



Minutes of the PRIM Administration and Audit Committee Remote Meeting
Tuesday, July 19, 2022

Committee members attending:

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

Committee members not attending:

- Karen Gershman, CPA
- Michele Whitham, Esq.

The PRIM Administration and Audit Committee meeting was called to order at 2:02 p.m. Chair Robert Brousseau announced that the meeting was being held in accordance with the provisions of Massachusetts, “Chapter 22 of the Acts of 2022” which was amended on July 16, 2022, which includes an extension, until March 31, 2023, of the remote meeting provisions of the March 12, 2020, Executive Order “Suspending Certain Provisions of the Open Meeting Law”. 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. ESG Committee Status Update

Frederick (Rick) Funston, Managing Partner/Chief Executive Officer and Randall (Randy) Miller, Principal/Chief Operating Officer of Funston Advisory Services (FAS) walked through their presentation for the Committee.

Mr. Funston reminded the Committee that his firm issued an online survey to all PRIM Board and committee members seeking feedback on a draft ESG Committee charter and added that several Board and committee members requested follow-up telephone conversations to discuss their survey responses.

Mr. Funston added that FAS heard from several trustees and advisors the need for the ESG charter to illustrate leading governance (the G in ESG) practices. Accordingly, FAS made recommendations in several areas in which existing charters are silent, e.g., chair, the appointment process, terms, etc., and that FAS would not strongly object if the Committee wished to reserve opinion on those areas as part of a broader charter review.

Mr. Miller presented a summary of the feedback FAS received from the survey responses and telephone conversations. Additionally, Mr. Miller walked through their revised draft of the ESG Committee charter based on Board and committee members’ feedback and their recommended leading practices.

Treasurer Goldberg mentioned that some of the proposed changes including but not limited to composition, term limits, and committee size were inconsistent with existing charters. Treasurer Goldberg added that it is conceivable that given the breadth of E, S, and G, PRIM may need the flexibility of having more advisors than Funston had recommended and not limiting the number of advisors has worked in PRIM’s favor, allowing many bright people to be added to PRIM’s committees adding valuable expertise.

Mr. Miller responded by telling the Committee that FAS was engaged to advise PRIM on the ESG charter project and felt compelled to provide PRIM with leading practice of many of PRIM's peers, admitting that there may be some conflict, and would not strongly object if the Committee decided to table these specific changes until a review of the governance manual as a whole was to take place.

Dennis Naughton mentioned he would like to propose a motion to amend Funston's recommendation to remove certain components in section 6, feeling that they would be better addressed during a larger scope review of PRIM's governance manual.

Theresa McGoldrick mentioned that injecting term limits and conditions on how committee members are appointed seems appropriate for a review of PRIM's entire governance manual, not when formulating a committee, and would agree with Mr. Naughton, and Treasurer Goldberg that these components in question should be removed from the proposal.

Mr. Brousseau mentioned that there is merit in taking up these issues now, but he was comfortable waiting until PRIM can perform a larger scale review of its charters.

The Administration and Audit Committee voted (unanimously) by roll call vote to recommend to the PRIM Board that the Board amend the PRIM Board Governance Manual to include the Draft ESG Committee Charter as set forth at Appendix C of the Expanded Agenda, amended per Mr. Naughton's motion and after the Committee's discussion as follows;

"Committee Composition

1. ESG Committee members shall include:

a) Four trustees, including at least one from each standing committee, appointed by the Board Chair in consultation with each trustee and ratified by the Board.

b) ~~Three~~ independent advisors selected by the Board that must have qualifications and experience relevant to ESG policy making, engagement, and/or education, including advocacy, finance, investment management, corporate governance, and business management.

~~i. Must have qualifications and experience relevant to ESG policy making, engagement, and/or education, including advocacy, finance, investment management, corporate governance, and business management.~~

~~ii. Elected by the Board from a list of candidates developed with recommendations from trustees and advisors, with input from the Executive Director/CIO.~~

~~c) The ESG Committee Chair shall be elected by ESG Committee members.~~

~~d) Each ESG Committee member shall be elected for a term of three years.~~

"

and to amend the Administration and Audit Committee Charter to reflect the corresponding changes in proxy voting policy responsibilities, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

The PRIM Administration and Audit Committee meeting adjourned at 2:48 p.m.

List of documents and exhibits used during the meeting:

- *Funston Advisory Services – ESG Committee Charter Presentation*
- *ESG Committee Charter – Redline Version*
- *ESG Committee Charter – Clean Version*