



Minutes of the PRIM Compensation Committee Remote Meeting  
Thursday, November 17, 2022

Committee members attending:

- Treasurer Deborah Goldberg
- Robert Brousseau
- Patrick Brock

Committee member not attending:

- Michele Whitham, Esq., Chair

The PRIM Compensation Committee meeting was called to order at 11:35 a.m. The Chair was not in attendance and therefore Treasurer Goldberg chaired the meeting and 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](http://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 Compensation Committee approved (unanimously) by roll call vote the minutes of its November 18, 2021 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 last year (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 treated 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 54 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 of what economists have described as “The Great Resignation”, and recruiting qualified employees has become more difficult and 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.

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. Last year, PRIM successfully onboarded eleven new full-time employees (8 diverse) and recruited and sponsored ten seasonal interns (all diverse). The year before, in the middle of the COVID

pandemic, we hired seven new full-time employees (6 diverse) and 13 interns (11 diverse). Over the last two years we have promoted eight high-performing employees. 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 2022 Performance Evaluation**

Administration and Audit Committee Chair Robert Brousseau presented to the Committee a brief summary of the Board's August 17, 2022, 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.

Treasurer Goldberg made note of the following quote from the Expanded Agenda:

*"In terms of the evaluation, Michael's evaluation this year is the same as last year. In other words, it's the same as last year, the same as the year before that, the same as the year before that, and the same as the year before that. Actually, as far back as I can recall, Michael's evaluation has been outstanding, and I would tell you just all of the 13 replies that I received or evaluations all stated basically the same thing, that his evaluation is outstanding."*

### **IV. Executive Director's Fiscal Year 2022 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 2022, based upon the evaluation by the Board at its August 17, 2022, meeting.

Additionally, Treasurer Goldberg reminded the Committee that they recommended, and the Board approved, that the Executive Director receive a "1.00" Performance Multiplier for Fiscal Years 2021, 2020, 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.

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, 2022.

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 impact the current inflation levels can have on salaries along with the need for consistency throughout the entire organization especially during volatile markets. Mr. Brousseau 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 is worth much more.

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 (1.9%) to \$540,000.

**VI. Fiscal Year 2022 Incentive Compensation (Voting Item)**

Treasurer Goldberg mentioned that a provision exists where the PRIM Board may release or defer incentive compensation when the one-year PRIT Fund performance falls between 0% and -10%. The one-year PRIT Fund performance for Fiscal Year 2022 was reported at -3.4%, net of fees.

For the Fiscal Year ending June 30, 2022, staff incentive compensation was earned. It is based on the PRIT fund's trailing three-year performance relative to the benchmark. As reported last quarter, the PRIT Fund returned 8.4%, net of fees, for the three-year period, exceeding the benchmark by 2.4%.

Treasurer Goldberg mentioned to the Committee that the question at hand is not how PRIM performed compared to last year, but how PRIM performed under extraordinarily circumstances, and against the benchmark and peers. PRIM's portfolio is built to do well in good times but to do less poorly than the market in bad times, which showed itself to be true.

Mr. Brock stated that he was in favor of releasing the incentive compensation for all the reasons Treasurer Goldberg outlined.

Mr. Brousseau mentioned that he also was in favor of releasing the incentive compensation payment.

The Compensation Committee voted (unanimously) by roll call vote to make a recommendation to the Board to release incentive compensation for Fiscal Year 2022.

The PRIM Compensation Committee meeting adjourned at 12:10 p. m.

List of documents and exhibits used during the meeting:

- *Minutes of the PRIM Compensation Committee Meeting of November 18, 2021*
- *Draft Minutes of the Board's Fiscal Year 2022 Performance Evaluation of the Executive Director*