



Minutes of the PRIM Administration and Audit Committee Remote Meeting
Thursday, May 6, 2021

Committee members attending:

- Robert Brousseau, Chair
- Treasurer Deborah Goldberg
- Patrick Brock
- James Hearty
- Dennis Naughton
- Michele Whitham, Esq.

Committee members not attending:

- Karen Gershman, CPA
- Theresa McGoldrick, Esq.

The PRIM Administration and Audit Committee meeting was called to order at 10:00 a.m. Chair Robert Brousseau announced that the meeting was being held by internet and telephone in accordance with the provisions of the Governor's March 12, 2020 Order that allows remote participation by all members of a public body and suspends the requirement that a quorum and the chair be physically present, provided that the public has access to the meeting through technology that enables the public to clearly follow the proceedings while they are occurring. Accordingly, all members of the Committee participated remotely via telephone and/or internet enabled audio and video conferencing, and public access to the deliberations of the Committee was likewise provided via telephone, with presentation materials made available on PRIM's website (www.mapension.com). At the start of the meeting the names of the members participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The PRIM Administration and Audit Committee approved unanimously by roll call vote the minutes of its February 4, 2021 meeting.

II. Executive Director / Chief Investment Officer Report

Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer, made comments to the Committee, including:

Before beginning his comments, Mr. Trotsky congratulated Committee member Theresa McGoldrick for her recent election victory, securing her 7th, 3-year term on the Mass State Employees Retirement System Board.

Mr. Trotsky next told the Committee they should have all received an invitation to register for the remote Client Conference to be held on the morning of June 9th. He noted that this year Noubar Afeyan, the Founder and CEO of Flagship Pioneering, one of PRIM's very highest performing Private Equity managers, would to be the keynote speaker. He mentioned that Mr. Afeyan is also the Chairman and Co-Founder of Moderna, among the very first companies to discover and produce a COVID 19 vaccine, the vaccine utilizing the groundbreaking mRNA technology and PRIM was one of only 12 initial investors in the company. Mr. Trotsky mentioned the Moderna investment is very gratifying from both a public health and an investment standpoint, and both Moderna and Flagship have been among the highest returning investments in PRIM's history. He welcomed the Committee to attend the client conference and expressed that they would find it very interesting.

PRIT Fund Performance

Mr. Trotsky was pleased to report that for this last reporting period ending March 31st, the PRIT Fund hit another milestone, reaching more than \$90 billion, a new record. He mentioned the last 12 months were exceptionally strong with the PRIT Fund gaining 30% net of fees, an investment gain of \$21 billion - in 12 months. Mr. Trotsky continued, moreover, the returns were more than 400 basis points (4%) above a benchmark return, which is an indication that PRIM's managers are doing a very good job. He said looking at all time periods, the 3-, 5-, and 10-year returns were strong and above benchmark and PRIM was extremely proud to have added \$21 billion to the pension fund in a period in which so many in the world and in our communities have suffered. He explained that the PRIT Fund's strong return should be viewed as pension security for the beneficiaries in this time of so much struggle and uncertainty. Mr. Trotsky noted that the carefully constructed PRIT Fund continues to perform well in both strong periods, like the last 12 months, but more importantly in weak markets, too, like a year ago with the onset of the pandemic.

Organizational Update

Mr. Trotsky reminded the Committee that at the last meeting, he reported that, "An Act Enabling Partnerships for Growth" was signed into law, which includes a provision to increase the diversity of PRIM's investment managers and contractors to at least 20% and increase access for minorities, women, and disabled investment managers and business partners. He mentioned Treasurer Goldberg strongly advocated for this initiative and PRIM believes the new legislation is a continuation of the important diversity and inclusion work PRIM has already been doing to further increase access for minorities, women, and people with disabilities – these efforts are focused both internally - on PRIM's own staff - and also externally as we seek diverse investment managers and vendors. He said PRIM has made great progress in increasing diversity both internally and externally and that David Gurtz, PRIM's Deputy CIO would be detailing the launch of the FUTURE program. Mr. Trotsky said PRIM believes the FUTURE Program is comprehensive and industry leading, designed to have maximum impact and establish PRIM as a leader in the industry with regard to diversity and inclusion practices just as PRIM is an industry leader and innovator in other important areas of its investment program. Mr. Trotsky highlighted the following important accomplishments with regard to diversity and inclusion progress both internally on PRIM staff:

- The PRIT Fund has over \$5B invested by diverse investment managers, top ten of all funds in the country, with a goal to increase that number steadily in the future.
- In FY 2020, PRIM hired 9 new full-time employees, all diverse in terms of gender, race or both.
- The entire class of 2020 interns (8 total) were diverse.
- In FY 2021, PRIM hired 5 new employees and 4 are diverse, and 6 of the 8 current interns are diverse.
- PRIM's total workforce diversity increased to 66% currently, up from 42% in FY2018.
- PRIM's senior management is 33% diverse, increasing from 9% in FY2018, and PRIM's female senior management is 26% increasing from 7% in FY2018.

Mr. Trotsky reiterated changes to the Client Services team, announced at the end of March, shortly after Paul Todisco's retirement. His comments were as follows:

Francesco Daniele was promoted to Director of Client Services. Francesco joined PRIM in December of 2016, with 20 years of experience in finance and administration. PRIM is fortunate that Paul recruited, hired, trained, and mentored Francesco over the last four years. Prior to joining PRIM, Francesco was a Director at the Debt Exchange, assisting global financial institutions actively managing their core and non-core loan portfolios. Francesco began his career as a Fixed Income and International Equities Analyst at Independence Investment Associates. He has a bachelor's degree in international business and finance from Northeastern University and an MBA from Suffolk University. He holds the Investment Foundations™ Certificate from the CFA Institute and on an interesting personal note, Francesco grew up in Sicily and is

fluent in Italian and Sicilian. He has traveled extensively throughout Italy during his career for work and for pleasure.

Emily Green was promoted to Senior Client Services Analyst. Emily joined PRIM in 2019 as a Client Services Analyst and has quickly become a valuable asset to the team. Before joining PRIM, Emily was with Stevens, Inc., where she was Vice President of Institutional Equity Sales. Emily graduated from Fairfield University with a bachelor's degree in marketing and a minor in art history.

Mr. Trotsky then added that Laura Strickland joined PRIM as a Senior Client Services Officer. Laura has 20 years of finance and client service experience. Most recently, Laura was a Director of Business Development and Relationship Management at DDJ Capital Management in Boston, where she managed institutional relationships and was responsible for business development and consultant relations in the Midwest and Northeast United States. Prior to that, Laura was a Vice President and Relationship Manager at Standish Mellon Asset Management. She has a bachelor's degree in Finance and an MBA from DePaul University. He asked the Committee to join him in welcoming Laura and congratulating Francesco and Emily on their promotions. Mr. Trotsky expressed confidence that the Client Services team is very strong and will continue to seamlessly deliver the outstanding service PRIM's clients are used to, well into the future.

Mr. Trotsky welcomed two additional new hires as follows:

Colleen Nulty joined PRIM as a Corporate Accountant on the Finance team, reporting to Dan Eckman. Colleen most recently worked as an Accountant at Education First in Cambridge, MA. Prior to that, Colleen was a Marketing Assistant at Boston University. Colleen holds a bachelor's degree in Accounting from Suffolk University and a Master's degree in Accounting also from Suffolk University.

George Defina joined PRIM as a Senior Investment Officer on the Research team, reporting to Maria Garrahan. George brings close to 20 years of investment industry experience, including 12 years at Mellon, Inc. (formerly The Boston Company) as a Senior Quantitative Analyst and Portfolio Manager. Prior to that, George served as a Quantitative Analyst, Developer, and Manager at Independence Investment Associates. George has designed, managed, and developed data systems throughout his career, and his expertise will be valuable to our internal data infrastructure project and other research initiatives. George holds a bachelor's degree in Computer Science and Engineering from the University of Connecticut.

Mr. Trotsky then mentioned a few interesting developments related to Project SAVE, the initiative that Tim Vaill, Investment Committee member, spearheaded many years ago. He said the spirit of Project SAVE is deeply embedded in PRIM's everyday thinking and has more than doubled the original goal of \$100 million in annual cost savings and value enhancing activities, more than \$200 million of Project SAVE activities. Mr. Trotsky highlighted three very recent opportunities that several outstanding staff members identified that were not immediately obvious to any of PRIM's consultants or business partners. These outstanding staff members were able to identify these opportunities because of their many years of relevant experience in the industry. Mr. Trotsky felt that this is a ringing endorsement of PRIM's efforts to not only hire junior level employees, but to also add depth and senior experience to the team – he commented that there is no substitute for industry knowledge and firsthand experience. He described the following three opportunities as follows:

The first example he provided included Jay Leu, Director of Risk Management, Matt Liposky, CIOO, and the Real Estate team, working on an enhanced leverage program that will reduce PRIM's borrowing costs by nearly \$7 million dollars annually. Mr. Trotsky told the Committee that PRIM is lucky to have Jay on the team and his many years of fixed income practical experience.

The next two examples Mr. Trotsky provided, included staff members Andre Clapp, Senior Investment Officer, Public Markets and David Gurtz, Deputy Chief Investment Officer (CIO), who together, developed

an internal crossing program for stock trades throughout the public markets portfolio that will save approximately \$3 million annually in trading costs. The Public Markets team also renegotiated several public market fee schedules that will result in more than \$5 million in annual savings.

Mr. Trotsky noted that these examples, of experienced team members adding value, happen every day and nobody necessarily knows about them or would notice if PRIM staff did not identify these opportunities, but the lesson is that experience matters and that in just a few, unique brain synapses, because of years of practical experience, these employees identified opportunities that essentially offset the entire annual cost of PRIM staff. He continued telling the Committee that staff leaves no stone unturned, and he is proud of them, but more proud that the entire PRIM team has Project SAVE DNA in their blood. Mr. Trotsky congratulated Mr. Leu, Mr. Clapp, Mr. Gurtz, Mr. Liposky and Tim Schlitzer, Director of Real Estate and Timberland for their attention to detail.

Market Commentary

Mr. Trotsky told the Committee that Markets continued to be strong in the March quarter, our third fiscal quarter, and that strength continued into April. Markets are up more than 90% off of the March 2020 lows and economic news is very encouraging. He relayed the following points:

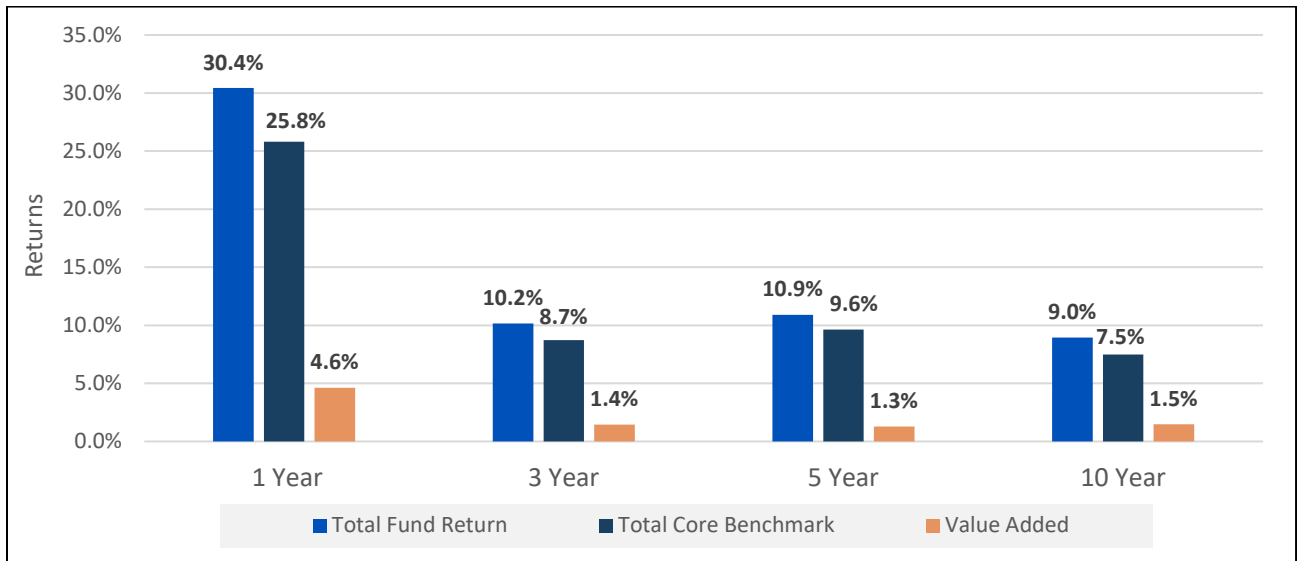
- U.S. GDP grew by an annualized 6.4% in the first quarter, following a 4.3% expansion in the previous three-month period.
- The U.S. Unemployment Rate fell to 6.0% in March from 6.2% in the previous month, the lowest rate in a year. The number of unemployed people fell by 262,000 to 9.71 million while the number of employed rose by 609,000 to 150.85 million. He noted that there are still nearly 10 million jobless workers and that hopefully that would continue to decline.
- The number of Americans filing for unemployment benefits decreased to 553,000 in the week ended April 24 from an upwardly revised 566,000 in the previous week. That is the third consecutive week with claims below 600,000 and a fresh low since the pandemic began.
- The Federal Reserve left the target range for its federal funds rate unchanged at 0-0.25% during its April meeting. Importantly, they will continue to purchase bonds at a rate of \$120 billion a month despite acknowledging a rise in inflation and the improvement in the economy.
- Market volatility has fallen year-to-date as the VIX Index decreased from 22.8 to 18.6 as of April 30, still above the 5-year average of 17.8, but encouraging, nonetheless.
- U.S. Retail Sales jumped 9.8% month-over-month in March, following a downwardly revised 2.7% fall in the previous month. Retail Sales increased 27.7% in March 2021 over the same month in the previous year, a record high. It is the biggest increase since May 2020, as more businesses reopened, the \$1,400 checks were sent starting in mid-March and the weather improved.
- The residential real estate market is very strong. U.S. Housing Starts soared, U.S. Building Permits rose, sales of new single-family homes for the U.S. jumped, but sales of previously owned homes for the U.S. fell. Properties typically sold in 18 days, a record low.

(The rest of this page was intentionally left blank.)

Mr. Trotsky referred to the following charts and graphs:

Total PRIT Fund Returns

Annualized Returns as of March 31, 2021 (Gross of Fees)

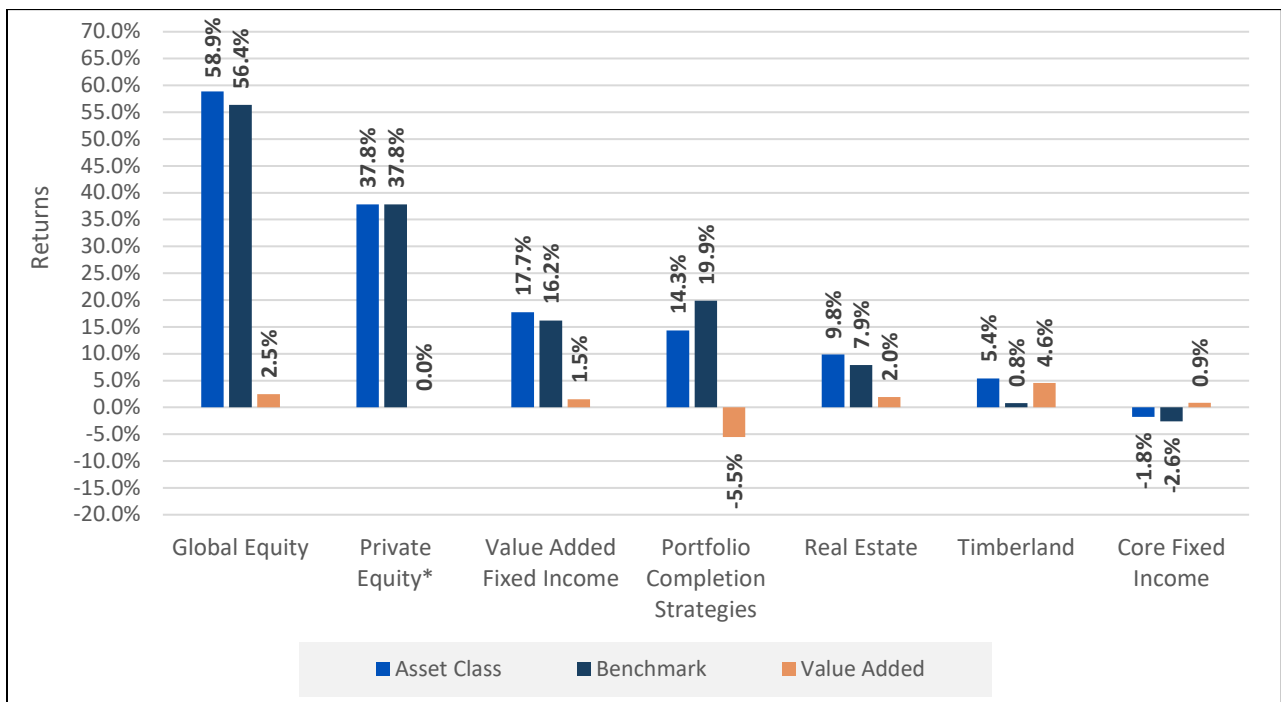


Source: BNY Mellon.

Total Core Benchmark includes private equity benchmark.

PRIT Asset Class Performance Summary

One Year ended March 31, 2021 (Gross of Fees)



Source: BNY Mellon. Totals may not add due to rounding. *Benchmark is actual performance.

PRIT Fund Annualized Returns by Asset Class

(March 31, 2021 - Gross of Fees)

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 58.9%	PRIVATE EQUITY 24.5%	PRIVATE EQUITY 22.6%	PRIVATE EQUITY 19.9%
PRIVATE EQUITY 37.8%	GLOBAL EQUITY 11.9%	GLOBAL EQUITY 13.7%	GLOBAL EQUITY 9.7%
VALUE-ADDED FIXED INCOME 17.7%	REAL ESTATE 6.8%	REAL ESTATE 7.1%	REAL ESTATE 9.6%
PCS 14.3%	CORE FIXED INCOME 5.8%	VALUE-ADDED FIXED INCOME 6.7%	VALUE-ADDED FIXED INCOME 5.4%
REAL ESTATE 9.8%	VALUE-ADDED FIXED INCOME 5.0%	PCS 5.0%	CORE FIXED INCOME 4.8%
TIMBER 5.4%	PCS 3.6%	TIMBER 4.3%	TIMBER 4.7%
CORE FIXED INCOME (1.8%)	TIMBER 2.4%	CORE FIXED INCOME 3.8%	PCS 4.2%

Source: BNY Mellon. Returns as of March 31, 2021

III. PRIM's Investment Equity Diversity Program Update – "The FUTURE Initiative"

David Gurtz, CFA, PRIM's Deputy CIO, provided the Committee with an overview of the FUTURE Initiative, PRIM's enhanced diversity and inclusion program.

Mr. Gurtz began by expressing how excited he is to be leading this important initiative and that diversity has long been a focus of PRIM. He said that diversity and inclusion is critical to the future success of PRIM and the asset management industry and PRIM is proud to launch PRIM's FUTURE Initiative – a strategic initiative to help PRIM achieve the goals set out by recent legislation, championed by Treasurer Goldberg, positions PRIM to be a leader in the industry by raising awareness and establishing best practices around diversity and inclusion. Mr. Gurtz mentioned that significant progress has been made, both internally and externally over the years, but there is much more work to do. He highlighted the following examples:

- PRIM has had a firm-wide effort to increase the diversity among PRIM staff, PRIM's investment managers, and on the boards of public companies that PRIM own.
- PRIM has steadily increased its use of diverse managers from \$1B five years ago to more than \$5B today or nearly 6% of the PRIT Fund. The industry has just 1.5% of assets managed by diverse managers.

- Pensions and Investments reported that PRIM is already being recognized as a leader and was listed as a top 10 pension plan with assets managed by diverse managers – number six, in fact.

Mr. Gurtz told the Committee that when developing this FUTURE Initiative, PRIM spoke with dozens of peer plans, consultants, data aggregators, investment managers and even academics – to gather best practices and based on those discussions, he identified 3 keys to PRIM’s future success. He listed them as follows:

- First, reduce the barriers to diverse managers to ensure all diverse managers have a clear path to work with PRIM regardless of their size or track record.
- Second, improve PRIM’s manager sourcing and pipeline of diverse managers.
- Third, enhance measuring and tracking of comprehensive D&I information across all of PRIM’s investment managers and vendors, and ultimately report on this information, as required by the new law.

Mr. Gurtz discussed establishing a new Emerging Diverse Manager Program modeled after the current Emerging Manager Direct Hedge Fund Program, developed by Bill Li, Director of Portfolio Completion Strategies, and Eric Nierenberg, Chief Strategy Officer, that will augment PRIM’s established process for working with diverse managers. For non-emerging managers, those with higher AUM and a longer track records, PRIM staff will continue to review, conduct due diligence, select, and monitor these managers as it has successfully done in the past. This new, Emerging Diverse Manager program will ensure that when a prospective diverse manager comes to PRIM, there is now a clear path to successfully work with PRIM.

Mr. Gurtz mentioned that as a first step, PRIM staff has been identifying and reviewing potential advisors for each asset class to help staff source, review and recommend emerging diverse managers. PRIM’s reviews include understanding their sourcing processes, their due diligence methodology and expertise, and their experience with recommending emerging diverse investment managers.

Mr. Gurtz then mentioned another key to future success is improving the sourcing of diverse investment managers. PRIM needs to signal to all diverse managers that we are open to do business and to help facilitate this PRIM has launched a new page on its website that allows all managers to submit their information, which will then be uploaded into the internal database of managers, flowing right into PRIM’s pipeline of managers to review. He said the web page provides a clearer path for managers to submit information and enhances PRIM’s efficiency in tracking prospective managers.

Mr. Gurtz also mentioned that PRIM is partnering with multiple advisors and industry advocacy groups to enhance its knowledge and network of diverse managers. He named as an example, NAIC, the National Association of Investment Companies, the largest network of diverse private equity managers and PRIM will be hosting a roadshow of diverse private equity managers this summer.

Mr. Gurtz concluded his remarks by explaining that PRIM will be championing the CFA Institute’s Diversity and Inclusion Code of Conduct, which Mr. Trotsky helped draft and which will be rolled out in the coming months with PRIM as a founding adopter. PRIM wants to make a difference in the behavior of all its existing managers and has partnered with expert advisors to survey existing investment managers for D&I information beyond ownership with examples such as:

- The diversity of their portfolio management team,
- The diversity of their total workforce, and
- Their policies and programs to promote diversity and inclusion.

It is critical that PRIM capture, track, and measure all firms on their progress towards improving their diversity and inclusion, regardless if the manger is defined as diverse or not.

Mr. Gurtz mentioned PRIM will be hiring a senior level investment staff member dedicated to this FUTURE Initiative.

Committee member, Dennis Naughton mentioned that the legislation uses the words “quantitative or qualitative restrictions” and understands why that would be an issue as you can’t established a track record until you have the opportunity to establish a track record. He then asked Mr. Gurtz, at what point would we look at the quality and have that become a factor in continuing the relation with a manager?

Mr. Gurtz stated that PRIM expects to be very thoughtful and methodical in the process and reminded the Committee that the law also states the process should be “consistent with sound investment policy”, and PRIM will not hire any investment manager that is not qualified.

Mr. Naughton mentioned that the point he is raising is that PRIM should not do anything to endanger the success of this program.

IV. Interim Meeting with PRIM Board Auditors

Anthony Falzone, Chief Operating Officer, introduced Brock Romano, KPMG’s Lead Audit Engagement Partner, Christine St. Hilaire, KPMG’s Lead Audit Managing Director, and Will Belden, KPMG’s Lead Audit Manager. Mr. Falzone stated that KPMG was mainly there to discuss the audit plan for the Fiscal Year 2021 PRIM and PRIT Audits, and the plan for the agreed upon procedures review of PRIM’s procurement processes and performance benchmarks.

Mr. Falzone provided an overview of the December 31, 2020 year end audits for the following alternative asset classes.

- The entire PRIT real estate portfolio
 - Six core private real estate accounts, non-core real estate, and REIT’s
- PRIT’s two timberland portfolios
- PRIT’s 21 directly managed separate accounts
 - 18 directly managed hedge fund portfolios
 - 3 other credit opportunities portfolio
- PRIT’s sole agricultural portfolio

Mr. Falzone mentioned that he appreciates the partnership PRIM has with KPMG and reiterated the amount of complexity involved in auditing these separate accounts, particularly the separately managed hedge fund accounts, where the assets are more esoteric and harder to price/value. Mr. Falzone also mentioned that the audit process is quite a bit of work and thanked his team for their diligence.

Mr. Romano provided an overview of:

- KPMG’s engagement team
- KPMG’s Accelerate 2025 program related to the firm’s Culture and Diversity initiatives
- The roles and responsibilities of management, the Administration and Audit Committee and KPMG as it relates to the fiscal 2021 audits of the PRIM Board and the PRIT Fund
- Audit timeline

Mr. Belden summarized the audit areas of emphasis highlighting that the majority of the audit effort is related to investments and related valuation.

Ms. St. Hilaire summarized the agreed upon procedure services (procurement and performance measurement) as well as summarized the audit approach to fraud and the two-way communications between auditor and auditee.

Mr. Falzone told the Committee he was happy to report all audits but two have been completed and received clean unmodified opinions. One remaining Timber audit is expected to be issued in June and one direct hedge fund audit is underway. This one remaining hedge fund portfolio has a very complex strategy that requires a massive number of transactions. He mentioned he would keep the Committee updated on their progress, and thanked Qingmei Li, Manager of Financial Reporting for all her hard work supporting the audit process for PRIM.

Mr. Brousseau mentioned that PRIM staff would be coordinating a meeting with Mr. Romano to allow both parties to have an informal discussion and talk about anything they want to discuss. Mr. Falzone welcomed all Administration and Audit Committee members to participate.

Mr. Brousseau asked the KPMG staff how has the pandemic influenced the auditing process, has it become more complex? Are there more issues? Or is the process rolling along?

Mr. Romano said some industries have been affected more than others, some positively and some negatively. The stress levels on professionals have been tremendous, especially on working mothers. Then we think of it as what it means on audits. This time last year we knew that some industries would be under tremendous stress, but the Federal government has provided some relief in some instances. KPMG has provided the professionals with the tools, there has been a lot of collaboration and communication between the teams to identify and share stories in what has affected the audits, but most of the audits have stayed on track and on time.

V. Draft Fiscal Year 2022 Operating Budget (Voting Item)

Mr. Falzone and Deborah Coulter, CPA, Chief Financial Officer, presented the Draft Fiscal Year 2022 PRIM Operating Budget. Mr. Falzone and Ms. Coulter thanked Daniel Eckman, CPA, Director of Finance & Administration, Sara Coelho, Senior Corporate Accountant, and the rest of the team for its work on the proposed budget.

Mr. Falzone stated that the total Fiscal Year 2022 Budget is projected to be \$474 million, or 52.7 basis points (bps), of the projected average PRIT Fund assets of \$90 billion. PRIM's fees and expenses relate directly to PRIT Fund assets, and that higher average asset levels, and/or a larger allocation to more complex/costly assets, results in higher costs, and as a result, the Fiscal Year 2022 Operating Budget is 9.8% (\$42.5 million) larger than last year.

Mr. Falzone explained the budget is comprised of 3 sections: Investment Management Fees, Third-Party Service Providers, and Operations. Investment Management Fees account for approximately 90.9% of the total budget. These fees are paid to investment managers to invest the assets of the PRIT Fund. These fees are grouped by asset class. The PRIT Fund's asset allocation mainly drives the cost allocation.

Mr. Falzone described the relationship between PRIM's asset allocation and PRIM's budget allocation. He noted that the size of any one asset class does not directly relate to the size of the expense. For example, the Global Equities target asset allocation range is 34-44% of the PRIT Fund--the largest asset class--yet is ranked third in budget expenses. This is due to the use of passive management within the Global Equities portfolio, which is relatively inexpensive to implement. Contrast that with Private Equity, PRIM's highest-returning and nationally recognized asset class, with an allocation range of 11-17% it is expensive, and management fees for Private Equity requires more of the FY 2022 budget to implement that strategy successfully.

Mr. Falzone went on to explain that this budget projection is based on continued projected asset growth, using NEPC's 10-year growth assumptions (5.8%), however future performance is not predictable, so PRIM's actual fees will likely vary, but PRIM's budget projection provides a very good approximation of projected expenses. He also mentioned that no performance fees, incentive fees or carried interest are projected in this budget, as it is extremely difficult to estimate future performance.

Ms. Coulter discussed the three sections of the budget in more detail, highlighting key changes year-over-year. She explained that the Investment Management Fees section is increasing 9.5% but the estimated basis points for this section is actually decreasing. She noted that Project Save is embedded in all aspects of PRIM's business, but especially in the area of investment management fees. Over the past few years, assets have been moved to lower-fee types of structures such as no-fee co-investments in Private Equity and direct investments in Real Estate. This year, the budget for Global Equities is decreasing due to a transfer of assets to lower-fee passive managers and successful fee negotiations. She noted that the Third-Party Service Providers section of the budget was increasing due to fees for additional analytical tools and new research initiatives. In addition, this section increased to reflect fees for PRIM's new benchmark consultant and implementation costs for the new Investment Equity Diversity program. The last section of the budget, Operations Expenses, increased mainly due to changes in the Compensation and Benefits section as a result of projected new hires outlined in PRIM's annual plans.

The Administration and Audit Committee voted (unanimously) by roll call vote to recommend to the PRIM Board that the Board approve the Draft Fiscal Year 2021 PRIM Operating Budget, as set forth at Appendix F of the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

Mr. Brousseau and Mr. Naughton thanked the PRIM team for their hard work and for such a thorough presentation on the budget.

VI. Issuance of a Request for Proposals (RFP) for Proxy Voting Services (Voting Item)

Mr. Falzone informed the Committee that PRIM's contract with Institutional Shareholder Services (ISS), the incumbent provider, expires on December 31, 2021.

The Administration and Audit Committee voted (unanimously) by roll call vote to recommend to the PRIM Board to approve the issuance of an RFP for Proxy Voting Services as set forth in the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

VII. Legal/Legislative Update

Mr. Falzone told the Committee there was nothing significant to report on the legal front and introduced Emily Kowtoniuk, Director of Policy & Legislative Affairs, to provide a legislative update.

Ms. Kowtoniuk told the Committee that on the House Budget side there was an update, by way of amendment, the adoption of the language we tracked last session, that would change the composition of the PRIM Board. The first time we have seen this language on the House side, and with a new sponsor on the House side, Representative Peisch, we will be tracking this budget amendment closely. The Senate will release a budget at the end of next week and then the House and Senate would need to reconcile any differences in their budgets. Also, there is a slew of bills sent to the Committees that we will be tracking. There are new Chairs to the Joint Committee of Public Service, which is most relevant to PRIM's work. Ms. Kowtoniuk also mentioned several other items her team was tracking that included divestment proposals, one brought forward by Treasurer Goldberg for divestment from firearms, and other proposals by various legislators regarding climate change, fossil fuels, and proposals that involve restrictions on the pension fund investing with countries selling weapons to Saudi Arabia and Myanmar but doesn't expect any movement on those items until the fall.

Chair Brousseau asked Ms. Kowtoniuk to expand on the House budget amendment that will require a change to the PRIM Board. Ms. Kowtoniuk explained it was an iteration of the legislation proposed over the last several years involving MACRS that would require the Governor to select his Public Safety appointee from three nominees that are chosen by MACRS.

VIII. Other Matters:

The Committee members briefly discussed the following topics:

- a. March 2021 PRIM Operating Budget
- b. Travel Report
- c. Client Services Update

Francesco Daniele provided a Client Service update.

The PRIM Administration and Audit Committee meeting adjourned at 11:47 a.m.

List of documents and exhibits used during the meeting:

- *Minutes of the PRIM Administration and Audit Committee Meeting of February 4, 2021*
- *PRIT Fund Performance Report*
- *BNY Mellon Gross of Fees Performance Report*
- *PRIM's Investment Equity Diversity Program – "The FUTURE Initiative"*
- *KPMG's Fiscal Year 2021 Audit Plan*
- *Draft Fiscal Year 2022 Operating Budget*
- *March 2021 PRIM Operating Budget*
- *Travel Report*