

MINUTES

State Retiree Benefits Trust Board of Trustees Minutes of the Board Meeting of December 7, 2023

Call to Order:

A meeting of the State Retiree Benefits Trust Fund Board (“SRBTF Board” or “Board”) was held on Thursday, December 7, 2023, 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 and participating remotely were: Kathleen Bramlage, James Rust, John Parsons, and Thomas Smith-Vaughan. All participants were notified that this meeting would be audio recorded. All votes were taken via roll call.

Also present for all or part of the meeting were: Francesco Daniele of the Pension Reserves Investment Management Board (“PRIM”), Katherine Hesse and Linda Champion of Murphy, Hesse, Toomey & Lehane, LLP, and Ingrid Goretti Rica that was introduced as the new Program Coordinator for the SRBTF, replacing a previous candidate that declined the position.

I. Approval of the September 7, 2023 Meeting Minutes

The Chair asked the Board to consider the minutes of the September 7, 2023 board meeting.

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

VOTED: To approve the minutes of the September 7, 2023 board meeting.

Mr. Parsons -	Yes
Mr. Rust -	Yes
Mr. Smith-Vaughan -	Yes
Ms. Bramlage -	Yes

II. Investment Report

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

Firstly, Mr. Daniele recognized the efforts of Ms. Hesse in processing SRBTF applicants. He stated that the Town of Sharon is investing 2.9 million and the Town of Arlington is investing about 25 million of their assets in the PRIM fund.

Next, Mr. Daniele reviewed the performance for the September quarter, stating that there was a modest decline in contrast with 3 previous consecutive quarters of robust gains. The PRIM fund was down 1.7% net of fees for the quarter; however, US and emerging markets equities and diversified bonds were down about 3%. Developed international equities were down 4%, long duration treasury strips were down almost 20%. Therefore, according to Mr. Daniele, PRIM had a strong result in a weak market, thanks to the resilience and diversified nature of PRIM's portfolio.

Mr. Daniele moved to the various recognitions and awards received by the fund. He highlighted the performance of private equity as the leader of the PRIM band, ranked in the top five of 176 public pension plans. He also mentioned PRIM's recent change of its ESG committee to a Stewardship and Sustainability Committee in an awarded collaboration with MIT's Sloan School's 'Aggregate Confusion Project'.

Following, Mr. Daniele discussed the asset allocation changes from February of the current year, including a 1% increase in private equity and a 1% decrease in global equities, following a multi-year approach for private equity investment. The Chair questioned the monthly rebalancing process and the potential for adjusting the allocation range due to Federal actions affecting fixed income investments. Mr. Daniele clarified that monthly rebalancing keeps the portfolio within target ranges. He also discussed the ability to adjust allocation ranges outside of the annual schedule in response to market conditions, emphasizing the benefits of managing the portfolio with ranges for long-term goals.

Mr. Daniele turned to other news regarding municipal outreach. According to him, Cape Cod Light Compact Old Colony and the Pathfinder School District are considering investing their assets in the PRIM fund.

The Chair asked if there were any further questions to Mr. Daniele and thanked him for his presentation.

III. Administrative Issues

A. Consideration of Application of the Town of Arlington, Cape Light, and Town of Sharon

The Chair invited Ms. Hesse to discuss the addition of new municipalities to the fund.

Ms. Hesse highlighted the unprecedented situation of considering the addition of two municipalities in the same meeting, the Towns of Arlington and Sharon. According to Ms. Hesse, Cape Light is not ready to join the fund this month yet due to the lengthy process of having all the participant towns agreeing on the matter. Additionally, they are hiring a new treasurer. Ms. Hesse believes Cape Light will not be ready to join PRIM until January. She also mentioned Old Colony School District and said that they are expected to join the fund in the next board meeting in March 2024.

Regarding Arlington, Ms. Hesse described its lengthy and complicated process of joining the fund due to changes in the town councils and other factors, confirming that its documents are finalized, and Arlington is expected to start investing in January 2024. As for Sharon, Ms. Hesse noted its expedited process, with signed documents already submitted and minor tweaks anticipated.

Next, Mr. Parsons expressed curiosity about the amounts to be invested by Arlington and Sharon and the reasons for their switch to the fund. Ms. Hesse explained that some of these municipalities were not adopting a regular funding schedule and their existing trust documents could be amended to ensure compliance with tax laws and accounting rules. A discussion ensued on the need for outreach to all potential entities, not just those who have yet to begin funding their trusts, emphasizing the PRIM's appeal to entities that are unsatisfied with their current performance. The conversation highlighted the PRIM's advantages, such as a lack of need for fiduciary oversight from the municipalities and the benefit of being part of a larger, well-managed state system. Lastly, Mr. Daniele offered to speak at any event to promote the fund, underlining the board's decision-making process.

On a motion made by Mr. Parsons and duly seconded by Mr. Smith-Vaughan, the Board took the following action.

VOTED: To approve e the Investment Agreement between the SRBTF Board and the Town of Arlington and to accept the Town of Arlington as a participating unit in the SRBTF as of December 7th, 2023.

Mr. Parsons - Yes
Mr. Rust - Yes
Mr. Smith-Vaughan - Yes
Ms. Bramlage - Yes

Next, on a motion made by Mr. Parsons and duly seconded by Mr. Smith-Vaughan, the Board took the following action.

VOTED: To approve the Investment Agreement between the SRBTF Board and the Town of Sharon and to accept the Town of Sharon as a participating unit in the SRBTF as of December 7th, 2023.

Mr. Parsons - Yes
Mr. Rust - Yes
Mr. Smith-Vaughan - Yes
Ms. Bramlage - Yes

B. SRBTF Calendar, Meeting Times – CY2024 Proposed Meeting Schedule

The Chair addressed the challenge of scheduling meetings 12 months in advance. She proposed that calendar invites are to be sent to the trustees for all four meetings of the next year and members are to review their availability and notify if adjustments are needed. The Chair acknowledged the short notice given for the current meeting and apologized for any inconvenience. Lastly, the Chair invited any additional items to be brought before the board. None were brought.

IV. Adjournment

There being no further business, a motion was made by Mr. Rust, and duly seconded by Mr. Parsons, to adjourn the meeting at 10:06 a.m.

Mr. Parsons - Yes
Mr. Rust - Yes
Mr. Smith-Vaughan - Yes
Ms. Bramlage - Yes