



Minutes of the PRIM Compensation Committee Meeting  
Thursday, October 31, 2019

Committee members attending:

- Michele Whitham, Esq., Chair
- Treasurer Deborah Goldberg
- Patrick Brock
- Robert Brousseau
- Joseph Connolly

The meeting of the PRIM Compensation Committee was called to order at 11:44 a.m.

**I. Approval of the Minutes**

The Compensation Committee approved (unanimously) the minutes of its November 15, 2018, meeting.

**II. Executive Director's Report**

Mr. Trotsky thanked the Committee members for their support and for providing him with the compensation tools necessary to build a great team at PRIM, and reminded the Committee that the current PRIM team is often referred to as the best team PRIM has ever had, and, based on the team's national recognition, one of the best in the industry.

**III. Administration and Audit Committee Chair's Report on the Executive Director's Fiscal Year 2019 Performance Evaluation**

Administration and Audit Committee Chair Robert Brousseau presented to the Committee a summary of the Board's August 14, 2019 evaluation of the Executive Director. Mr. Brousseau told the Committee that the overall performance was characterized by the Board as "*outstanding*". Mr. Brousseau referred to the transcribed evaluation contained in the draft Board meeting minutes (attached as Appendix B) and made note in particular of the following comments from the draft minutes:

- *"First of all, what is Michael's score? Throughout this, in just about all the evaluations, the one word that did stand out to me was the word outstanding. It's the same as last year, outstanding. And I would say, if I was to give him a score on his performance this past year, it is outstanding."*
- *"I write to give an assessment for Michael Trotsky's performance. His reluctance to give in to complacency, with the great historic returns achieved, and his key vision, has pushed himself and his subordinates to greater heights, all traits that separate him to a great degree from his peers in the public pension field."*
- *"Michael Trotsky's performance has created for me a new higher expectation of what outstanding performance really means."*

**IV. Executive Director's Fiscal Year 2019 Individual Performance Component (Voting Item)**

Committee Chair Michele Whitham, Esq. explained the Committee's responsibility to recommend to the Board the Executive Director/Chief Investment Officer's Individual Performance Incentive Multiplier for Fiscal Year 2019, based upon the evaluation by the Board at its August 14, 2019 meeting.

Mr. Brousseau reminded the Compensation Committee that they recommended, and the Board approved, that the Executive Director receive a “1.00” Performance Multiplier for Fiscal Years 2018, 2017, 2016, 2015, and 2014, and that Fiscal Year 2014 was the first year that the current Incentive Compensation Plan was in place.

Mr. Brousseau made a motion to set Mr. Trotsky’s Individual Performance Incentive Multiplier at 1.0 for the fiscal year ended June 30, 2019, based on the Board’s evaluation of his performance as “outstanding.”

The Compensation Committee voted (unanimously) to make a recommendation to the PRIM Board to set the Executive Director/Chief Investment Officer’s Individual Performance Multiplier at 1.0.

#### **V. Executive Director’s Compensation (Voting Item)**

Ms. Whitham explained the Committee’s responsibility to recommend to the Board the Executive Director/Chief Investment Officer’s compensation.

The Committee further discussed that:

- The Executive Director is presently 9.25 years into his tenure at PRIM and is the longest serving Executive Director in PRIM’s history. Under the Executive Director’s leadership, the PRIT Fund has posted consistently strong performance in both up and down markets. The 10-year gross return of the PRIT fund is 9.9% as of June 30, 2019, outperforming its benchmark by 1.6%.
- The PRIM Board added the title and duties of Chief Investment Officer to the Executive Director’s responsibilities, saving PRIM more than \$300,000 annually.
- The performance, accomplishments, expertise and experience (nearly 30 years of investment experience) of the Executive Director/Chief Investment Officer requires that he be placed at or near the very top of the Board-approved salary range.
- The Executive Director/Chief Investment Officer and his staff have earned national recognition for the performance, innovation and success of PRIM’s investment program, for the transparency and completeness of its financial reporting, and for the success of its legal, client service and communications operations.

Patrick Brock moved to recommend to the Board that the ED/CIO be placed at the 89<sup>th</sup> percentile of the Board approved salary range (a salary increase of \$25,000 to \$520,000). and the Compensation Committee voted (unanimously) to do so effective December 1, 2019.

The Compensation Committee further discussed that the current Board approved salary ranges are based on 2017 data and that it is getting old, and that an update will be necessary. The Compensation Committee requested of PRIM staff that it request PRIM’s compensation consultant (McLagan) to prepare updated comparator information ranges for presentation to the Compensation Committee in advance of its November 2020 meeting.

In accordance with M.G.L. Chapter 29, Section 29K(b)(2) and 801 CMR 53.02, “...meet independently of management at least once per calendar year”, PRIM staff left the room at 12:01 p.m. and the Committee continued its discussions. One PRIM administrative staff member remained for the purpose of preparing the minutes, as indicated the Compensation Committee discussed the importance of having current data for the salary ranges and the need to have PRIM’s compensation consultant prepare updated salary ranges with current data on a more regular basis.

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

List of documents and exhibits used during the meeting:

- *Minutes of the PRIM Compensation Committee Meeting of November 15, 2018*
- *Draft Minutes of the Board's Fiscal Year 2019 Performance Evaluation of the Executive Director*