

MINUTES
GOVERNANCE COMMITTEE MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

One McInnis Parkway, 1st Floor
Retirement Board Conference Room
San Rafael, CA

April 24, 2019 – 9:00 a.m.

The Board of Retirement for the Marin County Employees' Retirement Association encourages a respectful presentation of public views to the Board. The Board, staff and public are expected to be polite and courteous, and refrain from questioning the character or motives of others. Please help create an atmosphere of respect during Board and Committee meetings. If members of the public wish to speak on any agenda items, please alert the Retirement Administrator to that request prior to the matter being called.

CALL TO ORDER

Chair Cooper called the meeting to order at 9:00 a.m.

ROLL CALL

PRESENT: Cooper, Gladstern, Jones, Silberstein, Thomas

ABSENT: None

MINUTES

It was M/S Gladstern/Jones to approve the November 19, 2018 Governance Committee Meeting Minutes as amended per discussion.

AYES: Cooper, Gladstern, Jones, Silberstein

NOES: None

ABSTAIN: None

ABSENT: Thomas

A. OPEN TIME FOR PUBLIC EXPRESSION

Note: The public may also address the Committee regarding any agenda item when the Committee considers the item.

Open time for public expression, from three to five minutes per speaker, on items not on the Committee Agenda. While members of the public are welcome to address the Committee during this time on matters within the Committee's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Committee concerning a non-agenda item. Members of the Committee may (1) briefly respond to statements made or questions posed by persons

addressing the Committee, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

B. NEW BUSINESS

1. Proxy Voting

a. Proxy Voting Reports

Proxy voting records of public equity managers for December 31, 2018

Mr. Wickman presented proxy voting reports for the second half of 2018 that equity managers provided in the requested summary format that includes recommendations of ISS and Glass Lewis. The summary reporting gives additional clarity in analyzing proxy voting.

Trustee Thomas joined the meeting at 9:04 a.m.

In considering the proxy voting reports, the Committee addressed several topics, including Dimensional Fund Advisors (DFA) proxy votes against a proposed report on gun violence, the frequency of CEO pay, and disclosure of political expenditures. Trustee Silberstein observed that DFA's vote on disclosure of political expenditures does not align with MCERA's policy. Trustee Silberstein said that State Street Global Advisors (SSGA) is abstaining from voting on CEO pay packages with increased frequency. Mr. Wickman views abstaining on CEO pay as essentially a no vote. Trustee Silberstein commended Morgan Stanley's report, which included an explanation on why they vote differently on CEO pay, saying it is nice to see they are thoughtful about what they do.

Another point of discussion was Parametric's voting against a number of proposed Board of Director candidates. The Committee wondered whether these votes were the result of foreign corporations being family owned with proposed Board members having a conflict of interest. The Committee directed the Retirement Administrator to follow up with each manager to gain additional understanding on the reasons for the proxy votes.

2. New Policies and Charters

a. Board Member Mid-Term Vacancies

Consider and discuss potential policy

The Committee discussed the potential for developing a policy on Board member mid-term vacancies. The matter arose when alternate safety member Alan Piombo left the Board in February 2019. Mr. Wickman said the timing to do a special election was close to the normal election process that begins in May for safety members. As a result, he recommended to the Board that no special election be held and the position remain vacant until filled on November 1st through the regular election process. Mr. Wickman

further noted that Elections are defined in MCERA's Bylaws, which if changed would have to be adopted by the Marin County Board of Supervisors.

Considerations in not filling mid-term vacancies include the potential for not having a voting safety member on certain disability retirement applications by safety members. Counsel Dunning said this is a policy decision of the Board and we would be able to have a person in the same service voting on these matters. Mr. Wickman stated that the Board could have directed the Administrator to conduct a special election anyway. Chair Cooper's preference is not to amend the Bylaws.

Trustee Gladstern asked whether the Bylaws are in compliance with the CERL with respect to disability processes. Counsel Dunning replied that the Bylaws relate more to the process on disability hearings and not eligibility, which is governed by CERL. Ms. Dunning explained that the Bylaws also are included in the Plan Document of MCERA. Trustee Gladstern asked if the Bylaws should be a project and Mr. Wickman said he did not see this as a high priority.

3. Existing Policies – Standard Review without Proposed Updates

The Administrator presented policies scheduled for standard review for which staff has no recommended changes.

It was M/S Thomas/Jones to recommend that the Board accept the review of the policies listed in Agenda Item B.3.a-c below.

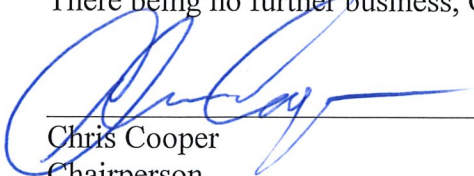
AYES: Cooper, Gladstern, Jones, Silberstein, Thomas
NOES: None
ABSTAIN: None
ABSENT: None

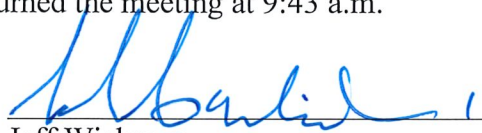
- a. Policy Regarding Annual Affirmation as to Key Policies (Action)
Conduct standard policy review
- b. Divestment Policy (Action)
Conduct standard policy review
- c. Whistleblower Policy (Action)
Conduct standard policy review

4. Next Committee Meeting

Mr. Wickman expects to present one new policy at the Committee's next meeting which will also include manager responses to follow up on today's proxy voting discussion.

There being no further business, Chair Cooper adjourned the meeting at 9:43 a.m.



Chris Cooper
Chairperson

Jeff Wickman
Retirement Administrator