



Minutes of the PRIM Compensation Committee Remote Meeting
Thursday, November 16, 2023

Committee members attending:

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

The PRIM Compensation Committee meeting was called to order at 11:30 a.m. Chair 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 were 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 Compensation Committee approved (unanimously) by roll call vote the minutes of its November 17, 2022 meeting.

II. Executive Director's Report

Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer told the Committee he was pleased to report that PRIM's compensation plan is working well. PRIM has very low turnover and recruitment efforts have been mostly successful. He reminded the Committee that salary ranges were updated two years ago (2021) and approved by the Board. PRIM managers work diligently with Michelle Witkes, PRIM's Director of Human Resources, and Anthony Falzone, Deputy Executive Director/Chief Operating Officer to ensure that each employee is compensated at an appropriate level in their Board-approved range based on their individual performance, qualifications, and experience. PRIM spends a lot of time ensuring that everyone at PRIM is compensated fairly.

Mr. Trotsky added that the PRIM team continues to be recognized around the nation for its successes both in terms of performance and innovation. The organization is staffed with 68 exceptional investment and finance professionals, and all PRIM job postings attract literally hundreds of talented and well-qualified applicants. PRIM has been focused for several years now on building a deeper talent pool, but it is becoming more difficult because the competition for talent is intense, particularly for diverse employees. Mr. Trotsky reiterated that he continues to spend a significant amount of time on retention, and recruitment of talent and it remains one of his primary concerns. He reminded the Committee that last year PRIM's Compensation Consultant, Aon-McLagan completed a pay equity study, and it indicated there were no pay equity discrepancies and he was proud of that. Mr. Trotsky reminded the Committee that Aon-McLagan is the leading compensation consultant to financial services firms and their clients include over 60 public funds, over 50 endowments and foundations, over 150 investment management firms, and over 50 banks and insurance companies. He added that PRIM's decision making is informed by PRIM's compensation consultant.

Mr. Trotsky added that thanks to the support and encouragement from the Treasurer and the entire Board, PRIM was one of the very first founding signatories of the CFA Institute's Diversity, Equity and Inclusion Code. Mr. Trotsky mentioned that he personally was involved in the Code's development from inception, and has been advocating for it aggressively.

The DEI Code includes detailed implementation guidance which PRIM is required to follow and report on—it's a best-practices guide for improving diversity. He added that at PRIM, components of the plan include:

1. A hiring playbook to formalize the hiring process. This tool ensures PRIM has intentional diversity efforts incorporated into each step of our recruitment process. At PRIM, over the last 5 years, 80% of our new hires have been diverse.
2. A firmwide Diversity and Inclusion training curriculum with a focus on unconscious bias.
3. Regular pay equity studies.
4. Partnerships with affinity groups to help attract, retain, and provide an inclusive culture for diverse candidates and employees, and
5. An internship program, which has helped us develop a pool of diverse candidates and a strong pipeline.

Mr. Trotsky concluded his remarks by stating that for several years now, the Board has supported the expansion of staff to support PRIM's growing investment program and the many additional projects that are underway. He added that PRIM has assembled a group of highly trained, experienced, and dedicated employees, and after adding eight new full-time employees and nine seasonal interns in the last year, PRIM is 68 people strong.

Mr. Trotsky mentioned that he was very proud of the team that PRIM has assembled which now includes 30 master's degrees, 13 CFAs, 6 CPAs and 4 JDs. Mr. Trotsky added he was also proud of PRIM's long-term success and innovation; PRIM is a high-performing fund with a high degree of professionalism and transparency, and it has become a sought-after career destination for some of the brightest and most qualified investment professionals. Six of the eight new employees are diverse in terms of race and/or gender and all the interns are diverse. Today, 62% of PRIM's workforce is diverse and 52% of PRIM's workforce identify as female. Mr. Trotsky thanked the Committee for their work and consistent support, which he categorized as invaluable in creating a stable and rewarding environment for PRIM employees.

III. Administration and Audit Committee Chair's Report on the Executive Director's Fiscal Year 2023 Performance Evaluation

Administration and Audit Committee Chair Robert Brousseau presented to the Committee a brief summary of the Board's August 15, 2023, evaluation of the Executive Director. Mr. Brousseau told the Committee that the overall performance was characterized as "outstanding." Mr. Brousseau referred to the transcribed evaluation contained in the draft Board meeting minutes, and reviewed the comments from the Board's evaluation of the Executive Director on August 15, 2023, and read through several of the quotes provided in the expanded agenda.

IV. Executive Director's Fiscal Year 2023 Individual Performance Component (Voting Item)

Treasurer Goldberg explained the Committee's responsibility to recommend to the Board the Executive Director/Chief Investment Officer's Individual Performance Incentive Multiplier for Fiscal Year 2023, based upon the evaluation by the Board at its August 15, 2023, meeting.

Mr. Brousseau explained the mechanics of the voting item, and reminded the Committee that they recommended, and the Board approved, that the Executive Director receive a "1.00" Performance Multiplier for Fiscal Years 2014 - 2022, and that Fiscal Year 2014 was the first year that the current Incentive Compensation Plan was in place.

Treasurer Goldberg commented that PRIM is viewed as a thought leader and the demand for PRIM staff to present at various symposiums is significant because the organization is thought of as a leader in the space, and commended Michael Trotsky for being able to keep the team together and add to it in such a competitive environment. Treasurer Goldberg added that in the Boston area competition is fierce due to the high paying private sector, but also the numerous endowment and foundation opportunities due to the concentration of higher education institutions in the Boston area.

Patrick Brock mentioned the history of PRIM's compensation plan and added that over the years PRIM has professionalized the salary adjustment process and feels the process has served PRIM well.

The Committee unanimously agreed that given the PRIM Board's evaluation of his performance as "outstanding," Mr. Trotsky's Individual Performance Incentive Multiplier should be set at 1.0 for the fiscal year ended June 30, 2023.

The Compensation Committee voted (unanimously) by roll call vote to make a recommendation to the PRIM Board to set the Executive Director/Chief Investment Officer's Individual Performance Multiplier to 1.0.

V. Executive Director's Salary Adjustment (Voting Item)

Treasurer Goldberg explained the Committee's responsibility to recommend to the Board the Executive Director/Chief Investment Officer's compensation.

The Committee acknowledged the current competitive employment environment and the Executive Director's ability to retain quality, talented, and committed employees. The Committee also acknowledged the need for consistency throughout the entire organization especially during volatile markets. Treasurer Goldberg made a motion to increase the Executive Director's salary by \$10,000, consistent with the prior year.

Patrick Brock mentioned that he supports the motion and recognizes the culture that has led to PRIM's ability to retain talent which includes the current Executive Director. Mr. Brock concluded by stating he felt the Executive Director has found a great balance to be able to keep staff and recruit in such a difficult environment, but asked that PRIM review the pay ranges to accurately reflect the current market.

Catherine D'Amato added that retention is challenging and being able to retain talent is a big deal. She added that PRIM competes heavily for financial expertise in Boston which can be challenging.

The Compensation Committee voted (unanimously) by roll call vote to make a recommendation to the Board to increase the Executive Director salary by \$10,000 (1.8%) to \$550,000.

The PRIM Compensation Committee meeting adjourned at 12:13 p. m.

List of documents and exhibits used during the meeting:

- *Minutes of the PRIM Compensation Committee Meeting of November 17, 2022*
- *Draft Minutes of the Board's Fiscal Year 2023 Performance Evaluation of the Executive Director*