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# *Commonwealth of Massachusetts State Retiree Benefits Trust Fund*

*Board of Trustees*

*Henry Clay, Chair*

*Deborah B. Goldberg · Matthew Gorzkowicz · William McNamara  
William T. Keefe · Catherine Moore · Theresa Flynn · Michael C. Tow*

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## **State Retiree Benefits Trust Board of Trustees**

### **Minutes of the Board Meeting of**

**June 12, 2025.**

*As approved by The Board at the 09/11/2025 meeting*

#### **I. Call to Order:**

A meeting of the State Retiree Benefits Trust Fund Board (SRBTF Board or Board) was held on Thursday, June 12, 2025, 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, Catherine Moore 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: Francesco Daniele and Emily Green of the Pension Reserves Investment Management Board (PRIM); Katherine Hesse of Murphy, Hesse, Toomey & Lehane, LLP; Matthew Feeney of Feeney and Feeney Law, LLP; Susan Bristol and David Pottier of Massachusetts Department of Transportation (MassDOT); and Ingrid Goretti Rica of the SRBTF.

#### **II. Approval of March 13, 2025 Meeting Minutes**

The Chair reviewed the minutes of the March 13, 2025 board meeting and asked the Board to consider them.

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

VOTED: To approve the minutes of March 13, 2025 board meeting.

Ms. Flynn – Yes.

Ms. Moore – Yes.  
Mr. Keefe – Yes.  
Mr. Clay – Yes.

### **III. MassDOT OPEB Transfer Request (voting item).**

The Chair turned to Mr. Pottier and Ms. Bristol to discuss the MassDOT transfer request.

Mr. Pottier explained that the Open Trust was created in 2009 following the merger of the Massachusetts Turnpike Authority with other agencies, during which employees were guaranteed sick leave benefits as of that date. Initially managed by three MassDOT Board members, the Trust—then valued at approximately \$75 million—was transferred to the State Retirement Board in January 2015.

The primary purpose of the Trust is to provide a sick leave bank for former Massachusetts Turnpike employees. Specifically, it funds 50% of the sick leave buyout for those employees, based on sick time accrued before October 2009, with an additional 35% buyout provided at retirement. Eligibility applies to employees who could have retired as of November 2009. These are now legacy retirees, with current expenditures averaging \$17,000 per month.

Mr. Pottier reported that MassDOT is requesting a \$125,000 transfer from the Trust for projected FY26 expenses. FY25 expenses are projected at \$204,000, decreasing slightly to \$192,000 in FY26. The Trust currently holds a \$90,000 balance for FY25, and the requested transfer will allow MassDOT to meet obligations for the remainder of FY26. At present, 98 retirees continue to receive OPEB benefits under this legacy program.

Board discussion was brief, with Henry Clay noting the stability of the projected spending figures and expressing confidence in the estimates. Ms. Bristol added that the number of participants will continue to decline over time. No members raised objections or additional concerns.

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

VOTED: To approve the annual OPEB fund transfer of \$125,00 to MassDOT.

Ms. Flynn – Yes.  
Ms. Moore – Yes.  
Mr. Keefe – Yes.  
Mr. Clay – Yes.

#### **IV. Investment Report**

The Chair invited Mr. Daniele to give the market update and present the investment report.

Mr. Daniele began by noting that the fund closed Q1 2025 with a balance of \$110 billion. Performance for the quarter was essentially flat, despite U.S. equity markets declining by 4%. For the one-year period, the fund gained 5.5%, supported by higher exposure to non-U.S. equities, which fared better than U.S. markets, and by contributions from bonds and alternative investments. He emphasized that this was a positive outcome given the volatility in the period.

Reviewing historical market context, Mr. Daniele cited a Warren Buffett quote on the importance of disciplined and unemotional investment decision-making. He stressed PRIM's commitment to maintaining a diversified portfolio designed to perform well in various environments rather than attempting to predict market movements.

He addressed April's volatility spike, noting a temporary 19% sell-off followed by a 14% rebound within nine days. The volatility, the highest since 2020, was attributed to tariff disputes between the U.S. and global trading partners. Drawing on input from Investment Committee member Connie Everson, he noted extremely bearish market sentiment may have bottomed, potentially creating upside if trade disputes are resolved. Ms. Everson also highlighted that reduced U.S. Treasury purchases by large foreign holders such as Japan and China could increase borrowing costs if trade surpluses diminish.

Turning to asset allocation, Mr. Daniele reported no changes from the prior year's structure. The portfolio remains within its strategic bands, aided by monthly rebalancing in public markets. Asset allocation decisions are supported by internal research and third-party consultant NEPC, with manager selection as a secondary performance driver.

Emily Green then presented the private equity update. She began by recognizing Helen Wong, Senior Investment Officer, for being named to Private Equity International's 40 Under 40: Future Leaders list.

Ms. Green stated that early 2025 saw improved private market activity, including a rebound in global M&A and increased U.S. PE deal volume. However, tariff concerns shifted market focus, and due to the portfolio's one-quarter reporting lag, related impacts will not appear until later in 2025. PRIM's PE portfolio is concentrated in smaller U.S. and Western European businesses, with significant exposure to software, healthcare, and business services—sectors considered relatively resilient to high tariffs.

For Q4 2024 (latest available data), PE returned 1.5% net of fees, outperforming certain benchmarks but lagging strong U.S. public equity indices. One-year returns were 6.9% net of fees, with long-term results remaining strong (10-year net return of 16.5%, five-year return of 16.1%). The Board previously approved \$2–3 billion in 2025 PE commitments; \$1 billion has been approved so far.

Board members inquired about the impact of higher interest rates and large institutional investors' liquidations of PE holdings. Ms. Green and Mr. Daniele noted PRIM's PE portfolio is currently cash flow positive and not creating liquidity pressures, positioning PRIM to be selective in new investments.

Responding to a question on valuations, Mr. Daniele stated they tend to be conservative and are reviewed with both internal and third-party analysis.

Mr. Daniele concluded with updates on other asset classes:

- Public Markets: U.S. equities down in Q1, non-U.S. equities up.
- Fixed Income: Core bonds up ~3% for the quarter, ~3.3% for the year; value-added fixed income up over 8% for the year.
- Hedge Funds: Up 9.4% net for the year, with "stable value" and "directional" strategies both contributing.
- Real Estate & Timberland: Real estate portfolio flat for the year but outperformed its benchmark by 190 bps, aided by overweight positions in industrial assets and multifamily apartments, plus underweights in certain underperforming geographies (San Francisco, Los Angeles, Atlanta, Miami, Dallas). Timberland increased total real estate exposure to ~11%. Two new U.S.-only REIT managers were added; non-U.S. REITs had been liquidated earlier.

Mr. Daniele briefly addressed a question about whether REIT holdings include data centers, noting PRIM has direct data center investments but would verify REIT exposure for the next review.

The Chair thanked Mr. Daniele and Ms. Green for the comprehensive update. No objections or concerns were raised.

The meeting then moved on to administrative issues.

## **V. Administrative Issues**

### **A. D&O/Fiduciary Insurance Update.**

Ingred Goretti Rica reported that the Board's insurance policy was renewed with the same carrier, maintaining identical terms and premium rates as the previous year. She noted that there had been a minor payment issue in processing the premium. After speaking with the provider earlier in the day, she received payment confirmation, which should resolve the matter on the insurer's end. No questions or concerns were raised by Board members regarding the insurance update.

**B. FY26 Proposed Budget (voting item).**

Ms. Goretti Rica presented the proposed FY26 budget, noting that the budget document and accompanying memo had been distributed to all members. She explained that once approved by the Board, the budget will be sent to the legislature. If no action is taken within 60 days, the budget will be considered enacted.

Compared to the previous fiscal year, operational expenses remain flat. Legal fees have decreased following the completion of the RFR process, and no turnover is expected in administrative staffing. Insurance costs remain the same as last year. A modest increase has been budgeted for actuarial evaluations. The proposed total budget for FY26 is \$268,000.

In response to a question from Mr. McNamara, Ms. Goretti Rica stated that actual FY25 spending is expected to be closer to \$268,000 than the approved \$298,000, as the Board typically budgets conservatively.

The Chair expressed confidence in the budget, noting its alignment with the value provided to retirees. No further questions or concerns were raised.

A motion was made to approve the proposed FY26 budget.

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

VOTED: To approve the FY26 proposed budget.

Ms. Flynn – Yes.

Ms. Moore – Yes.

Mr. Keefe – Yes.

Mr. McNamara – Yes.

Mr. Clay – Yes.

During the final portion of the meeting, Francesco Daniele expressed appreciation to Matt Feeney for his assistance in working with prospective participants, noting that they expect to have candidates ready for the next cycle. He committed to keeping the Board informed.

Katherine Hesse added that she and the Chair would be discussing potential insurance considerations for future years. She also recognized Bill Keefe for the successful ribbon-cutting event at PERAC the previous day, which drew a strong turnout from the retirement systems community and highlighted the organization's

achievements. Ms. Hesse closed with a personal reflection on the recent passing of Brian Wilson, acknowledging its emotional impact on many.

Mr. Keefe thanked Ms. Hesse for her remarks.

## **VI. 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. Keefe, and duly seconded by Mr. McNamara to adjourn the meeting at 10:10 a.m.

Ms. Flynn – Yes.

Ms. Moore – Yes.

Mr. Keefe – Yes.

Mr. McNamara – Yes.

Mr. Clay – Yes.