



Minutes of the PRIM Compensation Committee Meeting  
Thursday, November 19, 2020

Committee members attending:

- Treasurer Deborah Goldberg
- Robert Brousseau
- Patrick Brock

Committee members not attending:

- Michele Whitham, Esq. Chair
- Joseph Connolly

The PRIM Compensation Committee meeting was called to order at 11:45 a.m. The Chair was not in attendance and therefore Robert Brousseau chaired the meeting and 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](http://www.mapension.com)). At the start of the meeting the names of the members participating remotely were announced.

**I. Approval of the Minutes**

The PRIM Compensation Committee approved (unanimously) by roll call vote the minutes of its October 31, 2019 meeting.

**II. Executive Director's Report**

Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer told the Committee that PRIM continues to spend a significant amount of time on retention and recruitment – it remains one of his primary concerns. He added that PRIM has been very successful in its hiring efforts, even throughout the pandemic. Consistent with the Board-approved hiring plans, in FY2020 PRIM filled nine staff vacancies with top talent (all are diverse) and only one senior-level employee departed (none in FY2019). PRIM is staffed with exceptional investment and finance professionals, and all our job postings attract literally hundreds of talented and well-qualified applicants. PRIM's team continues to be recognized around the nation for the success and innovation of our investment program and for the transparency and completeness of our financial reporting. Our comparatively small staff researched and deployed approximately \$5.4 billion in new Board-approved investments in FY 2020 – great productivity in a challenging year.

Mr. Trotsky mentioned that the employment environment in the nation and in the region is weak and experts are anticipating there will be more layoffs in the finance sector in the coming months. Mr. Trotsky views this first and foremost as a great tragedy for our economy and our sector, but also perhaps an opportunity to selectively add to our staff at PRIM as there is a lot of displaced financial talent available at the moment. He added that for several years the Board has encouraged PRIM to deepen its pool of talent and he anticipates that we will continue to add staff slowly, responsibly, and selectively.

Mr. Trotsky mentioned that in last year's compensation survey PRIM's compensation consultant, McLagan, indicated very low single-digit increases in compensation in 2019. The 2020 compensation

survey results will be available next year, and Mr. Trotsky suggested PRIM wait for that survey to review PRIM's salary ranges. In the meantime, he believes PRIM's current salary ranges are appropriate. The Committee agreed to request that McLagan present their review and analysis at the next meeting in 2021.

Mr. Trotsky also informed the Committee of his decision to freeze PRIM salaries in light of the COVID pandemic and its associated economic damage, and he asked that there be no increase to his salary as well.

Treasurer Goldberg supported the decision and explained it is appropriate at this time.

Robert Brousseau mentioned that although Michael has made the decision to freeze salaries, and the Compensation Committee is not recommending a pay increase for Michael, it should be mentioned that this past year PRIM has done an extraordinary job, in very volatile markets, in the middle of a pandemic, making sure the organization was well prepared to work remotely and meet other goals that are important to the organization and its beneficiaries.

### **III. Administration and Audit Committee Chair's Report on the Executive Director's Fiscal Year 2020 Performance Evaluation**

Administration and Audit Committee Chair Robert Brousseau presented to the Committee a summary of the Board's September 9, 2020 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:

- *"The word that I found on every single evaluation this year was the word "outstanding." And it appeared on all the evaluations in terms of Michael's performance, on every evaluation document that I received by email or by phone conversations with trustees and committee members."*
- *"Despite all the craziness of this year, Michael and his team met our financial goals, came out ahead, paid all benefits, recruited new talented and diverse staff, retained staff, and chaired and served as chair of the CFA Society, while also dealing with a personal family health crisis, all truly amazing achievements."*
- *"Mr. Trotsky's overall performance is outstanding. And the team and the PRIM team, committees, the Board, the beneficiaries and especially the taxpayers of the Commonwealth are very fortunate to have such a dedicated, intelligent and thoughtful leader."*
- *"Michael's excellent communication skills, combined with his integrity and team management expertise, continue to be further evident in all interactions. Michael definitely walks the talk, and the Commonwealth is very fortunate to have him leading PRIM."*
- *"Michael is doing a terrific world-class job for us, in my opinion."*

### **IV. Executive Director's Fiscal Year 2020 Individual Performance Component (Voting Item)**

Mr. Brousseau explained the Committee's responsibility to recommend to the Board the Executive Director/Chief Investment Officer's Individual Performance Incentive Multiplier for Fiscal Year 2020, based upon the evaluation by the Board at its September 9, 2020, 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 2019, 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, 2020, based on the Board's evaluation of his performance as "outstanding."

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 at 1.0.

#### **V. Executive Director's Compensation**

The Executive Director informed the Chair of the PRIM Board and the Chair of the Administration and Audit Committee of his decision to freeze all PRIM salaries this year in light of the COVID pandemic and its associated economic damage. Accordingly, the Compensation Committee, based on the Executive Director's recommendation, recommended no change to the Executive Director's current salary.

In accordance with M.G.L. Chapter 29, Section 29K(b)(2) and 801 CMR 53.02, "...the Compensation Committee shall meet independently of management at least once per calendar year." PRIM staff left the remote meeting at 12:03 p.m. and the Committee continued its discussions. One PRIM administrative staff member remained for the purpose of preparing the minutes, and the Compensation Committee discussed the size of their Committee and the possibility of increasing its size.

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 October 31, 2019*
- *Draft Minutes of the Board's Fiscal Year 2020 Performance Evaluation of the Executive Director*

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