the 3/31 investment results, noting that much of the information was consistent with the material previously presented during the PRIM Board cycle. He began by thanking the Board and staff for their efforts related to Cambridge Health's recent application and successful funding process. Emily, Jennifer, Mellon, Laura, and others worked together to ensure that the funds were received within the tight timeframe. He specifically recognized Matt Feeney, the Chair, and the Board for participating in the impromptu meeting that helped facilitate the process. He noted that Cambridge Health was very pleased with PRIM's ability to execute efficiently and within the required timeframe.

Mr. Daniele then reviewed investment fund performance for the period ending March 31. The PRIM Fund ended the March period with a balance of more than $122 billion. He characterized the quarter as one of the most volatile in recent memory, citing oil shocks, developments related to the Iran conflict, and significant rotations across equity markets. Although markets performed well during the first two months of the quarter, global equities experienced a sharp decline in March. The Fund's diversification helped cushion the impact of the sell-off. In contrast to the performance patterns of recent quarters, global equities and hedge funds were among the weaker-performing asset classes, while private equity, real estate, and Timberland were among the stronger performers. Francesco also noted that markets experienced significant sell-offs in April, although some of those declines had subsequently reversed.

Looking at the 12-month period ending in March, Mr. Daniele reported that the PRIM Fund gained approximately 11.5% net, representing an investment gain of more than $12 billion. Global equities, private equity, and value-add fixed income were the strongest-performing asset classes over the year, while interest-rate-sensitive investments such as core fixed income and real estate were among the weakest. He also discussed the unusually strong performance of U.S. equities, which had generated approximately 23% annualized returns over the preceding three years. He attributed much of this performance to the surge in artificial intelligence-related investments and the concentration of gains among a relatively small group of mega-cap companies. He noted that the sustainability of this trend remained uncertain, particularly given potential inflation changes and the upcoming public offerings of companies that could themselves become mega-cap companies.

Mr. Daniele next provided an organizational update. He reported that Maria Garahan, Director of Research, had decided not to return to PRIM following her maternity leave. Garahan had been leading efforts related to asset allocation changes and had reported to Mike McElroy, Director of Public Markets. Her team will continue to report through that structure, which Mr. Daniele characterized as a relatively seamless transition despite the significance of the senior departure.

On a positive organizational note, Mr. Daniele highlighted that Helen Huang, Senior Investment Officer and Director of Growth and Venture Capital on the Private Equity Team, was recognized by Institutional Investor with an Alpha Edge award as one of the most influential women in private markets. The award recognizes individuals whose convictions, judgment, and impact have set a standard for the industry. He expressed his appreciation for Huang's recognition and congratulated her on the achievement.

Mr. Daniele then reviewed asset-class performance, including private equity. Global equities declined during the first quarter following three consecutive quarters of positive performance, with domestic equities declining by nearly 4% and non-U.S. equities posting slightly negative returns. Over the one-year period, global equities gained approximately 21%, domestic equities approximately 18%, and non-U.S. equities approximately 23% to 29%. Value stocks were the strongest performers across geographies during the quarter.

Private equity recorded its 13th consecutive positive quarter. Mr. Daniele reminded the Board that private equity and other private asset performance are reported on a one-quarter lag, meaning that the results discussed for the quarter represented the October through December period. PRIM's private equity performance lagged public markets, which had experienced particularly strong returns. Private equity nevertheless generated an 8.4% net return for the one-year period. Venture capital was the strongest-performing private equity strategy during the quarter.

Mr. Daniele reported that hedge funds returned 7.7% over the one-year period, approximately 50 basis points below the benchmark, while the three-year return was stronger at 10.1% and meaningfully ahead of the benchmark. Within the hedge fund portfolio, stable value returned approximately 9% and directional strategies returned approximately 13.2%. Stable value outperformed its benchmark by approximately 200 basis points, while directional strategies outperformed by approximately 240 basis points.

Real estate, representing approximately 9% of the PRIM portfolio, generated a 3.8% net return over the one-year period. Within the real estate portfolio, REITs generated a 7.9% return. Mr. Daniele explained that the real estate team continually evaluates and sells assets that have reached maturity or the end of their useful period while also identifying opportunities to add distinctive assets. One recent addition was a student housing investment located in a major Southern football conference market, supported by a strong student population.

During the discussion that followed, Mr. Clay asked about PRIM's potential exposure to several anticipated initial public offerings, including SpaceX, Anthropic, and OpenAI. Mr. Daniele explained that if a company ultimately becomes part of the relevant benchmark, PRIM would presumably have exposure through its investment structure. He suggested providing the Board with a more detailed update at a future meeting regarding how the IPOs are incorporated into the index, what PRIM's investment managers do in response, and the amount of exposure ultimately held by the Fund. He also suggested that a PRIM representative or investment professional could potentially attend a future meeting to discuss the subject in greater detail. The Board also discussed the entities participating in the SRBTF. Mr. Clay noted the breadth of participation among cities, towns, and other entities seeking to address their exposure and referenced the approximately 87 participants identified in the published information. Mr. Daniele reported that there were still several potential outreach opportunities being monitored, although there was nothing new to report at that time. He noted that the outreach process can vary significantly, with some opportunities progressing quickly and others developing more gradually.

The Board concluded the investment performance discussion with no additional questions.

VI. Administrative Issues:

A. D&O/Fiduciary Insurance Update.

The Chair introduced the next agenda item, an update on the fiduciary insurance coverage that the Board has maintained for a number of years, and invited Ms. Goretti Rica to provide an update.

She reported that the insurance carrier had renewed the coverage for the coming year with no changes to the existing terms. Both the limits of liability and the premium remain the same as the prior year, and the coverage continues unchanged.

Ms. Hewitt asked whether the Board's fiduciary insurance coverage is coordinated with an overall insurance policy maintained by the Commonwealth or whether the Board obtains its coverage independently. Ms. Goretti Rica indicated that the coverage is obtained independently. She also noted that a previous program coordinator had raised the possibility that the Board's insurance might be redundant with other coverage, but she was not certain of the extent of any overlap. She explained that the decision to continue the coverage ultimately rests with the Board.

Ms. Hewitt stated that she believed maintaining coverage was appropriate but recommended confirming what insurance coverage exists at the state level to ensure that the Board is neither underinsured nor carrying unnecessary duplicative coverage. Based on her prior experience at the municipal level, she noted that insurance arrangements can involve multiple boards, commissions, and other entities, making it important to understand how the various coverages coordinate.

Ms. Hewitt further asked whether the PRIM and PRIT Boards currently maintain separate fiduciary insurance coverage and whether the coverage is obtained through a combined quote or through separate policies. Mr. Daniele confirmed that the coverage is currently separate but agreed that a further analysis of the arrangements would be worthwhile. He offered to connect the Board with Dan Eckman for additional discussion. The Chair agreed that this follow-up would be appreciated, and Ms. Hewitt thanked Mr. Daniele.

With no further questions on the insurance coverage, Ms. Goretti Rica concluded the discussion and moved to the next agenda item.

B. FY27 Proposed Budget (voting item).

Ms. Goretti Rica presented the memorandum regarding the operating budget for the upcoming fiscal year, FY2027. She explained that the budget is submitted to the Legislature and, if no action is taken, is considered enacted 60 days after presentation.

For FY2027, the proposed operating expenses remain generally flat, with costs expected to remain consistent with the prior year. Insurance expenses are also projected to remain flat. The budget includes an increase in legal and administrative service fees, reflecting the inflation rate for the applicable period, as well as an increase in the amount allocated for OPEB actuarial valuations.

Ms. Hewitt asked whether any budgeted amounts that are not ultimately spent would revert to the Fund. Ms. Goretti Rica confirmed that any unspent amounts would remain with the Fund.

Mr. McNamara asked for clarification regarding the actuarial valuation expense, specifically whether the amount represented the cost of obtaining the actuarial valuations rather than any impact resulting from the valuations themselves. Ms. Goretti Rica confirmed that the budgeted amount represents the cost of having the valuations completed by the actuaries.

Ms. Hewitt then asked whether the legal fees included in the proposed budget reflected the potential legal review associated with updates requested by Wellesley. Ms. Goretti Rica clarified that those costs were not specifically reflected in the budget because she had not yet received further information regarding the matter. She indicated that the issue could be discussed separately.

Mr. Feeney explained that, based on his preliminary review of the budget and the flat fee charged for legal services, he expected the FY2027 budgeted amount to be sufficient to cover the anticipated legal work, including a review of the bylaws related to the Wellesley request. He noted that any additional cost would likely be relatively modest, potentially in the range of $1,000 to $2,000.

Ms. Hewitt thanked Mr. Feeney and reiterated that she wanted to follow up on the need for legal review of the bylaws to accommodate Wellesley's requested updates, as had been discussed at the prior meeting. She also noted that Wellesley should reimburse the Board for any portion of the legal costs attributable specifically to its requested updates. Mr. Feeney agreed that, if work were undertaken for Wellesley that required corresponding updates to the Board's bylaws or other governing documents, he could segregate those costs for purposes of reimbursement.

Mr. McNamara asked whether there had been any additional follow-up from Wellesley since the previous month's discussion, beyond the potential legal work. Mr. Daniele and Mr. Clay reported that they had not received any further communication from Wellesley and that the matter remained quiet at that point.

With no further questions, Ms. Goretti Rica noted that a motion was required to approve the FY2027 operating budget. The Chair called for a motion.

On a motion made by Mr. McNamara and duly seconded by Ms. Hewitt, the Board took the following action.

VOTED: To approve the proposed FY27 budget for the SRBTF.

Mr. McNamara – Yes.
Mr. Keefe – Yes.
Ms. Hewitt – Yes.
Ms. Flynn – Yes.
Mr. Clay – Yes.

VII. GIC Follow-Up

The Chair invited Ms. Hewitt to provide any additional follow-up regarding the recent GIC discussion and asked whether matters for FY2026 had been resolved, while noting that the outlook for FY2027 would depend on the Legislature's final budget decisions.

Ms. Hewitt provided an update to the Board on the FY2027 state budget. She reported that both the House and Senate had funded the GIC at the same level as House 2. Both branches also funded the SRBTF transfer at $400 million, rather than the $550 million requested. In addition, both the House and Senate had dedicated a significant portion of excess capital gains for FY2027 to the SRBTF, with the intention of using those funds to backfill the $150 million shortfall in the operating transfer.

Ms. Hewitt noted that the final outcome would depend on the conference committee process. She indicated that the Board had been advised to expect an early budget, although she acknowledged the uncertainty given the Commonwealth's history of late budget enactment. She recommended that the Board plan to revisit the issue at its next meeting so that it could respond to whatever provisions are ultimately included in the conference committee's agreement.

Ms. Hewitt also provided an update on her cash-flow planning. She explained that, historically, the GIC had spread the budgeted transfer over the course of the fiscal year because the $550 million appropriation approximately corresponded to the actual cost of retiree benefits. Given the anticipated $150 million shortfall in the transfer, Jennifer proposed front-loading a portion of the retiree benefit payments or transfer in order to assist with management of overall GIC expenses. She indicated that she planned to propose this approach for September and wanted to make the Board aware of the anticipated structure and determine whether there were any concerns.

The Chair indicated that he had no concerns and invited any additional questions from the Board. The Board agreed to monitor the budget process and await the final outcome of the conference committee.

The discussion also touched on the possibility of pursuing supplemental funding if necessary. Mr. Clay noted that, based on past trends, additional legislative action could potentially be required. Ms. Hewitt confirmed that she expected to continue advocating for the necessary funding. She also noted that increasing health insurance costs were affecting cities and towns and that there continued to be interest in joining the GIC. Eleven entities joined the GIC effective July 1, and Ms. Hewitt reported that at least three additional entities were already actively seeking to join in January.

The Chair then asked whether there were any further questions, comments, or concerns from Board members regarding the matters discussed. With no additional issues raised, he thanked everyone for their participation and specifically recognized the successful May meeting and the progress in bringing additional cities and towns into the effort to address OPEB-related issues.

VIII. Adjournment

There being no further business, the Chair initiated the adjournment of the meeting and asked for a motion to adjourn. A motion was made by Mr. McNamara, and duly seconded by Ms. Hewitt to adjourn the meeting at 10:05 a.m.

Mr. McNamara – Yes.
Mr. Keefe – Yes.
Ms. Hewitt – Yes.
Ms. Flynn – Yes.
Mr. Clay – Yes.