

AGENDA
REGULAR BOARD MEETING
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

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

May 3, 2023 – 9:00 a.m.

This meeting will be held at the address listed above and, absent technological disruption, will be accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2 through December 31, 2025.

Instructions for watching the meeting and/or providing public comment, as well as the links for access, are available on the [Watch & Attend Meetings](https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings) page of MCERA's website. Please visit <https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings> for more information.

The Board of Retirement 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 meetings.

CALL TO ORDER

ROLL CALL

**CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR
“JUST CAUSE” OR “EMERGENCY,” AS SET FORTH ON THIS AGENDA BELOW**

MINUTES

March 29, 2023 Investment Committee
April 12, 2023 Board meeting

A. OPEN TIME FOR PUBLIC EXPRESSION

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

Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this time on matters within the Board'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 Board concerning a non-agenda item. Members of the Board may (1) briefly

respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

B. BOARD OF RETIREMENT MATTERS

1. Administrator's Report
 - a. Administrator's Update
 - b. Staffing Update
 - c. Facility Use Report
 - d. Future Meetings
 - May 16-17, 2023 Strategic Workshop
 - May 24, 2023 Finance and Risk Management Committee
 - June 14, 2023 Board
2. Standing Committee Report – Governance Committee
 - a. Proxy Votes

Proxy voting records of public equity managers for December 31, 2022
 - b. Proxy Voting Reports – Executive Compensation

Review and discuss the ISS executive compensation proxy voting reports for the Dimensional Fund Advisors and State Street Global Advisors portfolios
 - c. Governance Risk Report – Institutional Shareholder Services (ISS)

Review and discuss the ISS quarterly Risk Assessment Report
 - d. Custom ISS Proxy Voting Guideline on CEO Pay (ACTION)

Consider possible action on Governance Committee recommendation to adopt proxy voting guideline regarding CEO pay
 - e. Existing Policies – Standard Review with Proposed Updates
 1. Conflict of Interest Code (ACTION)

Consider possible action on Governance Committee recommendation to adopt updates to policy
 2. Actuarial Funding Policy (ACTION)

Consider possible action on Governance Committee recommendation to adopt updates to policy
 - f. Existing Policies – Standard Review without Proposed Updates
 1. Policy Regarding Implementation of Felony Forfeiture Laws (ACTION)

Conduct standard policy review and consider possible action on Governance Committee recommendation to review without making updates
 2. Travel and Expense Policy (ACTION)

Conduct standard policy review and consider possible action on Governance Committee recommendation to review without making updates

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

b. Other Comments

C. DISABILITY CONSENT AGENDA (TIME CERTAIN: 9:30 a.m.) (ACTION)

Any item that a Board member requests be pulled from the Disability Consent Agenda will be considered in Closed Session under the authority of Government Code section 54957(b), unless the applicant specifically waives confidentiality and requests that their application be considered in Open Session.

- | | | |
|----------------|-------------------|---|
| 1. John McHugh | Service connected | Southern Marin Fire Protection District |
|----------------|-------------------|---|

Consider and take possible action to adopt Administrative Recommendation to grant service-connected disability retirement application.

- | | | |
|-----------------|-------------------|---|
| 2. Thomas Moran | Service connected | Southern Marin Fire Protection District |
|-----------------|-------------------|---|

Consider and take possible action to adopt Administrative Recommendation to grant service-connected disability retirement application.

D. CONSIDERATION OF AND ACTION ON NON-CONSENT AGENDA DISABILITY RETIREMENT APPLICATIONS (TIME CERTAIN: 9:30 a.m.) (CLOSED SESSION) (ACTION)

Any non-Consent Agenda disability retirement application, whether pulled from the Disability Consent Agenda or originally agendized as a non-Consent agenda item, will be considered in Closed Session unless the applicant specifically waives confidentiality and requests that his or her application be considered in Open Session. The Board will move into Closed Session via virtual breakout room. The live stream will indicate the Board is in Closed Session.

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|--------------------|-------------------|-----------------|
| 1. Brendan O'Hagan | Service-Connected | County of Marin |
|--------------------|-------------------|-----------------|

Initial consideration of an application for service-connected disability retirement.

E. NEW BUSINESS

1. Determine Salary of Assistant Retirement Administrator Appointee (ACTION)

Consider and take possible action to determine salary of Assistant Retirement Administrator

2. SACRS Voting Delegate (ACTION)

Select delegate and alternate delegate to vote on MCERA's behalf at the 2023 SACRS Business Meeting May 12, 2023

3. SACRS Business Meeting Agenda and Action Items (ACTION)

Consider and discuss items on the business meeting agenda that will be voted on by SACRS member systems and provide direction to the MCERA Voting Delegate

4. Future Meetings

Consider and discuss agenda items for future meetings

F. OTHER INFORMATION

1. Training Calendar (ACTION)

G. CONSENT CALENDAR (ACTION)

Note on Process: Items designated for information are appropriate for Board action if the Board wishes to take action. Any agenda item from a properly noticed Committee meeting held prior to this Board meeting may be considered by the Board.

Note on Voting: As provided by statute, the Alternate Safety Member votes in the absence of the Elected General or Safety Member, and in the absence of both the Retired and Alternate Retired Members. The Alternate Retired Member votes in the absence of the Elected Retired Member. If both Elected General Members, or the Safety Member and an Elected General Member, are absent, then the Elected Alternate Retired Member may vote in place of one absent Elected General Member.

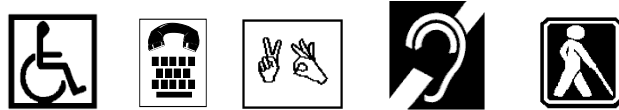
Note on Board Member requests to participate by teleconference under Government Code section 54953, subdiv. (f): At least a quorum of the Board must be present together physically at the meeting to invoke this provision. The provision is limited to “just cause” and “emergency” circumstances, as follows:

“Just cause” is only: (1) a childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse or domestic partner that requires them to participate remotely; (2) a contagious illness that prevents a member from attending in person; (3) a need related to a physical or mental disability, as defined; or (4) travel while on official business of MCERA or another state or local agency. A Board member invoking “just cause” must provide a general description of the circumstances relating to their need to appear remotely at a given meeting, and it may not be invoked by a Board member for more than two meetings in a calendar year.

“Emergency circumstances” is only: “a physical or family medical emergency that prevents a member from attending in person.” The Board member invoking this provision must provide a general description of the basis for the request, which shall not require the member to disclose personal medical information. Unlike with “just cause,” the Board must by majority vote affirm that an “emergency circumstance” situation exists.

As to both of the above circumstances, the Board member “shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member and the general nature of the member’s relationship with any such individuals.” Also, the Board member “shall participate through both audio and visual technology,” and thus be both audible and visible to those attending. Finally, no Board member may invoke these teleconference rules for more than three consecutive months or 20 percent of the regular meetings of the Board.

Note on teleconference disruption that interrupts the live stream: In the event of a technological or similar disruption, and provided no Board/committee members are attending by teleconference, the meeting will continue in person.



Agenda material is provided upon request. Requests may be submitted by email to MCERABoard@marincounty.org, or by phone at (415) 473-6147.

MCERA is committed to assuring that its public meetings are accessible to persons with disabilities. If you are a person with a disability and require an accommodation to participate in a County program, service, or activity, requests may be made by calling (415) 473-4381 (Voice), Dial 711 for CA Relay, or by email at least five business days in advance of the event. We will do our best to fulfill requests received with less than five business days' notice. Copies of documents are available in alternative formats upon request.

The agenda is available on the Internet at <http://www.mcera.org>

For consideration at May Board meeting

MINUTES

INVESTMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

**One McInnis Parkway, 1st Floor
Retirement Board Chambers
San Rafael, CA**

March 29, 2023 – 9:00 a.m.

This meeting was held at the address listed above and was accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2 through December 31, 2025.

CALL TO ORDER

Chair Klein called the meeting to order at 9:03 a.m.

ROLL CALL

PRESENT: Cooper, Gladstern, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby, Gullett (alternate safety), Jones (alternate retired), Shaw (ex officio alternate)

ABSENT: None

CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR “JUST CAUSE” OR “EMERGENCY,” AS SET FORTH ON THIS AGENDA BELOW

No discussion.

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. MANAGER REPORTS

1. Manager Overview – Jim Callahan, Callan LLC

Jim Callahan, President, Callan LLC, stated Artisan Partners will review the international growth equity portfolio and Invesco will review the balanced-risk commodities portfolio.

2. Artisan Partners – International Growth Equity – Sean Howley, Andrew Euretig **TIME CERTAIN: 9:05 a.m.**

Andrew Euretig, Managing Director and Portfolio Manager with Artisan Partners, reported the international growth equity strategy focuses on investing in enduring, sustainable growth opportunities. Preferred companies have reasonable valuations and managers with exceptional attributes who are able to capture the opportunities. The team looks for differentiated businesses with unique assets and tail winds of long-term secular growth. Mr. Euretig reported in 2022 the fund underperformed the benchmark. He is seeing strength in the fourth quarter of 2022 and in the first quarter of 2023.

Mr. Euretig discussed investment themes that are expected to play out over 3, 5 and 10 years. These include technologies that are changing the world, affecting people's lives, and delivering better societies. Demographics will drive demand for health care, and people are demanding more stringent environmental standards.

Mr. Euretig said the disruption of the financial system over the past few weeks is expected to impede the development of startup disruptors and entrench mature technology firms. As a result, the team is rotating the portfolio from financials into technology companies benefiting from long-term trends of artificial intelligence, data centers and machine learning. Another trend Mr. Euretig discussed is the expectation for regional banks to be disadvantaged and money center banks to be favored given either the higher cost of capital or increased regulations.

Chair Klein asked if Credit Suisse was a holding in the portfolio and to what extent the strategy relies on a low interest rate environment. Mr. Euretig replied Credit Suisse was not in the portfolio. He said high multiples of price relative to earnings are a function of low interest rates, and the ability of technology companies to outperform has been a tailwind for the strategy. Growth businesses will outperform over time, but tend to underperform in a high interest rate environment and during strong rotations into value. Mr. Euretig noted hyper-scale technology companies are still delivering 20% earnings growth at more reasonable valuations.

3. Invesco – Balanced-Risk Commodities – Dave Gluch, Delia Roges **TIME CERTAIN: 9:35 a.m.**

Delia Roges, Managing Director for Invesco, said the balanced-risk commodities portfolio is model and rules based. Ms. Roges reported that the Invesco President and CEO Marty Flanagan will retire in June 2023 and will be succeeded by Andrew Schlossberg, Head of Americas. Ms. Roges introduced Dave Gluch, Client Portfolio Manager for the Global Asset Allocation team. Mr. Gluch reported commodities have improved since the multi-

For consideration at May Board meeting

year bear market ended in May of 2020. He noted the portfolio's relative performance to the benchmark over the past three years has been unusually variable.

Mr. Gluch addressed supply catalysts supporting a potential super cycle in commodities. He noted that producers under-invest in bear markets, and new supply takes a long time to get out of the ground. On the demand side, a major catalyst for commodity prices is green energy, which is global in nature and will take considerable metals and raw materials to implement.

Mr. Gluch discussed advantages of the balanced-risk commodities strategy over the Bloomberg Commodity Index (benchmark). He explained that the benchmark ignores long-term sources of return and allocates based on economic significance, measured through production weighting and trading liquidity. The benchmark is not measuring scarcity, he said, has a high weight for energy, and rebalances once per year. By contrast, Invesco considers four major sources of returns driving commodities. The first is a bias toward scarcity based on the shape of the futures curve. Second, the strategy considers the volatility and correlations of commodities. Commodities with less risk are given more weight to balance risk contribution, and the portfolio is rebalanced monthly. Mr. Gluch explained this process results in systematically selling high and buying low. Third, the strategy selects the contract that maximizes return and minimizes risk. Finally, the portfolio is rebalanced based on multi-factor, rules-based models to underweight commodities in bear markets and overweight commodities in bull markets. He also pointed out that when high-weighted commodities in the benchmark do well, the performance of the strategy lags the benchmark.

Mr. Gluch said the volatility, low correlation, and changes in leadership of commodity sectors over time support the strategy's rebalancing approach. Factors leading to moderating energy prices include the warm winter in Europe, China's COVID lockdown that suppressed demand, and central bank actions.

Trustee Vasquez asked about the source of underperformance in 2022. Mr. Gluch explained that tactical allocation, the rebalancing of strategic commodity weights, of natural gas resulted in half of the tactical loss due to extreme price volatility in the period prior to and during the Ukraine invasion. In response to Trustee Vasquez's inquiry, he discussed the relative volatility of commodities, noting natural gas is the most volatile. Chair Werby pointed out that over five years the portfolio has underperformed the benchmark. Mr. Gluch attributed this to the past two years when energy performed well.

C. NEW BUSINESS

1. Silicon Valley Bank Update – Jim Callahan, Callan LLC

Mr. Callahan discussed the series of events leading to the failure of Silicon Valley Bank (SVB) and Signature Bank. He noted the Federal Government stepping in to ensure the deposits in these banks was an important development. MCERA's direct security exposures to SVB and Signature Bank were small equity positions in the Russell 1000 Index. Mr. Callahan also discussed the recent issues with Credit Suisse, noting that Wellington held Credit Suisse senior debt which was not impaired. Junior Credit Suisse

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bonds in the Western Asset core fixed income portfolio were written down to zero that had been valued at 2 basis points of its portfolio. Private debt manager CarVal also had exposure to these junior bonds. In aggregate, exposures to direct securities was relatively small when compared to the total portfolio.

Other exposures to SVB are within the private equity program that are invested in a series of fund vehicles. Both Abbott and Pathway held deposits at SVB across multiple funds of over \$20 million. Both Abbott and Pathway have since identified alternative sources to diversify their deposits. Mr. Callahan said another exposure is subscription lines of credit that help private equity managers with capital calls and distributions and to mitigate the J curve. Now, the managers will need to seek alternative sources for these lines of credit. The implication is the cost of capital will be higher and will ultimately affect returns. The other implication was the lending by SVB to venture companies which is now gone. Mr. Callahan concluded there is a void that needs to be filled, with the expectation that private capital will step into venture capital lending.

Trustee Werby noted the FDIC identified the problem at SVB and asked if bank personnel were unwilling or unable to act. Mr. Callahan explained Silicon Valley Bank had a unique business model concentrated on technology and venture capital. What happened is lending did not keep pace with increased deposits and deposits were invested in long duration bonds. In 2022 when rates went up, these bond prices went down. When depositors began to take money out, the bank was forced to liquidate securities. As the bank was not required to mark these assets to market, there was a big disparity in value. Chair Klein said her understanding is regulators told the bank to correct issues, but the bank never acted on its recommendations.

Trustee Silberstein noted there may be smaller banks with falling market values in MCERA's Fund whose total value may be significant. Mr. Callahan said there is a risk of contagion but it is hard to know to what degree that may happen. Chair Klein asked if Abbott or Pathway had staff monitoring the balance sheets of financial institutions and why they missed the imbalance. Mr. Callahan said the managers do have that function as part of their due diligence. He indicated the banks were surprised because the Fed aggressively raised interest rates over a short period of time. Chair Klein noted that Silicon Valley Bank had released a 10-K annual report at the end of February 2023 that showed the bank was undercapitalized. She said other venture capitalists noticed this, which led to large withdrawal requests from the bank in one day. She pointed out that Abbott and Pathway are supposed to be financially sophisticated gate keepers, terming the situation a major operational risk. Chair Klein said this could have been a catastrophe had the FDIC not stepped in. Mr. Callahan said the managers would have to be asked why they did not act sooner, adding they should have paid attention to the concentration of their exposure to Silicon Valley Bank.

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2. Abbott Capital Management ACE VI Fund Extension (ACTION)

Consider, discuss and take possible action regarding Abbott Capital Management request for extension of ACE VI Fund

Mr. Wickman said MCERA's private equity program began in 2008 with \$100 million commitments each to managers Abbott Capital Management and Pathway Capital Management. Abbott's limited partnership agreement defined Abbott's ACE VI fund as a 12-year fund with three one-year extensions, all of which were executed. At the September 2022 Investment Committee meeting Abbott was asked about the fund's planned closing date of March 31, 2023. Subsequently, on March 8, 2023 MCERA received a letter from Abbott requesting that ACE VI limited partners consent to a two-year extension in order to have an orderly winddown.

The Administrator recommended that the Committee discuss this matter. Mr. Callahan explained that the terms of the extension are for a simple majority of limited partners to vote to consent to the extension. Trustee Silberstein recommended not agreeing to the proposed ACE VI fund extension and looking for a reduced fee. Mr. Callahan noted he had requested reconsideration of the fee on behalf of MCERA and received no indication the fee would be lowered.

Trustee Werby asked what was really going on. In response Mr. Callahan explained that the timing of MCERA's initial investment in 2008 coincided with the Great Financial Crisis. As a result, capital was called over a much longer period of time than was originally expected. He stated the other part is that Abbott found pricing was deeply discounted in the secondary market in the past year and felt that extending the time frame for the liquidation of ACE VI would improve pricing.

Trustee Vasquez asked what we know about the remaining portfolio companies and how to avoid this conversation once the extension time is up. Mr. Callahan pointed out that MCERA has received back \$154 million from its \$100 million investment in ACE VI and the remaining Net Asset Value is about \$42 million. Mr. Callahan said the good returns indicate it is possible either Abbott or the general partners could have sold the remaining assets sooner. The status of remaining companies is best provided by Abbott, he said. Mr. Callahan noted the private equity program has been the best performing asset class over its life, and Abbott and Pathway have been good partners.

Trustee Murphy asked if more extensions are likely, and Mr. Callahan replied there tend to be more extensions with private equity than you would like to see. Trustee Werby noted the fee is based on the remaining value, which may be changing. Mr. Callahan noted the valuations are being revised down on a quarterly basis. Trustee Gladstern asked if the private equity managers should have been at this meeting. Mr. Wickman replied the managers were not invited but staff had conducted extensive research on this issue. He stated Abbott has been very responsive to questions that MCERA has communicated to them regarding the extension. He stated that it has also been made clear to Abbott that the potential for an extension should have been discussed during the September 2022 Investment Committee meeting when the Committee Chair asked about the closing of the fund.

For consideration at May Board meeting

Chair Klein highlighted risks both private equity managers failed to mitigate or act upon: the failure to recognize that the decline in valuations that started in the fall of 2022 were not temporary; a lack of understanding of the impact of higher interest rates on long duration asset valuations; basing performance metrics on September 2022 valuations and continuing to relay those valuations as a basis for MCERA's decisions. Chair Klein indicated these communications on valuations do not reflect reality when we know that valuations are being reduced in some cases by 30%. Abbott is unable to articulate where the higher valuation will come from in the future, she said. Another risk she cited was a failure to properly diversify investments, noting 50% of the ACE VI remaining value is in venture capital growth equity. Finally, the Chair said there was operational risk in the failure to perform proper due diligence on SVB, thus exposing clients to credit risk. She opined that it appears the manager prioritized access to cheap debt to fund capital calls and increase returns over managing the risks of banking with a non-systemically important bank.

It was M/S Silberstein/Vasquez not to consent to the Abbott ACE VI fund extension and to direct the Administrator to write to the manager to explain the reasons for the vote. Trustee Gullett voted for the Third Member. The motion was approved by a vote of 8-1 as follows:

AYES: Gladstern, Gullett, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: Cooper
ABSTAIN: None
ABSENT: None

3. UBS Trumbull Property Fund (TPF) Extended Fee Program (ACTION)

Consider, discuss and take possible action regarding extension of UBS TPF fee program

Anne Heaphy, Senior Vice President with Callan, reported UBS is offering to extend the Loyalty Incentive Program for the Trumbull Property Fund that expires at the end of 2023. Ms. Heaphy noted there is some confidence the current team can turn performance around. As of December 2022, MCERA's fee savings through the program have been about \$200,000 per year.

It was M/S Silberstein/Cooper to extend the UBS Trumbull Property Fund Loyalty Incentive Program of 25% for another four years as of January 1, 2024. Trustee Gullett voted for the Third Member. The motion was approved by a vote of 9-0 as follows:

AYES: Cooper, Gladstern, Gullett, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: None

For consideration at May Board meeting

4. Investment Manager Personnel Update – TimesSquare Capital Management

Ms. Heaphy reported that International Small Cap Fund manager TimeSquare has parted ways with research analyst Robert Purcell. While a replacement is being sought, Magnus Larssen, co-Portfolio Manager, is covering the position. Callan does not believe any action is warranted at this time and will continue to monitor the situation.

Chair Klein recessed Open Session for a break at 10:51 a.m., reconvening at 11:08 a.m.

5. Capital Market Assumptions (ACTION) – Jim Callahan, Jay Kloepper, Callan LLC
Discuss and review capital market assumptions and consider possible changes to current asset allocation

Mr. Callahan presented Callan's 10-year forward looking capital market expectations for asset class returns and risks. He pointed out that a lot has changed in the past year, leading to the biggest year-over-year change in the assumptions and expectations for the portfolio going forward. Mr. Callahan introduced Jay Kloepper, Executive Vice President and Director of Capital Markets Research.

Mr. Kloepper reported in 2022 the invasion of Ukraine by Russia led to inflation taking off and losses in fixed income and equity markets. Interest rates rose from a range of zero to 0.25% to a range of 4.25% to 4.50% by the end of the year. He said this is a compelling change in interest rates which matters a lot to the future and had a huge impact on the equity market. The volatility in the equity markets was not abnormal, he said, but the decline in the fixed income market due to the higher interest rates was unprecedented.

Discussing current market conditions, Mr. Kloepper said the market is fully pricing in a recession, as signaled by the inverted yield curve. Other recession signals he cited include initial unemployment claims creeping up, the weakening Purchasing Managers Index (PMI), weakening exports, and a lower Producer Price Index (PPI) as commodity and energy prices moderate.

Mr. Kloepper explained that in developing capital market assumptions Callan looks at long-term averages with judgment and is conservative with year-to-year changes. He said the expectation is for bonds to have a more normal yield and for equity values to be at a long-term average, rather than overvalued.

Callan's long-term capital market assumptions for 2023 through 2022 include:

- Inflation: 2.50%, increased by 25 basis points.
- Core Fixed Income core: 4.25% yield, increased from 1.75%.
- U.S. Equity: 7.35%, increased by 75 basis points.
- Global ex-US Equity: 7.45%
- Private Equity: 8.50%, increased by 50 basis points.

For consideration at May Board meeting

- Real Assets: 6.20%
- Private Credit: 7.00%, increased due to higher cash returns.

Trustee Werby was excused from the meeting at 11:19 a.m.

Mr. Kloepper discussed expected returns for alternative asset mixes constrained to 15% real assets. The projected return is 7.2% for Mix 3 which is similar to MCERA's current asset allocations. He indicated the Committee could consider de-risking the Fund since the current assumed rate of return of 6.75% is below the new projected return.

The trustees discussed their preferences for changes in the asset allocation of the Fund. Trustee Silberstein, noting MCERA is a long term investor and can withstand volatility, proposed reducing fixed income from 23% of the Fund to 18 or 19% of the Fund due to its lower expected return. Chair Klein proposed settling on Mix 2 that increases fixed income a little, decreases international equity a little, and reduces the current overall standard deviation.

Trustee Vasquez suggested building asset classes with negative correlations. Mr. Kloepper explained that negatively correlated assets are hard to find. He stated the best diversifier to equities is fixed income, and real assets are meant to be a diversifier. Mr. Callahan added the other asset class with a low correlation to equities would be hedge fund strategies. Trustee Vasquez also suggested increasing the allocation to international equities and cash until things get clearer. Mr. Callahan noted cash in the Fund is securitized by the futures overlay program, which has been incredibly additive to performance. He added that cash is a major drag on return expectations, noting that the benefit of the long-term time horizon is not having to be too tactical. He suggested increasing fixed income as a conservative approach.

Trustee Cooper was excused from the meeting at 12:29 p.m.

In conclusion, Mr. Callahan said a lot has changed year over year and it is prudent to reconsider the risk posture of the Fund. He said the current return assumption is reasonable. Trustee Silberstein said this topic should be considered at a future meeting.

6. Future Meetings

No discussion.

D. INVESTMENT CONSULTANT QUARTERLY REPORT

1. Summary Report as of December 31, 2022

Ms. Heaphy reported in the fourth quarter of 2022 the fixed income portfolio was adjusted to transfer assets out of the Colchester global bond portfolio and into the Wellington and Western asset portfolios. In addition, the Western Asset portfolio strategy was changed from intermediate credit to core plus. Ms. Heaphy reported as of December 31, 2022 the Total Plan value is over \$2.9 billion and Fund performance rebounded with a 5.27% return net of fees in the 4th quarter. Over the long term returns are generally in the top quartile of the peer group. Fund returns are relatively flat on a net basis for the fiscal year

For consideration at May Board meeting

beginning July 1, 2022. For the calendar year domestic equity portfolio held up well, international equities lagged the target return, and fixed income returns were negative.

a. Flash Performance Update as of February 28, 2023

Through February 28, 2023 fiscal year to date initial returns show generally equity managers are doing well and fixed income returns are slightly negative. In the public real assets portfolio, Invesco commodities and KBI global resources rebounded. Mr. Callahan noted the expectation is for write-downs in private equity and real estate valuations going forward.

There being no further business, Chair Klein adjourned the meeting at 12:41 p.m.

Sara Klein
Investment Committee Chair

Attest:
Jeff Wickman, Retirement Administrator

For consideration at May Board meeting

MINUTES

REGULAR BOARD MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

**One McInnis Parkway, 1st Floor
Retirement Board Chambers
San Rafael, CA**

April 12, 2023 – 9:00 a.m.

This meeting was held at the address listed above and was accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2.

CALL TO ORDER

Chair Murphy called the meeting to order at 9:06 a.m.

ROLL CALL

PRESENT: Gladstern, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby, Jones (alternate retired), Shaw (ex officio alternate)

ABSENT: Cooper, Gullett (alternate safety)

CONSIDER ANY BOARD MEMBER REQUESTS TO TELECONFERENCE FOR “JUST CAUSE” OR “EMERGENCY,” AS SET FORTH ON THIS AGENDA BELOW

No discussion.

MINUTES

It was M/S Werby/Silberstein to approve the March 1, 2023 Board Meeting Minutes as submitted. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

A. OPEN TIME FOR PUBLIC EXPRESSION

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Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this

For consideration at May Board meeting

time on matters within the Board'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 Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

B. MATTERS OF GENERAL INTEREST

1. Procedure for Loss of Internet Connection, Or Other Teleconference Incompatibility, During Board and Committee Meetings (ACTION)

Consider, discuss and take possible action regarding conduct of Board meetings upon losing internet connection and other inability to use teleconferencing during certain meetings of the Board and its standing committees

Retirement Administrator Jeff Wickman said during Board/committee meetings on occasion the internet connection with YouTube and Zoom has been lost temporarily. This brings up the question of whether to move forward with the meeting in the event of loss of internet connection. Staff recommends that the Board or committee continue their meeting in the situation where an interruption has stopped the streaming services, provided no Board/committee members are attending by teleconference. Language has been added to the meeting agenda to alert the public that the meeting will continue if there is a disruption in the online broadcast.

It was M/S Silberstein/Martinovich to continue Board or Committee meetings upon losing internet connection or other inability to use teleconferencing when no Board or Committee members are attending under special teleconferencing rules. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

C. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Nominations for the vacant Third Member election are due April 19, after which the election will move forward.

The Retirement Administrator is looking at ways to increase the seating capacity at the boardroom staff table.

MCERA was notified by Abbott Capital Management that the ACE VI extension request passed by a majority of limited partners.

For consideration at May Board meeting

b. Staffing Update

Staff are conducting interviews this week for the vacant Retirement Benefits Technician recruitment.

c. Facility Use Report

The Marin County Association of Retired Employees (MCARE) used the Board conference room for a planning workshop.

d. Future Meetings

- April 19, 2023 Governance Committee
- May 3, 2023 Board
- May 16-17, 2023 Strategic Workshop
- May 17, 2023 Audit Committee
- May 24, 2023 Finance and Risk Management Committee

2. Standing Committee Report – Finance and Risk Management Committee

a. Administrative Budget Fiscal Year 2022/23 Quarterly Review

Consider and review expenses for the quarter ending December 31, 2022

Todd Werby, Chair of the Finance and Risk Management Committee, reported total expenditures through the 2nd quarter of the fiscal year were 38% of the budgeted amount. Total Salaries and Benefits were slightly under budget due to vacancies. In Services and Supplies the annual audit fee was included in the quarter, which is consistent with the prior year.

b. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

No discussion – see Committee Minutes.

c. Quarterly Checklist

Consider, review and updates on the following:

1. Other expenses per Checklist Guidelines

No discussion – see Committee Minutes.

2. Variances in the MCERA administrative budget in excess of 10%

See discussion above.

3. MCERA educational and event-related expenses

No discussion – see Committee Minutes.

For consideration at May Board meeting

4. Continuing Trustee Education Log

The Continuing Trustee Education Log shows current trustees will meet hours due in 2023.

5. Internal controls, compliance activities and capital calls

For the private equity program MCERA received over \$19 million in distributions and paid \$5.3 million in capital calls in the first half of the fiscal year. Credit managers CarVal and Fortress capital calls totaled \$7.5 million in the quarter. Since December 31, 2022 MCERA has received total distributions of about \$9 million and paid capital calls of about \$1 million.

6. Vendor services provided to MCERA

No new vendor services in the period.

7. MCERA staffing status

Recruitments for Assistant Retirement Administrator and Retirement Benefits Technician positions are moving forward.

8. Audits, examinations, investigations or inquiries from governmental agencies

No discussion.

9. Other items from the Administrator related to risk and finance

The impact of recent bank failures was addressed.

d. Budget Priorities for Fiscal Year 2023/24 (ACTION)

Consider and take possible action on recommendation to adopt budget priorities for fiscal year 2023/24

The Committee reviewed proposed budget priorities for fiscal year 2023/24. Salaries and Benefits are 64% of the budget. Salaries and benefits will increase in 2023/24 because of planned cost of living increases in July 2023. Services and Supplies comprise 28% of the budget and are impacted by costs related to the processing of disability cases. New priorities are to add a Senior Department Analyst position.

Chair Werby stated the Finance and Risk Management Committee recommends that the Board adopt proposed Budget Priorities for Fiscal Year 2023/24 as submitted. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

For consideration at May Board meeting

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

e. Information Technology Security Assessment Report
Staff report on risk planning and processes

Staff presented the annual Information Technology Risk Assessment for the period of July 1, 2021 through June 30, 2022. During this time improved security measures were implemented including new passwords and passcodes for trustee iPads, new information security policies, a County risk assessment and user education, installation of encryption on desktops and laptops connected to the County network, and multi-factor authentication for all devices connecting to the County network. One fraud incident occurred which has previously been reported to the Board.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Gladstern reported on the spring Council of Institutional Investors (CII) Conference. The pros and cons of the Universal Proxy Card which uses a single ballot were discussed. Bob Prince, Co-CIO of Bridgewater Associates and economist, gave a good explanation of the current inflationary economic cycle, international challenges, and income disparities. Washington updates included new SEC executive compensation rules and Dodd-Frank clawback regulations that finally have been defined. In a discussion of investor relations best practices around Environmental-Social-Governance (ESG), the conclusion is shareholder proposals on ESG have long-term value to society. In an interesting lightning round attendees discussed their actions on shareholder resolutions, board governance, and corporate engagement. Trustee Gladstern suggested working with the Los Angeles County Employees Retirement Association (LACERA), the California Public Employees' Retirement System (CalPERS) and the San Francisco Employees' Retirement System (SFERS) who are joined together to do corporate engagement with 60 corporations.

Trustee Silberstein also attended the CII Conference, reporting that the first speaker, Jeff Smith who runs the Starboard Hedge Fund, tries to get portfolio companies to perform better. Mr. Smith talked about the shortage of good corporate directors, and is not in favor of the Universal Proxy Card because having one slate to pick from confuses the issue. In another session the speaker advocated investing in China as inexpensive and providing diversification from the U.S. economy. In the speaker's view, China has decided to increase per capita income over the next 10 years and has been investing in infrastructure. Another takeaway is corporate value is mostly determined by the reputation of the company and the brand rather than assets. Trustee Silberstein added that the topics raised at the CII Conference were thought provoking.

Trustee Vasquez added to CII Conference takeaways, saying there is momentum in the trend from tangible to intangible assets as measures of corporate value. Intangibles on

For consideration at May Board meeting

corporate balance sheets include intellectual property, branding, software, and artificial intelligence. He said Bob Prince emphasized the notion of a multi-polar world consisting of Asia, the U.S., and the European block, each with its own economic activity, accompanied by tightening supply chains and regionalization of economic activity. In addition, trade transactions across nations are beginning to settle outside of the U.S. dollar. The notion of dual class shares is a relatively recent phenomenon that presents unequal accountability. Trustee Vasquez observed that as we are morphing into an internet-based economy, old models of asset valuation will be put to scrutiny.

Chair Murphy directed deliberations to **Agenda Item D, Disability Consent Agenda** at 9:30 a.m.

D. DISABILITY CONSENT AGENDA (TIME CERTAIN: 9:30 a.m.) (ACTION)

Any item that a Board member requests be pulled from the Disability Consent Agenda will be considered in Closed Session under the authority of Government Code section 54957(b), unless the applicant specifically waives confidentiality and requests that their application be considered in Open Session.

1. Michael Boals Service-Connected Novato Fire Protection District

Consider and take possible action to adopt Administrative Recommendation to grant service-connected disability retirement application.

It was M/S Gladstern/Werby to adopt the Administrative Recommendation to grant Michael Boals' service connected disability retirement application with an effective date of September 1, 2021. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

2. Christopher Coale Service-Connected City of San Rafael

Consider and take possible action to adopt Administrative Recommendation to grant service-connected disability retirement application.

It was M/S Silberstein/Gladstern to adopt the Administrative Recommendation to grant Christopher Coale's service connected disability retirement application with an effective date of June 23, 2020. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

For consideration at May Board meeting

3. Thomas Gaulke Service-Connected Novato Fire Protection District

Consider and take possible action to adopt Administrative Recommendation to grant service-connected disability retirement application.

It was M/S Silberstein/Gladstern to grant adopt the Administrative Recommendation to grant Thomas Gaulke's service connected disability retirement application with an effective date of February 10, 2022. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

4. Rebecca Morris Service-Connected County of Marin

Consider and take possible action to adopt Administrative Recommendation to adopt Administrative Law Judge's proposed findings of fact and recommended decision to grant service-connected disability retirement application.

It was M/S Silberstein/Gladstern to adopt the Administrative Recommendation to adopt the Administrative Law Judge's proposed findings of fact and recommended decision to grant Rebecca Morris' service connected disability retirement application with an effective date of March 11, 2018.

Trustee Werby questioned the Board's initial consideration process when the Administrative Law Judge (ALJ) reverses its decision. Mr. Wickman said staff's analyses are sound and are based on the work of the disability coordinator, counsel and the reports of the medical advisors and independent medical advisors. He noted that if an application is denied and it goes to an administrative hearing it is always possible that the judge could come to a different conclusion after weighing the evidence and testimony. Counsel Dunning stated the Board's procedure for considering disability retirement applications without having to go to a hearing is expedited and requires the applicant to have the burden of proof. Once the applicant has a due process hearing, the credibility of witnesses and the medical evidence is assessed. Ms. Dunning advised that the fact the Board did not grant a disability retirement application based on an expedited process does not mean it was not valid. Mr. Wickman added staff considers whether anything was missed in these cases and analyzes what could be done better.

Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

For consideration at May Board meeting

5. Scott Wallace Service-Connected County of Marin

Consider and take possible action to adopt Administrative Recommendation to adopt Administrative Law Judge's proposed findings of fact and recommended decision to grant service-connected disability retirement application.

It was M/S Gladstern/Silberstein to adopt the Administrative Recommendation to adopt the Administrative Law Judge's proposed findings of fact and recommended decision to grant Scott Wallace's service connected disability retirement application with an effective date of June 2, 2018. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby

NOES: None

ABSTAIN: None

ABSENT: Cooper, Gullett

Chair Murphy redirected deliberations to **Agenda Item C.3.a., Educational Training.**

Chair Murphy attended the CalAPRS General Assembly, learning in the Public Pension Issues and Trends session of the extensive public pension fund data available on the National Association of State Retirement Administrators (NASRA) website. Brian Nick of Nuveen Asset Management presented Searching for A Soft Landing in 2023, defining a soft landing as unemployment under 4.5% and growth reaccelerating by year end. Mr. Nick said consumers continue to spend, and the chronic shortage of workers is making the existing workforce more productive. In the Digital Opportunities Panel: Online Retirement Process, Trustee Electronic Elections, and Multi-Factor Authentication/ID-ME session, hybrid electronic elections processes and the use of automated benefit calculations by the Orange County Employees' Retirement System (OCERS) were discussed.

Mr. Wickman also attended the CalAPRS General Assembly. He offered to share the NASRA public pension plan data resources, and said the legal mock trial was a valuable method of learning about situations that board members are faced with when exercising their roles as trustees. The moderator of the Investments in 2023 session noted lower returns are projected for private equity. Another session addressed the Society of Actuaries' updated Actuarial Standard of Practice #4 "Measuring Pension Obligations and Determining Pension Plan Costs or Contributions." This introduces a Low-Default-Risk Obligation Measure for liabilities that will be added to the Actuarial Valuation Report and discussed by the actuary at the Board's Strategic Workshop in May.

Trustee Vasquez reported the Callan National Conference sessions were excellent. Keynote speaker Rana Foroohar's points were that from 2003 to 2007 during the golden era of globalization the idea was that prices could be reduced. But now there is price divergence and uneven income levels between the developed and undeveloped world. Over the last 50 years three major forces have been cheap

For consideration at May Board meeting

capital, cheap energy, and cheap labor. Going forward regionalization of supply chains is becoming prominent. Another point made is the first wave of innovation was consumer centric, and going forward the wave of innovation will be more producer centric with increased productivity.

Trustee Silberstein also attended the Callan conference. He reported that Jim Callahan, President of Callan LLC pointed out that nonprofit organizations have a problem going forward due to the requirement to disburse 5% of their endowment every year. As a result, due to inflation and the declining real value of investments, nonprofits are moving into alternative investments. In another discussion the speaker predicted the Fed will succeed in lowering inflation and the risk free rate will decline from 5.0% to 2.5%. One speaker uses Chat GPT-4 with students because the quality of the output is based on the nature of the questions asked. His outlook is that intellectual professional's wages will decline while lower wage workers would benefit from the use of Chat GPT-4. In a discussion of digital etiquette when teleconferencing, challenges include overcoming biases and making sure one person does not dominate the conversation so that everyone participates.

Trustee Werby relayed his takeaways from the Callan conference. In the economy, because capital is no longer cheap, the economic cycle will shorten. For supply chains resiliency is valued over lowest price. In the capital markets the concern is regional banks will be impacted by recent events which will add to recession risk. Private equity valuations are lower as fund raising has slowed. Economics Professor Tyler Cowen indicated difficulty with building and permitting will impede progress and there is a long lead time for new power sources.

Mr. Wickman also attended the Callan conference, reporting that Rana Foroohar's presentation was excellent. Addressing regionalization of production, she contended it is possible to move production around and to reduce costs. Noting 92% of chips are produced in Taiwan, she questioned whether that makes sense. In the Capital Markets Panel session, one concept was inflation could reappear and make real assets more valuable. In the discussion of Chat GPT-4 one forecast was that all programming would be automated within the next two years. During the Market Intel Live panel there was discussion on whether investment advisors had oversold investors on diversification, which did not help during 2022. Also, it was noted that non-U.S. equity has not outperformed for 15 years, but may do so going forward.

b. Other Comments

No other comments by the trustees.

Chair Murphy recessed Open Session and reconvened in Closed Session at 10:35 a.m. The Chair recessed Closed Session at 11:11 a.m., reconvening in Open Session at 11:12 am.

For consideration at May Board meeting

E. NEW BUSINESS

1. Public Employee Appointment, Title: Assistant Retirement Administrator (ACTION)
Consider and take possible action to appoint Assistant Retirement Administrator, effective on a date to be determined. (CLOSED SESSION pursuant to Government Code section 54957)

Chair Murphy reported that Board authorized the Retirement Administrator to offer the position of Assistant Retirement Administrator to Anya Bakerink. Motion was by Trustee Werby and seconded by Trustee Gladstern. Trustee Jones voted for the General Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

2. Conference with Labor Negotiators. Agency designated representatives: Retirement Administrator. Unrepresented employee: Assistant Retirement Administrator (CLOSED SESSION pursuant to Government Code section 54957.6)

No reportable action on this agenda item.

3. Notification of SACRS Board of Directors Election 2023-2024
Consider and discuss election process and deadlines

Mr. Wickman presented the notification of the SACRS Board of Directors election which includes processes and deadlines.

4. SACRS Board of Directors Election (ACTION)
Consider and take possible action on SACRS Nominating Committee final ballot

Mr. Wickman stated staff recommends approving the SACRS Nominating Committee's final ballot for members of the Board of Directors. He noted one candidate withdrew their nomination so there is one open position. The Bylaws permit the SACRS Board to fill the vacant position at its first Board meeting in July.

It was M/S Werby/Vasquez to direct MCERA's delegate to vote for the SACRS Nominating Committee's slate for the Board of Directors as presented. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

Trustee Gladstern suggested encouraging SACRS to diversify its Board of Directors geographically and Mr. Wickman said he will follow up with the SACRS Administrator.

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

For consideration at May Board meeting

5. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

F. OTHER INFORMATION

1. Training Calendar (ACTION)

Mr. Wickman presented the monthly Training Calendar, noting four trustees will be attending the Spring SACRS conference in San Diego.

It was M/S Silberstein/Martinovich to approve the Training Calendar as submitted. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

G. CONSENT CALENDAR (ACTION)

The monthly Consent Calendar was presented for consideration by the Board.

It was M/S Gladstern/Klein to approve the Consent Calendar as submitted. Trustee Jones voted for the Third Member. The motion passed by a vote of 8-0 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Murphy, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Cooper, Gullett

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, APRIL 12, 2023

MARCH 2023

RETURN OF CONTRIBUTIONS			
Amber Henry	Refund of contributions (termination)	\$	1,771.31
Thomas Lai	Partial refund of contributions (30 year)	\$	5,196.14
Elise Loftin	Partial refund of contributions (30 year)	\$	1,132.74
Judith Verworn	Refund of contributions (termination)	\$	41,740.46
Devon Webb	Refund of contributions (termination)	\$	5,663.99

For consideration at May Board meeting

BUYBACKS		
Karen Brisson	\$	1,926.65
Jamie Goekler	\$	27,422.48
Colin Gray	\$	16,204.59
Alicia Giudice	\$	9,375.44

NEW RETIREES		
Joseph Calabrese	County of Marin - Sheriff/Coroner	
Gregory Farley	County of Marin - District Attorney	
Susan Gallegos	County of Marin - Finance	
Vanard Goodman	County of Marin - Public Works	
Cynthia Hernandez	City of San Rafael	
Thomas Lai	County of Marin - Community Development	
Daniel Leslie	Marin/Sonoma Mosquito and Vector Control District	
Kevin MacDougald	City of San Rafael	
Laura Machado	County of Marin - Sheriff/Coroner	
Pamela Moghbel	County of Marin - Health & Human Services	
Geraldine Tellez-Talavera	County of Marin - Public Works	
Mike Tito	County of Marin - Probation	
Robert Vanderlind	County of Marin - Sheriff/Coroner	
Tamara Wilson	Marin Superior Court	

DECEASED RETIREES		
Charlene Asher	County of Marin - Health & Human Services	
Alma Cooper	County of Marin - Elections	
James Dal Bon	County of Marin - Assessor-Recorder-County Clerk	
John Ginocchio	City of San Rafael	
Joseph McNern	Novato Fire	
Frank Tamba	County of Marin - Public Works	
June Thomas	County of Marin - Beneficiary	
Jerry Williams	County of Marin - Public Works	
Nellie Woodard	City of San Rafael	

Trustee Jones spoke of Thomas Hendricks, who recently passed away, as being highly respected and well regarded for his work as County Counsel. She noted that Mr. Hendricks represented the Retirement Board for many years.

For consideration at May Board meeting

There being no further business, Chair Murphy adjourned the meeting in honor of Thomas Hendricks at 11:20 a.m.

Laurie Murphy, Board Chair

Maya Gladstern, Secretary

DRAFT

B.1 Administrator's Report

This is a discussion with no backup.

B.2.a Proxy Votes

Proxy voting reports are extensive and for this reason are available by emailing the Clerk to the Board at dbarre@marincounty.org or by viewing the Governance Committee April 19, 2023 meeting packet at www.mcera.org under Retirement Board, Agendas and Minutes.

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
AAR Corp.	9/20/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Although the annual incentive and annual equity grants are sufficiently performance-based, significant concerns are raised regarding the CEO's special award of cash and equity intended to compensate him for two years of forgone equity awards. The value of the special award significantly exceeds the value of the forgone compensation without a compelling explanation, and the equity portion of the award lacks performance conditions.	Yes	No	No
Actinium Pharmaceuticals, Inc.	12/30/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The company uses above-median benchmarking for executive compensation; * The company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines or holding period requirements for executives; and * Equity awards to the CEO lack any performance-contingent pay elements.	Yes	Yes	No
Adtalem Global Education Inc.	11/9/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Advanced Drainage Systems, Inc.	7/21/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
AeroVironment, Inc.	9/23/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Agilisys, Inc.	8/26/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Alkermes plc	7/7/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Alpha and Omega Semiconductor Limited	11/29/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time and no significant concerns were identified.	No	No	No
A-Mark Precious Metals, Inc.	10/27/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
American Software, Inc.	8/17/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
American Woodmark Corporation	8/18/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
AngioDynamics, Inc.	11/3/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Anterix Inc.	8/10/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. While the company made some improvements to disclosure of certain metrics in the annual incentive program, there are significant concerns surrounding the LTI. Specifically, the LTI transitioned to entirely time-vesting awards in FY22, resulting in a compensation program for which the majority of pay is not linked to objective performance measures. Shareholders increasingly prefer that a majority of equity awards are performance-conditioned.	Yes	No	No
Applied Industrial Technologies, Inc.	10/25/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Apyx Medical Corporation	8/11/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as: * The company maintains agreements that contain a modified single trigger change in control provision; * The company lacks long-term performance metrics with respect to the vesting of long-term awards; and * The company lacks all of the following risk-mitigating features: compensation clawback policy, stock ownership guidelines, and stock holding requirements.	Yes	Yes	No
Argo Group International Holdings, Ltd.	12/15/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time	No	No	No
Argo Group International Holdings, Ltd.	12/15/2022	Management	Yes	28	Advisory Vote to Ratify Named Executive Officers' Compensation	None	Do Not Vote	Do Not Vote	Do Not Vote	DO NOT VOTE on this card.	No	No	No
Aviat Networks, Inc.	11/9/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Avnet, Inc.	11/17/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
AZZ Inc.	7/12/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Ballantyne Strong, Inc.	12/6/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Barnes & Noble Education, Inc.	9/22/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Bed Bath & Beyond Inc.	7/14/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
BGC Partners, Inc.	12/30/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted due to an unmitigated pay-for-performance misalignment. The CEO's pay includes a relatively high salary and an excessive bonus opportunity, and the short-term incentive program includes limited disclosure on performance goals and actual performance. The CEO further received a grant of shares that appears fully-vested, relating to the monetization of previously granted units not included in the compensation tables. In addition, significant concerns are raised with respect to the complex equity structure of various partnership units and exchangeability programs. Moreover, the company maintains agreements that contain a single-trigger change in control and excise tax gross-up provisions. Lastly, equity awards allow for auto-accelerated vesting upon a change-in-control event and the company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines or holding period requirements for executives.	Yes	No	No
BGSF, Inc.	8/3/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Boot Barn Holdings, Inc.	8/29/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Boston Omaha Corporation	8/13/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted due to an unmitigated pay-for-performance misalignment. The co-CEOs' pay was high primarily due to outsized bonus payouts under the management incentive bonus plan. Although the payouts were based on an objective performance goal, the size of the bonuses is excessive, which is further exacerbated by the co-CEO structure, resulting in even higher pay for the CEO position.	Yes	No	No
Box, Inc.	7/14/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Brinker International, Inc.	11/17/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Bristow Group Inc.	8/2/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
CACI International Inc	10/20/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
CalAmp Corp.	7/26/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned, and no significant concerns were identified at this time.	No	No	No
Cantaloupe, Inc.	11/30/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Capri Holdings Limited	8/3/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted given that that company provided the CEO a large amount of automobile-related and life insurance-related perquisites. Concerns are also raised with respect to the lack of long-term performance metrics for the CEO's awards in the most recent fiscal year.	Yes	Yes	No
Cardiovascular Systems, Inc.	11/8/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Casey's General Stores, Inc.	8/30/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Catalyst Pharmaceuticals, Inc.	9/19/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * Equity awards to the CEO lack any performance-contingent pay elements; * The company targets all components of executive compensation above the median of its peer group; and * The company does not employ several risk-mitigating measures in its executive compensation programs.	Yes	Yes	No
Cavco Industries, Inc.	8/2/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No

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Champions Oncology, Inc.	10/20/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * Equity awards allow for auto-accelerated vesting upon a change-in-control event; * The company lacks certain risk-mitigating provisions such as a clawback policy, stock ownership guidelines, or holding period requirements for executives; and * The company does not disclose any pre-set metrics and goals for the CEO's bonus and the CFO's bonus and equity award.	Yes	Yes	No
Chuy's Holdings, Inc.	7/28/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Cimpress plc	11/16/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The company paid an excessive tax gross-up for the CEO's financial/tax advisory services; * The company continues to use above-median benchmarking for CEO total pay; * The company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines or holding period requirements for executives; and * Equity awards allow for auto-accelerated vesting upon a change-in-control event.	Yes	Yes	No
CIRCOR International, Inc.	10/4/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as no significant concerns were identified and pay and performance are reasonably aligned at this time.	No	No	No
Cirrus Logic, Inc.	7/29/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Coda Octopus Group, Inc.	9/22/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Coherent Corp.	11/16/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Columbus McKinnon Corporation	7/18/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Commvault Systems, Inc.	8/24/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Computer Task Group, Incorporated	9/20/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant issues were identified at this time.	No	No	No
Comtech Telecommunications Corp.	12/15/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. The payment of severance to former CEO Kornberg, whose separation is unclear whether it is involuntary, and the payment of severance and equity award vesting acceleration upon former CEO Porcelain's voluntary resignation, is problematic. Severance is appropriate only for involuntary or constructive job loss. Investors expect clear and forthright disclosure around the nature of an executive's termination and how the board determined to pay severance.	Yes	No	No
Consumer Portfolio Services, Inc.	8/25/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted because the company demonstrated poor responsiveness to shareholder concerns following last year's low say-on-pay support. In addition, equity awards allow for auto-accelerated vesting upon a change-in-control event, the company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines, or holding period requirements for executives, and equity awards to the CEO lack any performance-contingent pay elements.	Yes	No	No
Coty Inc.	11/3/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. CEO Nabi's pay declined for the year in review, consisting only of base salary, following her \$280 million sign-on RSU award in the prior year. However, a review of the pay program reveals persistent concerning features. Specifically, NEO pay consisted primarily of base salary and equity awards that lack performance vesting conditions. Investors increasingly expect a meaningful portion of incentives to be tied to pre-set performance goals. Further, there are renewed concerns regarding high base salaries without a compelling rationale. Notably, these significant concerns for the year in review follow multiple years of problematic pay decisions at the company.	Yes	No	No
CRA International, Inc.	7/19/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned, and no significant concerns were identified at this time.	No	No	No
CSW Industrials, Inc.	8/25/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. The CEO received a sizable one-time retention equity award in the most recent fiscal year. While the award is meant to retain the CEO over multiple years, the grant value is considered to be excessive. Further, only a portion of the award will be earned based on pre-set performance criteria. Investors generally expect special awards to be strongly performance-based and reasonable in magnitude.	Yes	No	No

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Culp, Inc.	9/28/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Some concerns are raised given that a STI goal was set below the previous year's actual performance, the relatively high bonus opportunity of the CEO, and the undisclosed goals under the LTI program. However, such concerns are mitigated at this time as annual bonuses were not paid out and prior cycle PRSUs were forfeited as their respective goals were unmet, and both the STI and LTI programs are entirely performance-based.	No	No	No
Daktronics, Inc.	9/7/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Daseke, Inc.	7/6/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Following the low support for last year's say-on-pay proposal, the committee demonstrated poor responsiveness. Neither shareholder engagement efforts nor feedback were disclosed. While the committee discloses some changes to the FY21 pay program, it is difficult to determine if these sufficiently address the investor concerns which led to low support for the prior year's compensation proposal. Further concerns are raised by the pay program for the year in review. Although annual incentives were entirely based on a financial metric, the target and actual result for this metric were not disclosed. Further, although the CEO's long-term incentive was granted predominantly in performance-based equity, forward-looking goals for both the PSU metric and modifier are not disclosed. This is particularly concerning as the payout for the annual incentive was well above target and the value of the CEO's LTI opportunity increased year-over-year.	Yes	No	No
Deckers Outdoor Corporation	9/12/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Donaldson Company, Inc.	11/18/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Dorian LPG Ltd.	9/27/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
DXC Technology Company	7/26/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted, as the company provided excessive personal use of corporate aircraft perquisite to the CEO.	Yes	Yes	No
Eagle Materials Inc.	8/5/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Eagle Pharmaceuticals, Inc.	7/28/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
eGain Corporation	12/6/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted due to an unmitigated pay-for-performance misalignment. Equity awards were entirely time-vesting and there is poor disclosure under the short-term incentive plan. In addition, the company does not disclose a sufficient compensation clawback policy, sufficient stock ownership guidelines, or holding period requirements for executives.	Yes	No	No
Electromed, Inc.	11/11/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Ennis, Inc.	7/14/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The company maintains agreements that contain a modified single trigger change in control provision. * The company maintains agreements that contain excise tax gross-up provisions.	Yes	Yes	No
ePlus inc.	9/15/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Evolution Petroleum Corporation	12/8/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Extreme Networks, Inc.	11/17/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Fabrinet	12/8/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Flexsteel Industries, Inc.	12/14/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Frequency Electronics, Inc.	10/6/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Friedman Industries, Incorporated	9/13/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No

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GMS Inc.	10/19/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Graham Corporation	7/27/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as no significant concerns were identified and pay and performance are reasonably aligned at this time.	No	No	No
Greenlight Capital Re, Ltd.	7/26/2022	Management	Yes	28	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. The compensation committee demonstrated sufficient responsiveness following last year's failed say-on-pay vote. In addition, pay and performance are reasonably aligned at this time.	No	No	No
GSI Technology, Inc.	8/25/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted due to an unmitigated pay-for-performance misalignment. While annual bonuses are based on a pre-set measure, the performance goals under the annual incentive program were not disclosed. In addition, the NEOs' equity awards are comprised entirely of time-vesting stock options.	Yes	No	No
Guidewire Software, Inc.	12/20/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Annual incentives were primarily determined by pre-set objective metrics, and half of PRSUs are measured over a multi-year period with forward-looking target goals disclosed. However, some concerns are noted as the remaining performance-based shares utilize an overlapping, one-year metric with the annual incentive plan and the CEO's grant value increased, without compelling rationale.	No	No	No
H&R Block, Inc.	11/4/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Haemonetics Corporation	8/5/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	There is some concern raised by the structure of one-time retention awards provided to certain NEOs in FY22, as the awards were entirely time based, with relatively short vesting requirements. However, there are mitigating factors for the year in review. The STI is based entirely on objective financial measures, and payouts are in-line with company performance. Further, half of the LTI was granted in PSUs earned based on clearly disclosed multi-year goals, with a vesting cap in the event of negative absolute TSR. Lastly, closing-cycle PSUs were forfeited based on relative TSR underperformance. On balance of these factors, a vote FOR this proposal is warranted, with caution. Continued close monitoring of one-time pay program decisions is warranted.	No	No	No
Hawkins, Inc.	8/4/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Hill International, Inc.	7/6/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
HomeTrust Bancshares, Inc.	11/14/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Houlihan Lokey, Inc.	9/21/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Inter Parfums, Inc.	9/9/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Iteris, Inc.	9/8/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
James River Group Holdings, Ltd.	10/25/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
John B. Sanfilippo & Son, Inc.	11/3/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
John Wiley & Sons, Inc.	9/29/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Kearny Financial Corp.	10/27/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Kennametal, Inc.	10/25/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Kewaunee Scientific Corporation	8/24/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Key Tronic Corporation	10/27/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
KIMBALL ELECTRONICS, INC.	11/11/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No

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Kimball International, Inc.	10/21/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Kingstone Companies, Inc.	8/11/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The CEO's equity awards in the most recent fiscal year were entirely time-vesting. * Equity award arrangements provide for single-trigger vesting upon a change-in-control. * The company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines, or holding period requirements for executives.	Yes	Yes	No
Korn Ferry	9/22/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time. In addition, following last year's failed say-on-pay vote result, the compensation committee demonstrated sufficient responsiveness.	No	No	No
Landec Corporation	11/1/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Lantronix, Inc.	11/8/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
La-Z-Boy Incorporated	8/30/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
LifeVantage Corporation	11/10/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
LivePerson, Inc.	8/4/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
LiveRamp Holdings, Inc.	8/9/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
LSI Industries Inc.	11/1/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Lumentum Holdings Inc.	11/16/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Madison Square Garden Entertainment Corp.	12/6/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. There are significant disclosure concerns identified, as the company does not disclose quantified goals for the financial metrics utilized in the STI or LTI program. In addition, a significant portion of the STI is based on strategic objectives. Concerns are also raised regarding the magnitude of the CEO's base salary, target STI opportunity, and equity award value. In addition, the company provided an inordinate amount of perquisites to the CEO, including large personal use of corporate aircraft and automobile perks. Furthermore, the company does not disclose a sufficient compensation clawback policy, sufficient stock ownership guidelines, or holding period requirements for executives.	Yes	No	No
Madison Square Garden Sports Corp.	12/9/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted due to a problematic pay practice. An NEO received sizable severance and accelerated vesting of all outstanding equity awards upon a resignation which does not appear involuntary. Additionally, the company provided an inordinate amount of personal use of corporate aircraft and automobile-related perquisites to the CEO, and the company lacks certain risk-mitigating provisions such as a clawback policy, stock ownership guidelines, or holding period requirements for executives.	Yes	No	No
Malibu Boats, Inc.	11/3/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Mandiant, Inc.	7/7/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. While annual-cycle equity awards are half performance-based, the majority of the grants use annual performance periods. Investors generally prefer for a majority of equity to be based on multi-year performance goals. Further, for FY21 grants, the annual performance period was further shortened due to the sale of a business. While adjusting metrics upon a significant sale is not unusual, in this case, this resulted in a portion of long-term incentives vesting above target based on performance over a relatively short timeframe. Lastly, the COO received an outsized new hire equity award, resulting in him being the most highly compensated NEO.	Yes	No	No
Mastercraft Boat Holdings, Inc.	10/25/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as no significant concerns were identified and pay and performance are reasonably aligned at this time.	No	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Matrix Service Company	12/5/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as the misalignment between pay and performance is mitigated at this time. Annual incentives were based on pre-set financial goals, no payouts were paid when goals were not met, and the company applied negative discretion to the payouts under the safety goals component. In addition, majority of the equity awards are performance-based, and no awards were earned for the prior performance cycle in line with company performance.	No	No	No
Mercury Systems, Inc.	10/26/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. CEO pay was elevated for the year in review, as the company granted FY23 equity awards and additional retention grants. The awards were half time-vesting and the performance-based portion shared the same performance period and goals as the annual equity grants. Lastly, target vesting for median performance is not viewed as a rigorous performance goal, particularly given the aggregate magnitude of the equity grants.	Yes	No	No
Methode Electronics, Inc.	9/14/2022	Management	Yes	15	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. In response to relatively low support for last year's say-on-pay proposal, the compensation committee engaged with shareholders and disclosed specific shareholder feedback, but did not take any meaningful action to address shareholder concerns. Therefore, the committee did not demonstrate sufficient responsiveness to last year's say-on-pay vote result. A pay-for-performance misalignment exists for the year under review, though mitigating factors have been identified. Although a concern is noted regarding goal rigor, annual incentives are sufficiently performance-based and the company refrained from granting equity awards to the NEOs after they received substantial front-loaded awards the prior year.	Yes	No	No
Miller Industries, Inc.	9/23/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR for this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
MillerKnoll, Inc.	10/17/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company provided an inordinate amount of personal use of corporate aircraft perquisites to the CEO.	Yes	Yes	No
Modine Manufacturing Company	7/21/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company maintains agreements that contain a modified single trigger change in control provision.	Yes	Yes	No
Natural Alternatives International, Inc.	12/2/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as: * The company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines or holding period requirements for executives; * The company does not disclose any pre-set metrics and goals for the CEO's and other NEOs' bonus and equity awards; and * The company provided to the CEO sizable perquisites amounting to \$65,614 in FY2022 that are not specifically enumerated.	Yes	Yes	No
Nautilus, Inc.	8/2/2022	Management	Yes	7	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Neogen Corporation	10/6/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Newmark Group, Inc.	9/28/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. As noted in prior years, annual incentive opportunities are outsized and the program incorporates significant committee discretion. Incentive awards also use just an annual performance period. Further, in FY21 the committee awarded the chairman a sizable cash retention bonus, \$20 million of which was paid immediately. The company also maintains legacy agreements that contain single trigger cash severance, excise tax gross-up and auto-accelerated equity vesting change-in-control provisions. The CEO was also granted an inordinate amount for the automobile-related perquisites. Lastly, the company lacks risk-mitigating provisions.	Yes	No	No
NextGen Healthcare, Inc.	8/17/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Following last year's low say-on-pay vote result, the company disclosed details of its engagement efforts with shareholders, and specific feedback received. In response to the feedback and concerns expressed by shareholders, the company made positive changes to the pay program, which address shareholders' disclosed feedback. As such, the compensation committee demonstrated sufficient responsiveness to shareholder concerns.	No	No	No
Nicholas Financial, Inc.	8/30/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Northeast Bank	11/15/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
NVE Corporation	8/4/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
OPKO Health, Inc.	7/14/2022	Management	Yes	14	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The company does not disclose any pre-set metrics and goals for the CEO's bonus and equity awards; * Equity awards allow for auto-accelerated vesting upon a change-in-control event; and * The company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines or holding period requirements for executives.	Yes	Yes	No
Orion Energy Systems, Inc.	8/4/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted given that the compensation committee demonstrated sufficient responsiveness to last year's failed say-on-pay vote. In addition, although a concern is noted, pay and performance are reasonably aligned at this time.	No	No	No
OSI Systems, Inc.	12/13/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Although annual incentives were entirely determined by a pre-set financial metric and long-term incentives are entirely performance conditioned, with the target payout subject to a multi-year performance period, there are significant structural concerns within both programs. The annual bonus target was set below the prior year's actual performance and, despite a year-over-year decline in performance, resulted in a near-maximum payout. Additionally, although the target of the performance equity grant utilizes a three-year performance period, any upside is based only on one-year performance periods, and can potentially earn nearly three times as many shares as the target. This potential upside significantly exceeds market norms.	Yes	No	No
Performance Food Group Company	11/16/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
PFSweb, Inc.	8/23/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted given that the company recently entered into new bonus agreements with certain NEOs that provide for a single-trigger cash bonuses, along with gross-up payments, in the event of a sale of the company.	Yes	No	No
Phibro Animal Health Corporation	11/7/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company provided an excessive amount for the CEO's financial/tax planning requisite. In addition, concerns are raised as the company does not disclose a sufficient compensation clawback policy, sufficient stock ownership guidelines, or holding period requirements for executives.	Yes	Yes	No
PlayAGS, Inc.	7/1/2022	Management	Yes	2	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as the pay-for-performance alignment is mitigated at this time. Majority of the CEO's large equity awards are subject to the achievement of rigorous stock price goals.	No	No	No
Premier, Inc.	12/2/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time and no significant concerns were identified at this time. In addition, following last year's failed say-on-pay vote result, the compensation committee demonstrated sufficient responsiveness.	No	No	No
Prestige Consumer Healthcare Inc.	8/2/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant issues were identified at this time.	No	No	No
Pro-Dex, Inc.	11/17/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Provident Financial Holdings, Inc.	11/29/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted because the company demonstrated poor responsiveness to shareholder concerns following last year's low say-on-pay support.	Yes	No	No
QuinStreet, Inc.	10/31/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
RBC Bearings Incorporated	9/8/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Although the compensation committee has demonstrated sufficient responsiveness to last year's failed say-on-pay vote, pay-for-performance concerns persist for the year in review. In particular, the performance targets in the equity incentive program are not disclosed, even for the completed annual cycle, and the magnitude of the CEO's FY22 equity continues to be outsized, even after a sharp decline in value compared to the previous year.	Yes	No	No
RCM Technologies, Inc.	12/15/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted the company maintains a modified single trigger change in control provision in its severance agreement with an executive.	Yes	Yes	No
Resources Connection, Inc.	10/20/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Richardson Electronics, Ltd.	10/4/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company maintains legacy agreement that contain a modified single trigger change in control provision. Furthermore, CEO equity awards in the most recent fiscal year are entirely time-vesting.	Yes	Yes	No
Riverview Bancorp, Inc.	8/24/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
SelectQuote, Inc.	11/15/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Semler Scientific, Inc.	10/20/2022	Management	Yes	2	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Skyline Champion Corporation	7/26/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Smith & Wesson Brands, Inc.	9/12/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Southern Missouri Bancorp, Inc.	10/31/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned.	No	No	No
Spectrum Brands Holdings, Inc.	8/9/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Spok Holdings, Inc.	7/26/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Standex International Corporation	10/25/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
StarTek, Inc	11/21/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The company does not disclose any pre-set metrics and goals for the CEO's bonus and equity awards; * Equity awards allow for auto-accelerated vesting upon a change-in-control event; and * The company lacks risk-mitigating provisions such as a clawback policy, stock ownership guidelines or holding period requirements for executives.	Yes	Yes	No
Steelcase Inc.	7/13/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted because the STI program is predominantly based on objective financial criteria and annual target goals appear reasonable. However, there are significant concerns regarding equity awards. The LTI program emphasizes one-year measurement periods, rather than a long-term focus. Moreover, the company made numerous one-time promotion and retention awards that lack performance vesting criteria. This resulted in only a small portion of the new CEO's pay being tied to objective performance criteria. Moreover, the company discloses that additional one-time awards were made in the following year, and maintains agreements that contain excise tax gross-up provisions.	Yes	No	No
STRATTEC SECURITY CORPORATION	10/11/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The company maintains agreements that contain a modified single trigger change in control provision; * Equity award arrangements provide for automatic accelerated vesting upon a CIC; * The company does not disclose a compensation clawback policy, stock ownership guidelines, or holding period requirements for executives; and * The company does not condition vesting of long-term awards on achievement of performance goals.	Yes	Yes	No
Stride, Inc.	12/9/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Tecnoglass Inc.	12/15/2022	Management	Yes	3	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted given that a review of the company's executive pay program does not raise significant concerns at this time.	No	No	No
TESSCO Technologies Incorporated	7/28/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted due to the following problematic pay practices: * The excessive life insurance perquisite provided to the CEO; * The lack of risk-mitigating features under the executive pay program; * Single-trigger vesting acceleration of equity awards upon a change-in-control; and * The lack of disclosure on performance goals for the short-term or long-term incentives.	Yes	Yes	No
The Container Store Group, Inc.	8/31/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
The Hain Celestial Group, Inc.	11/17/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Thermon Group Holdings, Inc.	8/1/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Transcat, Inc.	9/7/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Twin Disc, Incorporated	10/27/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Unico American Corporation	10/13/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as the company's executive pay program does not raise significant concerns at this time.	No	No	No
Unifi, Inc.	11/2/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
V2X, Inc.	10/27/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Viavi Solutions Inc.	11/9/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. In response to a low say-on-pay vote result, the company engaged with shareholders, disclosed their feedback in the proxy statement, and addressed shareholder concerns, including a firm commitment not to repeat one-time actions shareholders disfavored. Moreover, the pay-for-performance misalignment for the year in review was sufficiently mitigated. CEO pay decreased significantly year-over-year, reflecting the absence of the one-time retention awards granted in the prior year, with total CEO pay modestly above the median of company-defined peers. Additionally, half of the company's annual equity awards are conditioned on clearly disclosed and rigorous relative TSR performance targets measured over a multi-year period, and annual incentives were earned below target levels, in line with company performance.	No	No	No
Vista Outdoor Inc.	7/26/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Wave Life Sciences Ltd.	8/9/2022	Management	Yes	14	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Although annual incentives were based on pre-set clinical and operating goals, specific goal weightings and range of potential payouts remain undisclosed. Moreover, equity awards (which is the main component of total CEO pay for the year in review) lack objective performance criteria.	Yes	No	No
Winnebago Industries, Inc.	12/13/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
WisdomTree Investments, Inc.	7/15/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Although quantitative measures will weigh more heavily in the incentive compensation pool funding for FY22, final payouts will continue to be determined by committee discretion. In addition, notwithstanding certain disclosure improvements, disclosure of threshold and maximum goals, as well as individual performance achievements remains lacking. Although half of the CEO and COO's equity grants were performance-based, the targeting of relative TSR at merely median performance is not considered to be particularly rigorous. In addition, the majority of certain NEOs' equity awards lacked performance conditions.	Yes	No	No
World Acceptance Corporation	8/17/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No

Board Statistics Report



Parameters Used:
Location(s): All locations
Account Group(s): All account groups
Institution Account(s): Dimensional Fund Advisors
Custodian Account(s): All custodian accounts
Reporting Period: 7/1/22 to 12/31/22

Meeting Overview

Category	Number	Percentage
Number of votable meetings	167	
Number of meetings voted	167	100.00%
Number of meetings with at least 1 vote Against, Withhold or Abstain	43	25.75%

Ballot Overview

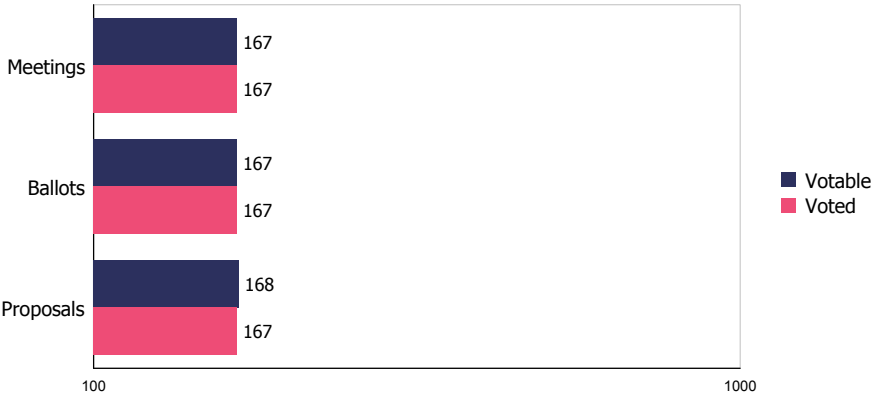
Category	Number	Percentage
Number of votable ballots	167	
Number of ballots voted	167	100.00%

Proposal Overview

Category	Number	Percentage
Number of votable items	168	
Number of items voted	167	99.40%
Number of votes FOR	0	0.00%
Number of votes AGAINST	0	0.00%
Number of votes ABSTAIN	0	0.00%
Number of votes WITHHOLD	0	0.00%
Number of votes on MSOP	167	100.00%
Number of votes With Policy	167	100.00%
Number of votes Against Policy	0	0.00%
Number of votes With Mgmt	124	74.25%
Number of votes Against Mgmt	43	25.75%
Number of votes on Shareholder Proposals	0	0.00%

Notes: Instructions of Do Not Vote are not considered voted. Frequency on Pay votes of 1, 2, 3 years are counted by type (For, Against, etc.) per proposal. Votes on MSOP proposals will only be counted as a vote on MSOP and not as the actual vote cast (For, Against, etc.) per proposal to avoid duplication of data. In cases of different votes submitted across ballots for a single meeting, votes cast are distinctly counted by type (For, Against, etc.) per proposal. So, a meeting may have inflated total votes submitted than unique proposals voted.

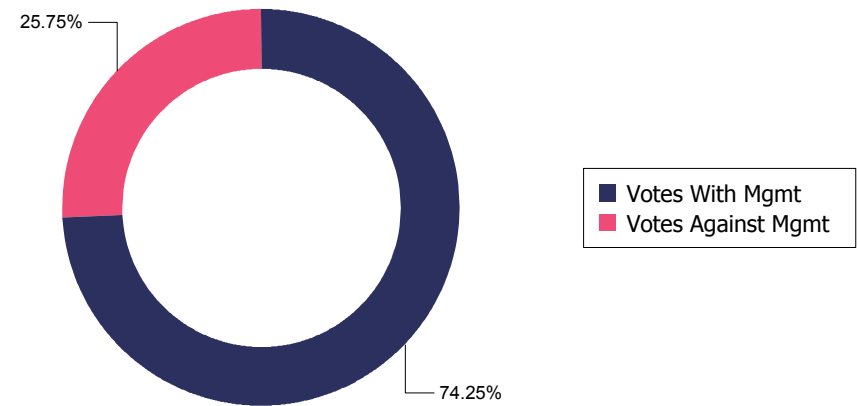
Voting Statistics



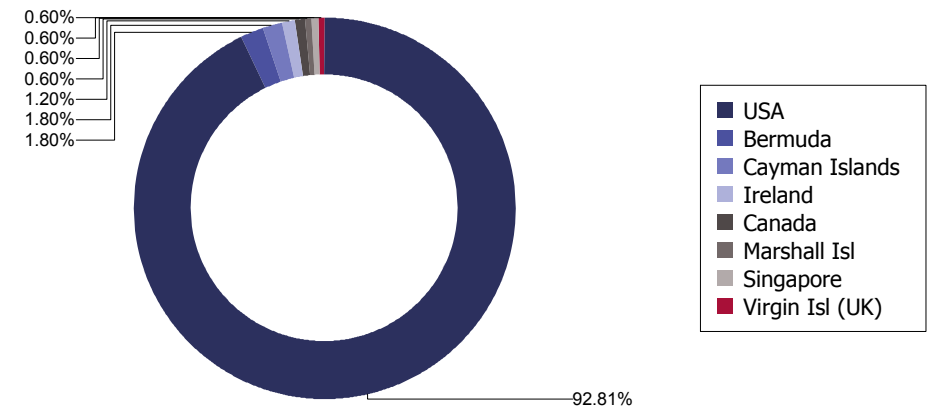
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Vote Alignment with Policy

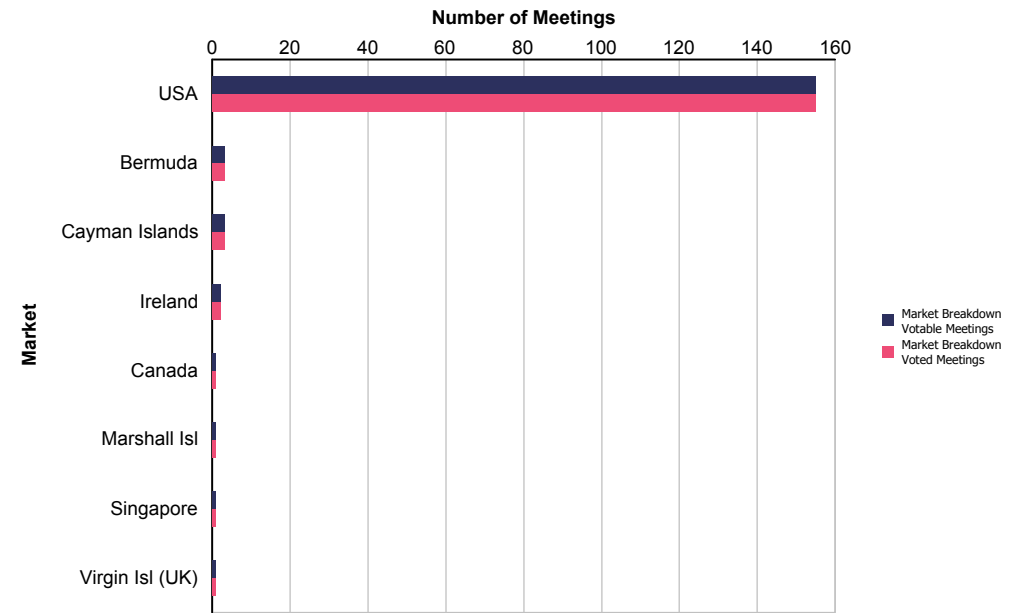
No graphical representation provided.

Vote Alignment with Management**Market Breakdown**

Market	Votable Meetings	Voted Meetings	Percentage
USA	155	155	100.00%
Bermuda	3	3	100.00%
Cayman Islands	3	3	100.00%
Ireland	2	2	100.00%
Canada	1	1	100.00%
Marshall Isl	1	1	100.00%
Singapore	1	1	100.00%
Virgin Isl (UK)	1	1	100.00%

Meetings Voted by Market

Market Voting Statistics



Analysis of Votes: AGAINST/ABSTAIN/WITHHOLD

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Daseke, Inc.	06-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Mandiant, Inc.	07-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Steelcase Inc.	13-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Ennis, Inc.	14-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
OPKO Health, Inc.	14-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
WisdomTree Investments, Inc.	15-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Modine Manufacturing Company	21-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
DXC Technology Company	26-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
TESSCO Technologies Incorporated	28-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Capri Holdings Limited	03-Aug-22	Virgin Isl (UK)	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Wave Life Sciences Ltd.	09-Aug-22	Singapore	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	6. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Anterix Inc.	10-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Apyx Medical Corporation	11-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Kingstone Companies, Inc.	11-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes: AGAINST/ABSTAIN/WITHHOLD (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Boston Omaha Corporation	13-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
PFSweb, Inc.	23-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
CSW Industrials, Inc.	25-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Consumer Portfolio Services, Inc.	25-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
GSI Technology, Inc.	25-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
RBC Bearings Incorporated	08-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Methode Electronics, Inc.	14-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Catalyst Pharmaceuticals, Inc.	19-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
AAR Corp.	20-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Newmark Group, Inc.	28-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Richardson Electronics, Ltd.	04-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
STRATTEC SECURITY CORPORATION	11-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
MillerKnoll, Inc.	17-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Champions Oncology, Inc.	20-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes: AGAINST/ABSTAIN/WITHHOLD (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Mercury Systems, Inc.	26-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Coty Inc.	03-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Phibro Animal Health Corporation	07-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Cimpress plc	16-Nov-22	Ireland	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
StarTek, Inc	21-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Provident Financial Holdings, Inc.	29-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Natural Alternatives International, Inc.	02-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Madison Square Garden Entertainment Corp.	06-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	5. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
eGain Corporation	06-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Madison Square Garden Sports Corp.	09-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
OSI Systems, Inc.	13-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Comtech Telecommunications Corp.	15-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
RCM Technologies, Inc.	15-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Actinium Pharmaceuticals, Inc.	30-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes: AGAINST/ABSTAIN/WITHHOLD (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
BGC Partners, Inc.	30-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes Against Policy

There are no votes against policy.

Analysis of Votes Against Management

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Daseke, Inc.	06-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Mandiant, Inc.	07-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Steelcase Inc.	13-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Ennis, Inc.	14-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
OPKO Health, Inc.	14-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
WisdomTree Investments, Inc.	15-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Modine Manufacturing Company	21-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
DXC Technology Company	26-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
TESSCO Technologies Incorporated	28-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Capri Holdings Limited	03-Aug-22	Virgin Isl (UK)	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes Against Management (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Wave Life Sciences Ltd.	09-Aug-22	Singapore	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	6. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Anterix Inc.	10-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Apyx Medical Corporation	11-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Kingstone Companies, Inc.	11-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Boston Omaha Corporation	13-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
PFSweb, Inc.	23-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
CSW Industrials, Inc.	25-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Consumer Portfolio Services, Inc.	25-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
GSI Technology, Inc.	25-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
RBC Bearings Incorporated	08-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Methode Electronics, Inc.	14-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Catalyst Pharmaceuticals, Inc.	19-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
AAR Corp.	20-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Newmark Group, Inc.	28-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Richardson Electronics, Ltd.	04-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes Against Management (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
STRATTEC SECURITY CORPORATION	11-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
MillerKnoll, Inc.	17-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Champions Oncology, Inc.	20-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Mercury Systems, Inc.	26-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Coty Inc.	03-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Phibro Animal Health Corporation	07-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Cimpress plc	16-Nov-22	Ireland	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
StarTek, Inc	21-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Provident Financial Holdings, Inc.	29-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Natural Alternatives International, Inc.	02-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Madison Square Garden Entertainment Corp.	06-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	5. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
eGain Corporation	06-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Madison Square Garden Sports Corp.	09-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
OSI Systems, Inc.	13-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Comtech Telecommunications Corp.	15-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes Against Management (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
RCM Technologies, Inc.	15-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Actinium Pharmaceuticals, Inc.	30-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	4. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
BGC Partners, Inc.	30-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Unvoted Meetings

There are no unvoted meetings.

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
ABIOMED, Inc.	08/10/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. After receiving relatively low support for last year's say-on-pay proposal, the compensation committee did not take any meaningful actions to address shareholders' concerns. The company does not make a firm commitment not to grant special awards outside of extraordinary circumstances and no changes have been made to the LTI program since the 2021 say-on-pay vote. In addition, the 2022 proxy statement does not appear to provide any material improvement in disclosure surrounding the annual and long-term incentive metrics. Accordingly, the compensation committee has not sufficiently responded to shareholders' concerns. In addition, pay-for-performance concerns exist for the year under review. Lack of disclosure remains a significant concern with respect to annual and long-term performance metrics, which is magnified given the CEO's relatively high target bonus opportunity and above-target payout. The lack of robust disclosure impedes investors' ability to assess the rigor of incentive pay programs and pay-performance linkage. The committee's discretion to determine payouts within a pre-determined range further diminishes the transparency of the annual incentive program. In addition, the primary metric used for the LTI program continues to be based on a one-year performance period and overlaps with one of the primary metrics under the annual incentive program, raising concerns about the long-term focus of the LTI program and the possibility of duplicative payments for achieving the same goal.	Yes	No	No
Advanced Drainage Systems, Inc.	07/21/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Albertsons Companies, Inc.	08/04/2022	Management	Yes	16	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Amcor plc	11/09/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Annual and long-term incentives primarily are primarily performance-based, with equity awards utilizing a multi-year performance period and above-median targets for relative awards. However, concerns remain regarding limited disclosure of annual goals and an absence of a payout cap for negative absolute TSR performance.	No	No	No
Apartment Income REIT Corp.	12/07/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as no significant concerns were identified and pay and performance are reasonably aligned at this time.	No	No	No
Aspen Technology, Inc.	12/15/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. While annual incentives are entirely based on pre-set objective performance goals, regular annual equity awards are entirely time-based and the CEO received a large special equity grant that also lacked performance criteria. Although the CEO did not receive a regular equity grant in FY23, the company does not provide a rationale for the special award's large magnitude and lack of performance conditions.	Yes	No	No
Automatic Data Processing, Inc.	11/09/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Annual and long-term incentives are primarily performance-based and long-term incentives utilize a multi-year performance period.	No	No	No
AutoZone, Inc.	12/14/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company paid significant tax gross-up related to the CEO's executive life insurance perk. In addition, concerns are raised with respect to the lack of pre-set performance goals in the long-term incentive plan, which warrants further monitoring particularly if pay and performance do not remain aligned in future.	Yes	Yes	No
Avangrid, Inc.	07/20/2022	Management	Yes	16	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the CEO received tax gross-ups related to relocation benefits.	Yes	Yes	No
Avnet, Inc.	11/17/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Bill.com Holdings, Inc.	12/08/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Several NEOs received outsized total pay driven by large, one-time equity grants. Two such grants were entirely time-based, and the company did not disclose a rationale for the awards' magnitude and lack of performance-based vesting. In addition, an NEO received excessive severance upon a voluntary resignation.	Yes	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Bio-Techne Corporation	10/27/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST the proposal is warranted. In response to a low say-on-pay vote result, the company engaged with shareholders and disclosed the feedback received in the proxy statement. While the committee made certain improvements in disclosure surrounding its rationale for past pay decisions and the current program structure, no changes or firm commitments appear to have been made to address all of shareholders' concerns. In addition, though pay and performance are reasonably aligned at this time, continued monitoring of the pay program structure is warranted, as the LTI program continues to utilize the same performance metrics as the STI. In addition, the company does not disclose the forward-looking performance goals in the LTI.	Yes	No	No
Booz Allen Hamilton Holding Corporation	07/27/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as short-term incentives are based on a pre-set financial performance metric and long-term incentives continue to be majority performance-based and measured over a multi-year period.	No	No	No
Broadridge Financial Solutions, Inc.	11/10/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted, as pay and performance are reasonably aligned at this time. Annual incentives are majority-based on preset financial performance goals, and the company targets half of long-term incentives to be performance-based.	No	No	No
CACI International Inc	10/20/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Capri Holdings Limited	08/03/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted given that that company provided the CEO a large amount of automobile-related and life insurance-related perquisites. Concerns are also raised with respect to the lack of long-term performance metrics for the CEO's awards in the most recent fiscal year.	Yes	Yes	No
Cardinal Health, Inc.	11/09/2022	Management	Yes	15	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company provided an inordinate amount of personal use of corporate aircraft to the CEO.	Yes	Yes	No
Casey's General Stores, Inc.	08/30/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Catalent, Inc.	10/27/2022	Management	Yes	16	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted, as pay and performance are reasonably aligned at this time. Annual incentives are predominantly based on preset financial goals, and long-term incentives are targeted to be half performance-based.	No	No	No
ChargePoint Holdings, Inc.	07/12/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. Equity awards made during the most recent fiscal year were entirely time vesting. Investors generally prefer for at least a portion of grants to require the achievement of performance vesting criteria. Further, the committee removed a performance hurdle from the CEO's previously granted equity awards.	Yes	No	No
Cintas Corporation	10/25/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned for the year in review. Annual incentives are based primarily on financial performance and regular annual equity grants were entirely performance-conditioned. However, some concern is raised given that the performance-based awards relied on a one-year performance period and utilized the same metrics as the annual incentives program.	No	No	No
Cirrus Logic, Inc.	07/29/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Cisco Systems, Inc.	12/08/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR the proposal is warranted. The annual bonus was primarily based on pre-set objective metrics, while the financial metrics utilized rigorous goals and an individual performance metric was replaced at shareholders' request. Further, a majority of the annual equity grant was in performance-conditioned equity, though a concern is noted regarding annually set performance goals. Continued monitoring is warranted given an expected additional one-time equity grant in FY23.	No	No	No
Coherent Corp.	11/16/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Conagra Brands, Inc.	09/21/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company provided an inordinate amount of personal use of corporate aircraft perquisite to the CEO.	Yes	Yes	No
Constellation Brands, Inc.	07/19/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay-and-performance are reasonably aligned for the year in review. Annual incentives were determined by pre-set financial metrics. However, the long-term equity awards remain mostly time-based.	No	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Copart, Inc.	12/02/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. The new co-CEO received a large, front-loaded equity grant, only slightly more than half of which is performance-vesting. Given that the award is intended to cover four years of equity pay, investors likely expected a more substantial portion of the award to be performance-based. Further, the performance-vesting condition carries certain risks, as the structure may reward for short peaks in stock price performance near the time of exercise. In addition, although the committee took the positive step of disclosing a more formulaic annual incentive program, a significant portion of the annual incentive remained tied to subjective individual criteria, and the company did not disclose any financial or non-financial performance targets or achievements under the program. The lack of these key disclosures inhibits an assessment of goal rigor. Lastly, concerns are also raised with respect to the excessive corporate aircraft and automobile perquisites provided to co-CEO Adair.	Yes	No	No
Coty Inc.	11/03/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. CEO Nabi's pay declined for the year in review, consisting only of base salary, following her \$280 million sign-on RSU award in the prior year. However, a review of the pay program reveals persistent concerning features. Specifically, NEO pay consisted primarily of base salary and equity awards that lack performance vesting conditions. Investors increasingly expect a meaningful portion of incentives to be tied to pre-set performance goals. Further, there are renewed concerns regarding high base salaries without a compelling rationale. Notably, these significant concerns for the year in review follow multiple years of problematic pay decisions at the company.	Yes	No	No
Darden Restaurants, Inc.	09/21/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as CEO pay and company performance are reasonably aligned at this time. Annual incentives remain sufficiently performance-based and the company targets half of its regular equity awards to be conditioned on long-term performance.	No	No	No
Deckers Outdoor Corporation	09/12/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Donaldson Company, Inc.	11/18/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
DXC Technology Company	07/26/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted, as the company provided excessive personal use of corporate aircraft perquisite to the CEO.	Yes	Yes	No
Dynatrace, Inc.	08/24/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Eagle Materials Inc.	08/05/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Elastic N.V.	10/06/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although some concerns are noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Electronic Arts Inc.	08/11/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Following last year's low say-on-pay vote result, the compensation committee engaged with shareholders, disclosed specific feedback received, and implemented positive pay program changes and disclosure improvements. Accordingly, the committee has demonstrated adequate responsiveness. There is some concern surrounding the company's annual incentive program, particularly with respect to a significant portion being based on a qualitative assessment. However, certain concerns are mitigated as the committee implemented a cap on NEOs' maximum bonus opportunity, in response to shareholder concerns. In addition, the annual LTI is primarily performance-based, and the value of the CEO's equity awards decreased significantly year-over-year. Further, the proxy notes that the financial performance weighting of the company bonus pool funding formula will be increased for FY23. On balance of these factors, a vote FOR this proposal is warranted.	No	No	No
FactSet Research Systems Inc.	12/15/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as CEO pay and company performance are reasonably aligned at this time. The majority of CEO pay is conditioned on objective financial performance and half of equity grants are targeted to be conditioned on long-term financial performance metrics.	No	No	No
FedEx Corporation	09/19/2022	Management	Yes	16	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted. The company provided an inordinate amount of perquisite compensation to the former CEO. Furthermore, there are ongoing concerns regarding the majority time-based LTI awards, the use of tax reimbursement for restricted stock awards, and single-trigger vesting of equity upon a change in control.	Yes	Yes	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Fox Corporation	11/03/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company continues to provide an excessive amount for the CEO's home/personal security benefits. Additionally, concerns remain regarding the high base salaries, high pay for the board chair, and lack of forward-looking performance targets underlying the PSU awards.	Yes	Yes	No
General Mills, Inc.	09/27/2022	Management	Yes	14	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned for the year in review. Annual and long-term incentives are primarily performance-based and long-term incentives utilize a multi-year performance period.	No	No	No
Guidewire Software, Inc.	12/20/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Annual incentives were primarily determined by pre-set objective metrics, and half of PRSUs are measured over a multi-year period with forward-looking target goals disclosed. However, some concerns are noted as the remaining performance-based shares utilize an overlapping, one-year metric with the annual incentive plan and the CEO's grant value increased, without compelling rationale.	No	No	No
H&R Block, Inc.	11/04/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Jack Henry & Associates, Inc.	11/15/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted, as pay is reasonably aligned with performance for the year under review.	No	No	No
Jazz Pharmaceuticals plc	07/28/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
KLA Corporation	11/02/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as CEO pay and company performance are reasonably aligned for the year in review. Annual incentive awards are based on objective pre-set metrics, and the majority of equity awards are conditioned on a long-term relative financial performance metric which targets above median performance.	No	No	No
Kyndryl Holdings, Inc.	07/28/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Although NEOs were granted significant one-time equity awards during the past year, the awards were in connection with the company's spin-off from IBM in November 2021 and are not expected to be recurring.	No	No	No
Lam Research Corporation	11/08/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Pay is reasonably in line with performance for the period under review. Long-term incentive awards are majority performance based and utilize a multi-year performance period. Some concerns are identified; however, as half of the annual incentive is earned based on individual performance, while the committee has multiple opportunities to exercise discretion when determining award parameters and payouts.	No	No	No
Lamb Weston Holdings, Inc.	09/29/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as CEO pay and company performance are reasonably aligned at this time. Annual incentive awards remain based entirely on objective financial performance and the majority of equity awards are performance-conditioned. Additionally, the company will return to using a three-year performance period for its PSA equity awards next year.	No	No	No
Mandiant, Inc.	07/07/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. While annual-cycle equity awards are half performance-based, the majority of the grants use annual performance periods. Investors generally prefer for a majority of equity to be based on multi-year performance goals. Further, for FY21 grants, the annual performance period was further shortened due to the sale of a business. While adjusting metrics upon a significant sale is not unusual, in this case, this resulted in a portion of long-term incentives vesting above target based on performance over a relatively short timeframe. Lastly, the COO received an outsized new hire equity award, resulting in him being the most highly compensated NEO.	Yes	No	No
McKesson Corporation	07/22/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company provided related tax reimbursement to several executives' relocation expense perquisites, and a large amount of financial planning perquisites to the CEO.	Yes	Yes	No
Medtronic Plc	12/08/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company provided excessive personal use of corporate aircraft perquisite to the CEO.	Yes	Yes	No
Mercury Systems, Inc.	10/26/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. CEO pay was elevated for the year in review, as the company granted FY23 equity awards and additional retention grants. The awards were half time-vesting and the performance-based portion shared the same performance period and goals as the annual equity grants. Lastly, target vesting for median performance is not viewed as a rigorous performance goal, particularly given the aggregate magnitude of the equity grants.	Yes	No	No
Microchip Technology Incorporated	08/23/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company maintains agreements that contain excise tax gross-up provisions.	Yes	Yes	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Microsoft Corporation	12/13/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are aligned for the year in review. Annual incentives were primarily based on objective criteria and the CEO's long-term awards were entirely performance-conditioned. However, the CEO's base salary and STI payout opportunities remained relatively large and long-term incentives rely primarily on annual performance periods, which compensation decisions warrant continued monitoring.	No	No	No
NetApp, Inc.	09/09/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned for the year in review. Annual and long-term incentives are primarily based on objective performance metrics, and the long-term incentives utilize a multi-year performance period. However, the award targets median relative performance and lacks a payout cap for negative absolute TSR performance.	No	No	No
New Relic, Inc.	08/17/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned, and no significant concerns were identified at this time.	No	No	No
News Corporation	11/15/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted due to the provision of excessive life insurance perquisite to the CEO. In addition, concerns are raised regarding the use of discretion and limited disclosure regarding incentive awards.	Yes	Yes	No
NIKE, Inc.	09/09/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	There are significant concerns identified regarding LTI program structure and STI adjustments for the year in review. For FY22, the committee replaced the long-term cash component of the pay program with PSUs. Due to disclosure requirements, total CEO pay includes closing-cycle long-term cash award payouts and PSUs granted in FY22. Although PSUs are based on clearly disclosed multi-year goals that target outperformance, the relatively small weighting of performance-conditioned long-term incentives remains an ongoing concern. The large majority of FY22 LTI awards lack performance-vesting criteria, and the weighting of time-vesting awards was increased in FY22. While the committee committed to increase the weighting of PSUs to 50 percent, the proxy indicates the weighting of PSUs will increase to this percentage "phased in over multiple years." Such vague language makes it difficult to assess the impact of this commitment or the structure of the LTI program going forward. Given that many investors expect at least 50 percent of long-term incentives to carry rigorous performance-vesting criteria, some investors may expect this transition to occur more rapidly.	Yes	No	No
NortonLifeLock Inc.	09/13/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as CEO pay and company performance remain reasonably aligned. Annual incentives remain based on objective financial performance metrics, and the majority of the company's equity awards are conditioned on multi-year performance goals.	No	No	No
Nutanix, Inc.	12/09/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted, with caution. Annual incentive metric objectives and actual results are poorly disclosed, and the long-term incentive utilizes a relative TSR metric earned in part based on a one-year performance period with no disclosed cap on payouts should absolute TSR be negative. However, annual incentives are earned entirely based on pre-set corporate objectives, long-term incentives are half performance-based.	No	No	No
Oracle Corporation	11/16/2022	Management	Yes	16	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST the proposal is warranted. Following multiple consecutive years of low say-on-pay vote results, the proxy only vaguely disclosed Oracle's engagement efforts with shareholders but does disclose certain concerns heard from shareholders. As in prior years, however, no substantial positive changes nor commitments were made to the pay program to address significant shareholder dissatisfaction. Additionally, concerns remain within the annual pay program, as one NEO's annual bonus was entirely discretionary. In addition, although the annual bonus program for the CEO and Executive Chairman utilizes a pre-set objective growth goal, there is only limited disclosure regarding the year-over-year changes in the target opportunity for that goal. Furthermore, the annual equity grants for two NEOs were entirely in time-vested equity, which is inconsistent with prevailing market practices. While the decision to modify in-progress performance equity grants to the CEO and Executive Chairman was disclosed in last year's proxy, the resulting incremental value disclosed in this year's proxy was also substantial, in excess of \$100 million for each executive's respective award. Lastly, the company continues to provide excessive security perquisite to Chair Ellison.	Yes	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Palo Alto Networks, Inc.	12/13/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as: * The company provided an inordinate amount of personal use of corporate aircraft perquisites to the CEO and excessive amount for the CEOs home/personal security benefits. * The company paid an excessive tax gross-up for the CEO's personal use of aircraft. * The total amount of perquisite compensation reported for the CEO is excessive.	Yes	Yes	No
Parker-Hannifin Corporation	10/26/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company maintains legacy agreements that contain a modified single trigger change-in-control provision. Equity award arrangements also provide for automatic accelerated vesting upon a change-in-control.	Yes	Yes	No
Paychex, Inc.	10/13/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR the proposal is warranted, with caution. In response to a low say-on-pay vote result, the company engaged with shareholders and disclosed the feedback received in the proxy statement. Though the proxy lacked a firm commitment to not repeat a one-time action disfavored by shareholders, the board took certain positive actions to address some shareholder concerns, including improvements to the pay program. Additionally, pay and performance were reasonably aligned at this time.	No	No	No
Paylocity Holding Corporation	12/01/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No
Performance Food Group Company	11/16/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
Premier, Inc.	12/02/2022	Management	Yes	6	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time and no significant concerns were identified at this time. In addition, following last year's failed say-on-pay vote result, the compensation committee demonstrated sufficient responsiveness.	No	No	No
Qorvo, Inc.	08/09/2022	Management	Yes	10	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned for the year in review. Annual incentives were entirely performance-based, relying on achievement of semi-annual, pre-set financial metrics, and the majority of long-term equity awards are performance conditioned. However, performance for the Objectives-based RSUs is generally measured over a one-year period (with additional time-based vesting of half the award), and specific goals are not disclosed. Shareholders generally prefer that performance for long-term incentive awards is measured over a multi-year period, and the lack of disclosure of goals makes it impossible for shareholders to independently evaluate the rigor of those goals relative to prior years' targets or actual achievement.	No	No	No
Ralph Lauren Corporation	08/04/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted because: * The company provided an inordinate amount of automobile-related and financial planning perquisites to the CEO; and * The company has legacy arrangements with one or more executives that provide for an excessive severance multiplier.	Yes	Yes	No
ResMed Inc.	11/16/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as CEO pay and company performance are reasonably aligned at this time. Annual incentive awards remain based on objective financial performance metrics and the CEO's equity awards are entirely performance-conditioned.	No	No	No
RingCentral, Inc.	12/15/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted due to excessive NEO pay primarily consisting of time-vesting equity awards.	Yes	No	No
Spectrum Brands Holdings, Inc.	08/09/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
STERIS plc	07/28/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned for the year in review. Annual incentive payouts are entirely based on pre-set financial metrics and a majority of long-term performance incentives are performance conditioned.	No	No	No
Sysco Corporation	11/18/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against		Yes	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Take-Two Interactive Software, Inc.	09/16/2022	Management	Yes	11	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted, due to longstanding concerns around incentive program target-setting. Compensation for the CEO is primarily paid by the external manager under a management services agreement. Although this arrangement can result in limited pay disclosure, in this case the company provides thorough disclosure of the applicable pay programs. In recent years, there have been goal rigor concerns identified for the company, and a qualitative review of the 2022 annual incentive program renews these concerns. Specifically, the target goal in the STI was set well below the prior year's actual results. While there is proxy disclosure regarding the compensation committee's rationale for lowering its target due to outperformance in FY21 and new challenges for FY22, this disclosure does not substantially mitigate concerns and does not adequately explain why the target was set below pre-pandemic performance levels. This is particularly concerning given that the company has a history of setting goals below the prior year's actual performance, resulting in payouts earned at well-above target or at maximum each year for nearly a decade.	Yes	No	No
Tapestry, Inc.	11/15/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted because pay is reasonably aligned with performance for the year under review.	No	No	No
The Estee Lauder Companies Inc.	11/18/2022	Management	Yes	8	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Against	Against	A vote AGAINST this proposal is warranted as the company provided an inordinate amount of perquisites to the CEO, including large personal use of corporate aircraft and life insurance perquisites.	Yes	Yes	No
The J. M. Smucker Company	08/17/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Annual incentives are majority based on pre-set financial metrics, although the target for the main performance metric was set lower than the prior year's actual result due to COVID-19 pandemic-related economic uncertainty and divestments. The long-term incentive equity awards are also majority performance-conditioned and are measured over a multi-year performance period.	No	No	No
The Procter & Gamble Company	10/11/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. Bonus payouts are commensurate with financial performance, and regular annual equity grants are approximately half performance based with multiyear performance periods. However, future cash bonus payouts warrant further monitoring based on the degree of discretion applied to their determination.	No	No	No
TransDigm Group Incorporated	07/12/2022	Management	Yes	13	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. The compensation committee demonstrated only limited responsiveness to last year's failed say-on-pay vote. While certain prior shareholder concerns were addressed, it was unclear if the committee met with investors following the failed vote and certain concerns, including pay magnitude, appear to remain unmitigated. Further, the committee granted multiple NEOs significant option awards, resulting in the former executive chairman being compensated well above that of the CEO. While the committee introduced changes to option grants, concerns remain regarding overlapping metrics, mid-cycle adjustments, and the magnitude of NEO equity awards. Concerns are also raised with respect to company-selected peer group that includes many outsized peers on a revenue basis, the automatic accelerated vesting of equity awards upon a change-in-control event, and the company's lack of risk mitigating features that may benefit shareholders.	Yes	No	No
Vail Resorts, Inc.	12/07/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted as pay and performance are reasonably aligned and no significant concerns were identified at this time.	No	No	No
VF Corporation	07/26/2022	Management	Yes	12	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. A pay-for-performance misalignment exists for the year under review and mitigating factors could not be identified. Although annual and long-term incentives are sufficiently tied to objective performance metrics, concern is raised regarding the CEO's relatively high target LTI value, which has increased incrementally over the past several years as the company's TSR has lagged comparators. In addition, one NEO received a retention grant in FY22 that lacks any performance conditions. Lastly, concerns are raised regarding the inordinate amount of corporate aircraft-related perquisite provided to the CEO.	Yes	No	No

Company Name	Meeting Date	Proponent	Votable Proposal	Proposal Sequence Number	Proposal Text	Management Recommendation	ISS Recommendation	Voting Policy Recommendation	Vote Instruction	Voting Policy Rationale	Vote Against Management	Vote Against ISS	Vote Against Policy
Viatisr Inc.	12/09/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	A vote FOR this proposal is warranted. The compensation committee was sufficiently responsive to last year's failed say-on-pay vote. Specifically, the company made meaningful changes in response to shareholder feedback by increasing the proportion of equity awards tied to performance conditions, and making a commitment that future cash-based retention awards will be tied to performance-based vesting requirements and only granted in extraordinary circumstances. While pay and performance are reasonably aligned for the year in review, continued monitoring of the pay program is warranted, as the executive chair's total pay remains high.	No	No	No
VMware, Inc.	07/12/2022	Management	Yes	4	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST this proposal is warranted. The CEO and president each received sizable promotion awards in connection with their internal promotions. Although the awards are entirely performance-based, some investors may question the awards, particularly given that the NEOs also received "top-up" grants in connection with their promotions. In addition, a sizable retention grant of RSUs to one NEO lacks performance conditions. Additional concerns exist with respect to the design of the annual and long-term incentive programs. A significant portion of annual bonuses are tied to subjective individual performance considerations and the committee relies on negative discretion to reduce payouts under the individual performance component from a maximum level. Further, PSUs under the LTI program are primarily earned based on annual measurement periods.	Yes	No	No
Western Digital Corporation	11/16/2022	Management	Yes	9	Advisory Vote to Ratify Named Executive Officers' Compensation	For	Against	Against	Against	A vote AGAINST the proposal is warranted. Although the STI is based on pre-set objective metrics, the individual performance portion does not appear to be determined based on predetermined goals and was determined to be earned significantly above the corporate portion of the award, despite corporate goals failing to achieve target. In addition, the performance period in the FY23 LTI grant will be shortened to three one-year periods, from one three-year period. More concerning, the compensation committee had a number of problematic one-time actions during the fiscal year. The committee granted retention time-vested RSUs to each NEO, including to two NEOs who received a retention award the year prior, which completely lack performance criteria. In addition, the compensation committee removed the performance criteria from the CEO's sign-on grant shortly before the end of the performance period, allowing the award to vest at target, significantly above the payout level where the award was tracking. These actions undermine a pay-for-performance philosophy.	Yes	No	No
Zendesk Inc.	08/17/2022	Management	Yes	5	Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	For	For	Although a concern is noted regarding the grant of entirely time-based equity awards, a vote FOR this proposal is warranted as pay and performance are reasonably aligned at this time.	No	No	No

Board Statistics Report

B.2.b



Parameters Used:
Location(s): All locations
Account Group(s): All account groups
Institution Account(s): State Street Global Advisors
Custodian Account(s): All custodian accounts
Reporting Period: 7/1/22 to 12/31/22

Meeting Overview

Category	Number	Percentage
Number of votable meetings	86	
Number of meetings voted	86	100.00%
Number of meetings with at least 1 vote Against, Withhold or Abstain	34	39.53%

Ballot Overview

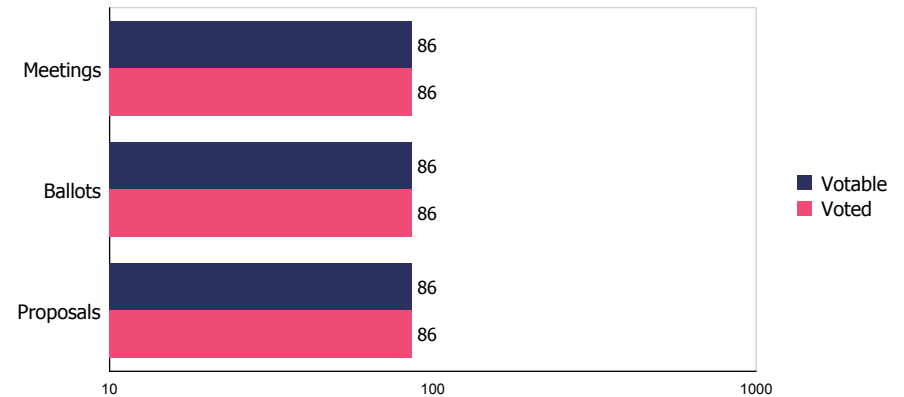
Category	Number	Percentage
Number of votable ballots	86	
Number of ballots voted	86	100.00%

Proposal Overview

Category	Number	Percentage
Number of votable items	86	
Number of items voted	86	100.00%
Number of votes FOR	0	0.00%
Number of votes AGAINST	0	0.00%
Number of votes ABSTAIN	0	0.00%
Number of votes WITHHOLD	0	0.00%
Number of votes on MSOP	86	100.00%
Number of votes With Policy	86	100.00%
Number of votes Against Policy	0	0.00%
Number of votes With Mgmt	52	60.47%
Number of votes Against Mgmt	34	39.53%
Number of votes on Shareholder Proposals	0	0.00%

Notes: Instructions of Do Not Vote are not considered voted. Frequency on Pay votes of 1, 2, 3 years are counted by type (For, Against, etc.) per proposal. Votes on MSOP proposals will only be counted as a vote on MSOP and not as the actual vote cast (For, Against, etc.) per proposal to avoid duplication of data. In cases of different votes submitted across ballots for a single meeting, votes cast are distinctly counted by type (For, Against, etc.) per proposal. So, a meeting may have inflated total votes submitted than unique proposals voted.

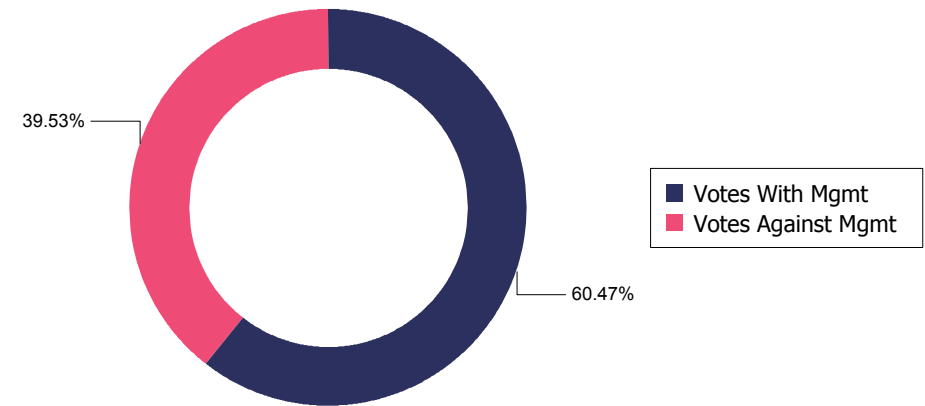
Voting Statistics



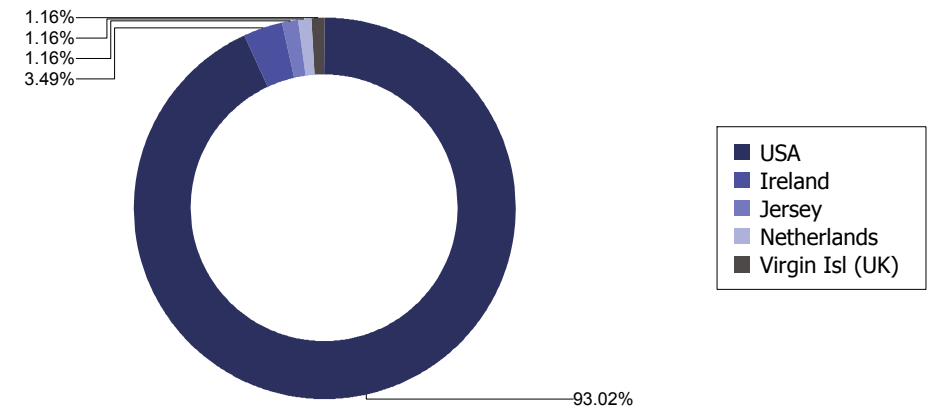
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Vote Alignment with Policy

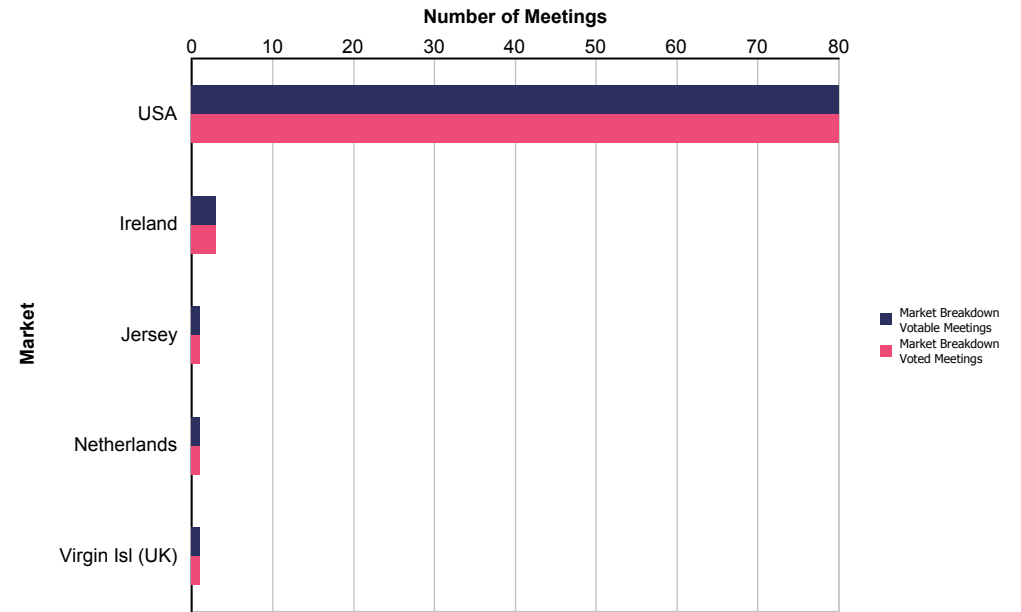
No graphical representation provided.

Vote Alignment with Management**Market Breakdown**

Market	Votable Meetings	Voted Meetings	Percentage
USA	80	80	100.00%
Ireland	3	3	100.00%
Jersey	1	1	100.00%
Netherlands	1	1	100.00%
Virgin Isl (UK)	1	1	100.00%

Meetings Voted by Market

Market Voting Statistics



Analysis of Votes: AGAINST/ABSTAIN/WITHHOLD

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Mandiant, Inc.	07-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
VMware, Inc.	12-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
TransDigm Group Incorporated	12-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
ChargePoint Holdings, Inc.	12-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Avangrid, Inc.	20-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
McKesson Corporation	22-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
DXC Technology Company	26-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
VF Corporation	26-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Capri Holdings Limited	03-Aug-22	Virgin Isl (UK)	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Ralph Lauren Corporation	04-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
ABIOMED, Inc.	10-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Microchip Technology Incorporated	23-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
NIKE, Inc.	09-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Take-Two Interactive Software, Inc.	16-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes: AGAINST/ABSTAIN/WITHHOLD (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
FedEx Corporation	19-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Conagra Brands, Inc.	21-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Parker-Hannifin Corporation	26-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Mercury Systems, Inc.	26-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Bio-Techne Corporation	27-Oct-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Coty Inc.	03-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Fox Corporation	03-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Cardinal Health, Inc.	09-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
News Corporation	15-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Western Digital Corporation	16-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Oracle Corporation	16-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Sysco Corporation	18-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
The Estee Lauder Companies Inc.	18-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Copart, Inc.	02-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes: AGAINST/ABSTAIN/WITHHOLD (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Medtronic Plc	08-Dec-22	Ireland	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Bill.com Holdings, Inc.	08-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Palo Alto Networks, Inc.	13-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
AutoZone, Inc.	14-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Aspen Technology, Inc.	15-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
RingCentral, Inc.	15-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes Against Policy

There are no votes against policy.

Analysis of Votes Against Management

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Mandiant, Inc.	07-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
VMware, Inc.	12-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
TransDigm Group Incorporated	12-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
ChargePoint Holdings, Inc.	12-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Avangrid, Inc.	20-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes Against Management (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
McKesson Corporation	22-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
DXC Technology Company	26-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
VF Corporation	26-Jul-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Capri Holdings Limited	03-Aug-22	Virgin Isl (UK)	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Ralph Lauren Corporation	04-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
ABIOMED, Inc.	10-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Microchip Technology Incorporated	23-Aug-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
NIKE, Inc.	09-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Take-Two Interactive Software, Inc.	16-Sep-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
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Coty Inc.	03-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Analysis of Votes Against Management (Continued)

Company Name	Meeting Date	Market	ESG Pillar	Proposal Category	Proposal Description	Proposal Text	Vote Cast
Fox Corporation	03-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Cardinal Health, Inc.	09-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
News Corporation	15-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Western Digital Corporation	16-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Oracle Corporation	16-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Sysco Corporation	18-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
The Estee Lauder Companies Inc.	18-Nov-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
Copart, Inc.	02-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	2. Advisory Vote to Ratify Named Executive Officers' Compensation	Against
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RingCentral, Inc.	15-Dec-22	USA	G	Compensation - Remuneration Policy & Implementation	Advisory Vote to Ratify Named Executive Officers' Compensation	3. Advisory Vote to Ratify Named Executive Officers' Compensation	Against

Unvoted Meetings

There are no unvoted meetings.



B.2.c

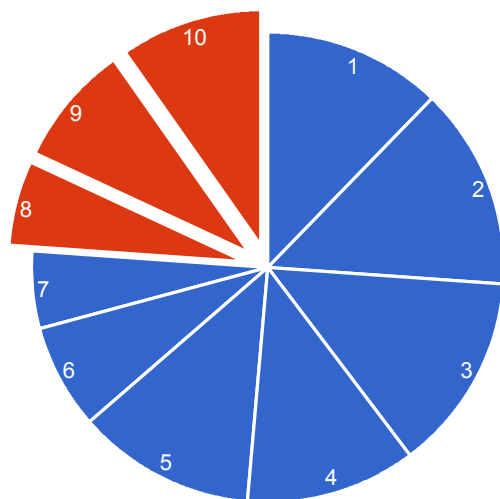
Governance Risk Report

22-Feb-2023

Reporting Period: 01-Oct-2022 to 31-Dec-2022

- > Artisan Partners
- > DIMENSIONAL FUND ADVISORS INC.*
- > Fidelity Boston--IPR
- > Marin County Employees Retirement Association
- > Morgan Stanley Investment Management- New York #132
- > State Street Global Advisors *
- > TimesSquare Capital Management, LLC

Portfolio Risk by ISS Governance QualityScore



24%² of the companies within your portfolio that held meetings during the reporting period are high risk, falling within the ISS Governance QualityScore range of **10** through **8**.

Largest Portfolio Positions with High Governance Risk

The table below highlights the top 15 largest positions for those companies deemed high-risk, as indicated by an ISS Governance QualityScore between 8 and 10. Companies are only shown if they held a meeting during the reporting period.

Company	Ticker	Position Value (USD) ¹	ISS Governance QualityScore	Board Structure Subscore	Compensation Subscore	Shareholder Rights Subscore	Audit Subscore
Infosys Limited	500209	21.8 M	9	2	10	1	9
Larsen & Toubro Limited	500510	16.5 M	9	9	8	10	3
Barry Callebaut AG	BARN	8.6 M	9	8	9	1	6
Yandex NV	YNDX	7.7 M	8	6	6	10	8
ITC Limited	500875	5.6 M	10	9	10	8	5
Oracle Corporation	ORCL	2.4 M	10	10	10	5	8
The Estee Lauder Companies Inc.	EL	1.6 M	10	10	6	10	9
APM Human Services International Ltd.	APM	1.4 M	9	9	9	5	6
Sysco Corporation	SYU	713,735.7	9	3	10	6	5
Cintas Corporation	CTAS	708,575.5	9	10	2	9	9
Constellation Brands, Inc.	STZ	635,039.3	9	10	2	8	10
Copart, Inc.	CPRT	258,020.2	10	10	10	2	9
Viatis Inc.	VTRS	256,691.4	9	5	6	8	10
Western Digital Corporation	WDC	240,855.3	9	8	10	5	6
BGC Partners, Inc.	BGCP	212,128.7	10	10	10	10	3

ISS Governance QualityScore is a data driven scoring and screening solution designed to identify governance risk within companies. ISS Governance QualityScore is derived from publicly disclosed data on the company's governance practices. Scores indicate decile rank relevant to index or region. For more information on ISS Governance QualityScore, visit <https://www.issgovernance.com/solutions/iss-analytics/qualityscore/>.

¹Values are based on shares held on record date for the company's most recently held meeting during the reporting period. Please contact your ISS Client Service Team with any questions related to how this value is calculated.

²Percentages based on the universe of holdings within the ISS Governance QualityScore coverage universe.



Investment Manager Summary

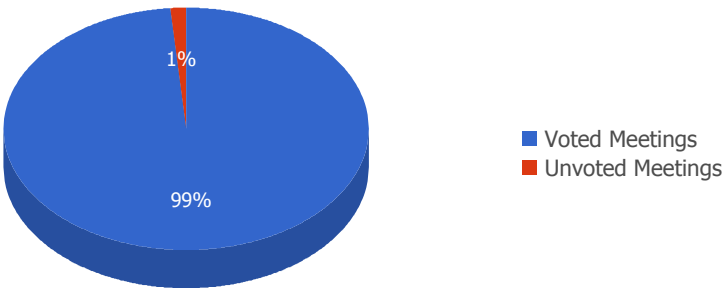
Investment Manager	% Meetings Voted	% of Companies with ISS Governance QualityScore of 8, 9 or 10 ¹	% of Votes Cast Against Management	% of Votes Cast Against ISS Benchmark Policy	% of Votes Cast Against Public Fund Policy
Artisan Partners	100%	17%	1%	3%	14%
DIMENSIONAL FUND ADVISORS INC.	N/A	N/A	N/A	N/A	N/A
Fidelity Boston--IPR	92%	22%	15%	11%	8%
Marin County Employees Retirement Association	100%	25%	34%	24%	0%
Morgan Stanley Investment Management- New York #132	100%	0%	11%	11%	19%
State Street Global Advisors	N/A	N/A	N/A	N/A	N/A
TimesSquare Capital Management, LLC	89%	14%	2%	8%	15%
TOTALS	99%	24%	30%	22%	2%

¹Percentages based on the universe of holdings within the ISS Governance QualityScore coverage universe.

Meeting Overview

Category	Number
Votable Meetings	204
Meetings Voted	201
Proxy Contests Voted	2
Meetings with Against Management Votes	140
Meetings with Against ISS Votes	124

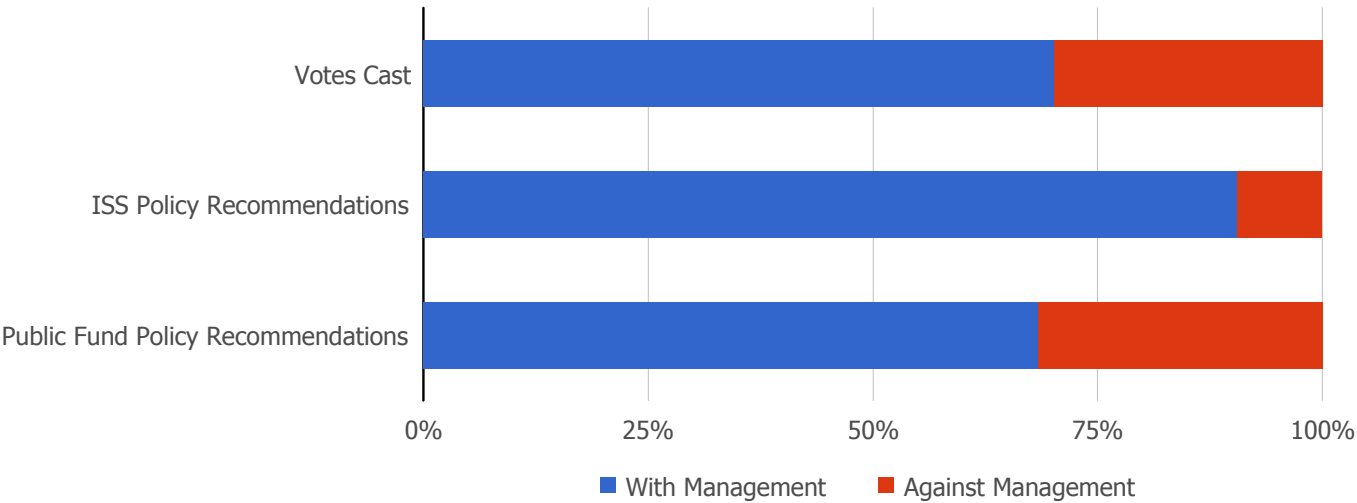
Comparison of Meetings Voted



With 204 meetings available to vote during the period, 201 were voted, equating to approximately 99% of the votable meetings with close to 1% unvoted.

Alignment with Management

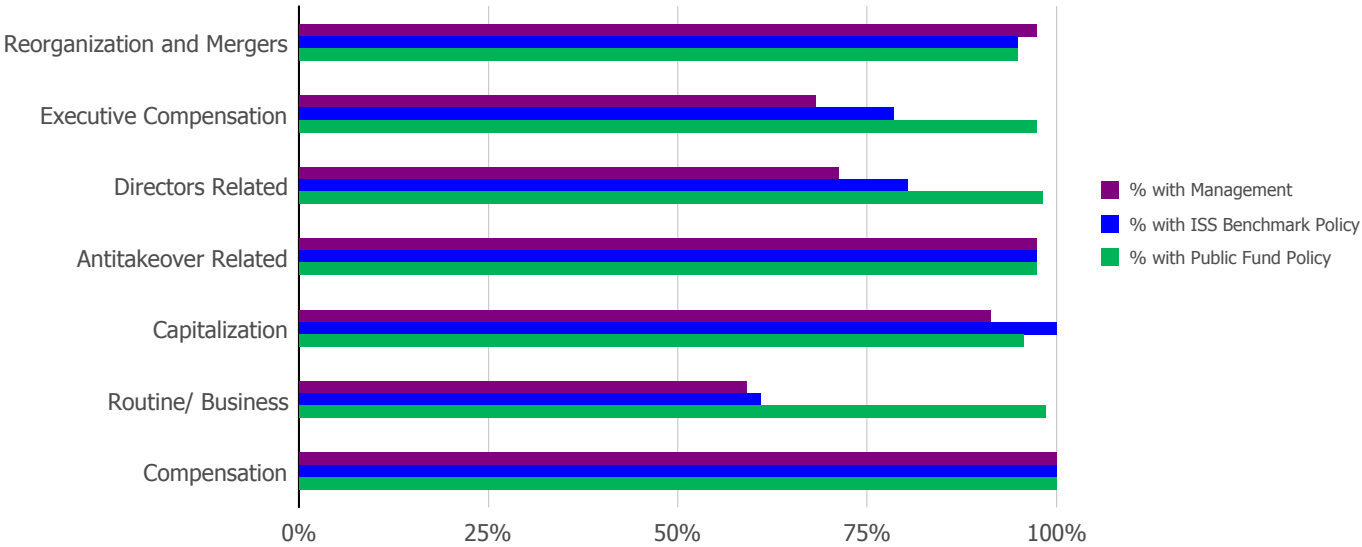
- > Comparing vote alignment with management recommendations highlights similarities and differences between investment managers’ governance philosophies and companies’ approach to key corporate governance issues.
- > The votes cast on ballots during the reporting period are aligned with management recommendations in 70% of cases, while the ISS Benchmark Policy recommendations are at 91%.
- > The recommendations of the specialized policy selected as referenced, the Public Fund policy, follow management recommendations for 68% of proposals.





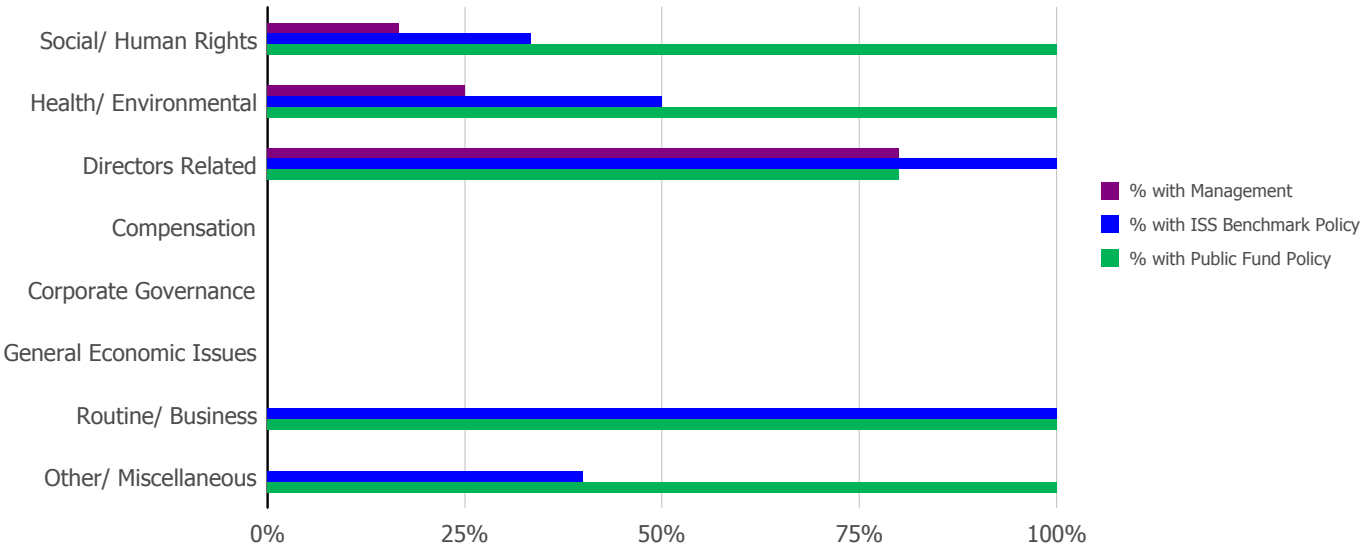
Votes Cast on Management Proposal Categories

- › The breakdown of proposals into the major proposal categories and the comparison of votes cast to management recommendations, ISS Benchmark Policy recommendations and the recommendations of the selected specialized policy, the Public Fund Policy, provide insight into the positioning of votes cast on proposals submitted by management against these benchmarks.
- › Votes cast during the reporting period were least in line with management on Other/Misc matters, where only 0% of votes followed management recommendations.
- › Across categories, votes cast on management proposals show the closest alignment to the Public Fund Policy guidelines.



Votes Cast on Shareholder Proposal Categories

- › Votes cast on shareholder proposals, in opposition to management, reflect support for proposals submitted by shareholders.
- › During the reporting period, has shown the highest level of support for shareholder proposals related to Other/ Miscellaneous, Routine/ Business, at 100% and the lowest level of support for shareholder proposals related to Directors Related, with 20% of proposals supported in this category.
- › Across categories, votes cast on shareholder proposals show the closest alignment to the Public Fund Policy guidelines.



Contested Meetings Overview

Company	Ticker	ISS Governance QualityScore	Meeting Date	Position Value (USD)*	ISS Recommended Slate	Slate Voted	Key Takeaways
Argo Group International Holdings, Ltd.	ARGO	2	15-Dec-2022	112,890.7	Management	Management	<p>> Capital Returns, a 0.8 percent shareholder, has nominated two directors to the seven-member board. This is the first contest of the universal proxy card era.</p> <p>> This is the third proxy contest at ARGO in the past four years. Voce Capital Management (which now owns 9.5 percent of shares) ran two contests in 2019. Following an SEC investigation and the departure of the former CEO, Voce settled the second contest at the end of the year for two seats and other board changes. ARGO seemingly emerged from that period of tumult with a stronger foundation, only to be bitten during the rebuilding process by legacy operational decisions. These adverse developments prompted the board to launch a strategic review in April. The board subsequently appointed Dan Plants of Voce as a director and as chair of the strategic review committee.</p> <p>> The dissident has been critical of performance and corporate governance, but is focused on the progress and aims of the strategic review. The dissident's goal is to secure a sale of the entire company.</p> <p>> The dissident has not presented a compelling case for change. The board is running a strategic review that now appears to be prioritizing a sale – the review has led to preliminary deals that have ostensibly removed outstanding impediments, there is no reason to believe that the process is not being conducted to advance the best interests of shareholders, and there is no indication that a key competency or perspective is absent from the strategic review committee. As such, support for all seven management nominees is recommended.</p>
Avalara, Inc.	AVLR		14-Oct-2022		Management	Management	<p>> The board seeks shareholder approval for the company to be acquired by Vista Equity Partners Management LLC. Under the terms of the agreement, AVLR shareholders will receive \$93.50 per share in cash, or \$8.3 billion in aggregate.</p> <p>> The proposed acquisition is publicly opposed by two shareholders, Altair US and Merrion Investment Management. Altair has filed a preliminary proxy statement soliciting votes against the merger and Merrion issued a press release. Both parties state the deal price is inadequate, question the timing of the sale process, and express support for the standalone opportunity in light of the long-term outlook for the company.</p> <p>> The merger consideration is a substantial discount to AVLR historic trading levels, and the dissident has raised credible questions about the urgency of selling now in light of projected long-term revenue and profitability growth. The company has a strong market position focused on one of the two certainties in life, taxes, and it appears it will remain viable in the medium to long term with sufficient cash balances and</p>



cash flow to achieve management's operational objectives

- > Despite these factors, the company has expressed a need for a multi-year rebuild in its U.S. go-to-market strategy and its international operations, and cautions that other leading growth metrics have been trending downward. There is a sizeable downside risk of non-approval given a continued compression in valuation multiples amongst its peers since the transaction announcement. There is also significant uncertainty as to how long a potential recovery to historic trading levels would take given significant macroeconomic impacts including rising interest rates, inflation, and the potential for a recession. Shareholders, even long-term investors, may be hard-pressed to justify waiting for a recovery from a post-rejection drop amid uncertain future valuation of lower growth and emerging profitability.
- > The upside of remaining standalone appears to be potentially sizeable, but uncertain, while the downside risk of rejecting the merger appears to be both certain and substantial. Though some long-term shareholders may wish to reject the transaction in favor of remaining standalone, the proposed transaction provides certainty of value, at a premium, compared to the significant downside risk of non-approval and the uncertainty surrounding a potential market recovery. As such, cautionary support for the proposed transaction is warranted.
- > Support for the golden parachutes proposal is not warranted. Although cash severance is double-trigger and reasonably based, unvested options will accelerate on a single trigger basis and PSUs will be converted into cash awards at above-target levels, with payouts above the original award agreements, without a compelling rationale disclosed.

*Values are based on shares held on record date for the company's meeting held during the reporting period. Please contact your ISS Client Service Team with any questions related to how this value is calculated.

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B.2.c
MCERA Governance Risk Managers Report Q4 2022
February 24, 2023

Security Name	MCERA Manager	Asset Class	ISS Position Value	MCERA Market Value	Period End Date
Infosys Limited	Fidelity Institutional Asset Management	Emerging Markets	\$21.8 M	\$1.1 M	12/30/2022
Larsen & Toubro Limited	Fidelity Institutional Asset Management	Emerging Markets	\$16.5 M	\$820 K	12/30/2022
Barry Callebaut AG	Artisan Partners	International Growth	\$8.6 M	\$1.6 M	12/30/2022
Yandex NV	Fidelity Institutional Asset Management	Emerging Markets	\$7.7 M	\$67 K	12/30/2022
ITC Limited	Fidelity Institutional Asset Management	Emerging Markets	\$5.6 M	\$290 K	12/30/2022
Oracle Corporation	State Street Global Advisors	Domestic Large Cap	\$2.4 M	\$2.2 M	12/30/2022
The Estee Lauder Companies Inc.	State Street Global Advisors	Domestic Large Cap	\$1.6 M	\$1.0 M	12/30/2022
APM Human Services International Ltd.	TimesSquare	International Small Cap	\$1.4 M	\$1.2 M	12/30/2022
Sysco Corporation	State Street Global Advisors	Domestic Large Cap	\$713 K	\$703 K	12/30/2022
Cintas Corporation	State Street Global Advisors	Domestic Large Cap	\$708 K	\$722 K	12/30/2022
Constellation Brands Inc.	State Street Global Advisors	Domestic Large Cap	\$635 K	\$648 K	12/30/2022
Copart, Inc	State Street Global Advisors	Domestic Large Cap	\$258 K	\$462 K	12/30/2022
Viatis Inc.	State Street Global Advisors	Domestic Large Cap	\$256 K	\$241 K	12/30/2022
Western Digital Corporation	State Street Global Advisors	Domestic Large Cap	\$240 K	\$ 176 K	12/30/2022
BGC Partners Inc.	Dimensional Fund Advisors	Small Cap Core	\$212 K	\$164 K	12/30/2022

B.2.c
MCERA Contested Meeting Managers Q4 2022
April 10, 2023

Security Name	MCERA Manager	Asset Class	Market Value of MCERA Holding	Period End Date
Argo Group International Holdings, LTD	Dimensional Fund Advisors	Small Cap Core	\$99 K	12/30/2022
Avalara, Inc.	SSGA	Domestic Large Cap	\$137 K	9/30/2022



B.2.c

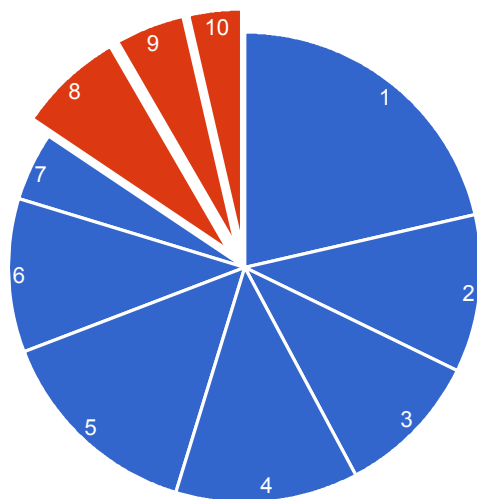
Governance Risk Report

02-Apr-2023

Reporting Period: 01-Jan-2023 to 31-Mar-2023

- > Artisan Partners
- > DIMENSIONAL FUND ADVISORS INC.*
- > Fidelity Boston--IPR
- > Marin County Employees Retirement Association
- > Morgan Stanley Investment Management- New York #132
- > State Street Global Advisors *
- > TimesSquare Capital Management, LLC

Portfolio Risk by ISS Governance QualityScore



16%² of the companies within your portfolio that held meetings during the reporting period are high risk, falling within the ISS Governance QualityScore range of **10** through **8**.

Largest Portfolio Positions with High Governance Risk

The table below highlights the top 15 largest positions for those companies deemed high-risk, as indicated by an ISS Governance QualityScore between 8 and 10. Companies are only shown if they held a meeting during the reporting period.

Company	Ticker	Position Value (USD) ¹	ISS Governance QualityScore	Board Structure Subscore	Compensation Subscore	Shareholder Rights Subscore	Audit Subscore
Infosys Limited	500209	19.1 M	9	3	10	1	9
Larsen & Toubro Limited	500510	18.9 M	9	9	8	10	3
Kone Oyj	KNEBV	14.3 M	8	7	7	9	3
ITC Limited	500875	8.5 M	10	9	10	8	4
Kobe Bussan Co., Ltd.	3038	4.0 M	9	10	5	8	1
Analog Devices, Inc.	ADI	1.7 M	8	8	9	8	1
Emerson Electric Co.	EMR	885,317.3	8	3	1	10	8
HEICO Corporation	HEI	811,979.5	8	9	6	7	7
Agilent Technologies, Inc.	A	731,885.6	8	4	5	8	10
TransDigm Group Incorporated	TDG	642,303.7	10	10	10	9	8
Rockwell Automation, Inc.	ROK	584,639.8	8	4	4	10	8
UniFirst Corporation	UNF	407,802.9	9	3	6	10	10
Tyson Foods, Inc.	TSN	373,141.0	10	10	4	10	10
Moog Inc.	MOG.A	334,220.3	9	8	6	10	6
The Cooper Companies, Inc.	COO	320,930.7	8	8	9	2	7

ISS Governance QualityScore is a data driven scoring and screening solution designed to identify governance risk within companies. ISS Governance QualityScore is derived from publicly disclosed data on the company's governance practices. Scores indicate decile rank relevant to index or region. For more information on ISS Governance QualityScore, visit <https://www.issgovernance.com/solutions/iss-analytics/qualityscore/>.

¹Values are based on shares held on record date for the company's most recently held meeting during the reporting period. Please contact your ISS Client Service Team with any questions related to how this value is calculated.

²Percentages based on the universe of holdings within the ISS Governance QualityScore coverage universe.



Investment Manager Summary

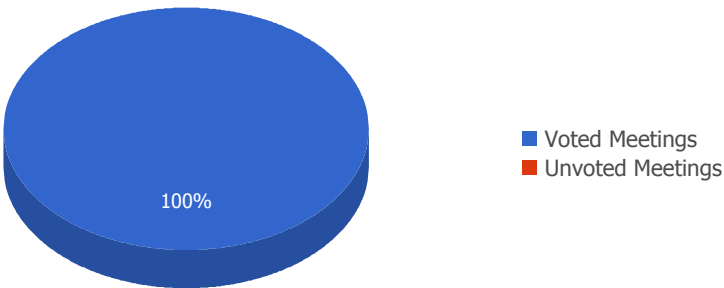
Investment Manager	% Meetings Voted	% of Companies with ISS Governance QualityScore of 8, 9 or 10 ¹	% of Votes Cast Against Management	% of Votes Cast Against ISS Benchmark Policy	% of Votes Cast Against Public Fund Policy
Artisan Partners	100%	0%	1%	1%	19%
DIMENSIONAL FUND ADVISORS INC.	N/A	N/A	N/A	N/A	N/A
Fidelity Boston--IPR	100%	12%	5%	8%	11%
Marin County Employees Retirement Association	100%	17%	34%	25%	0%
Morgan Stanley Investment Management- New York #132	100%	8%	6%	6%	10%
State Street Global Advisors	N/A	N/A	N/A	N/A	N/A
TimesSquare Capital Management, LLC	100%	20%	2%	1%	10%
TOTALS	100%	16%	25%	19%	4%

¹Percentages based on the universe of holdings within the ISS Governance QualityScore coverage universe.

Meeting Overview

Category	Number
Votable Meetings	231
Meetings Voted	231
Proxy Contests Voted	0
Meetings with Against Management Votes	172
Meetings with Against ISS Votes	159

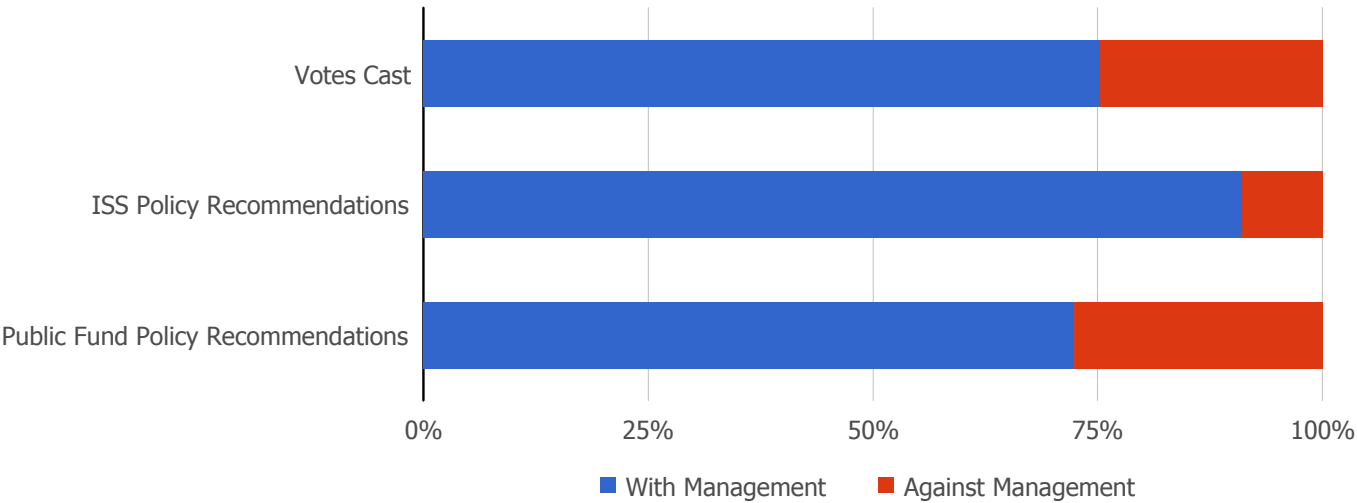
Comparison of Meetings Voted



With 231 meetings available to vote during the period, 231 were voted, equating to approximately 100% of the votable meetings with close to 0% unvoted.

Alignment with Management

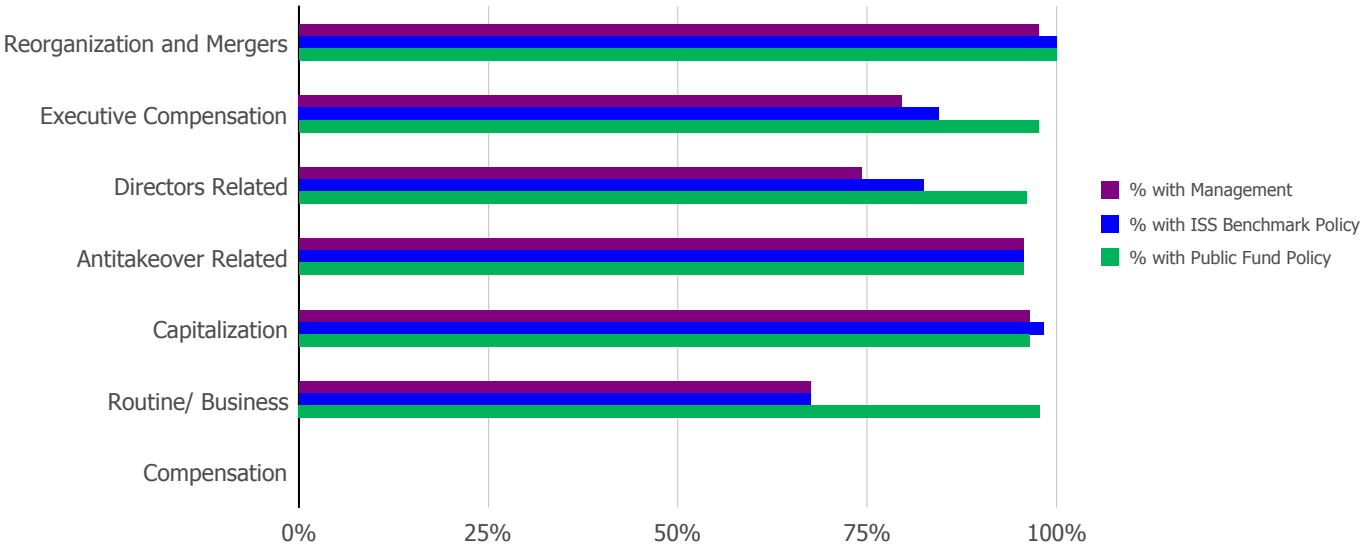
- > Comparing vote alignment with management recommendations highlights similarities and differences between investment managers’ governance philosophies and companies’ approach to key corporate governance issues.
- > The votes cast on ballots during the reporting period are aligned with management recommendations in 75% of cases, while the ISS Benchmark Policy recommendations are at 91%.
- > The recommendations of the specialized policy selected as referenced, the Public Fund policy, follow management recommendations for 72% of proposals.





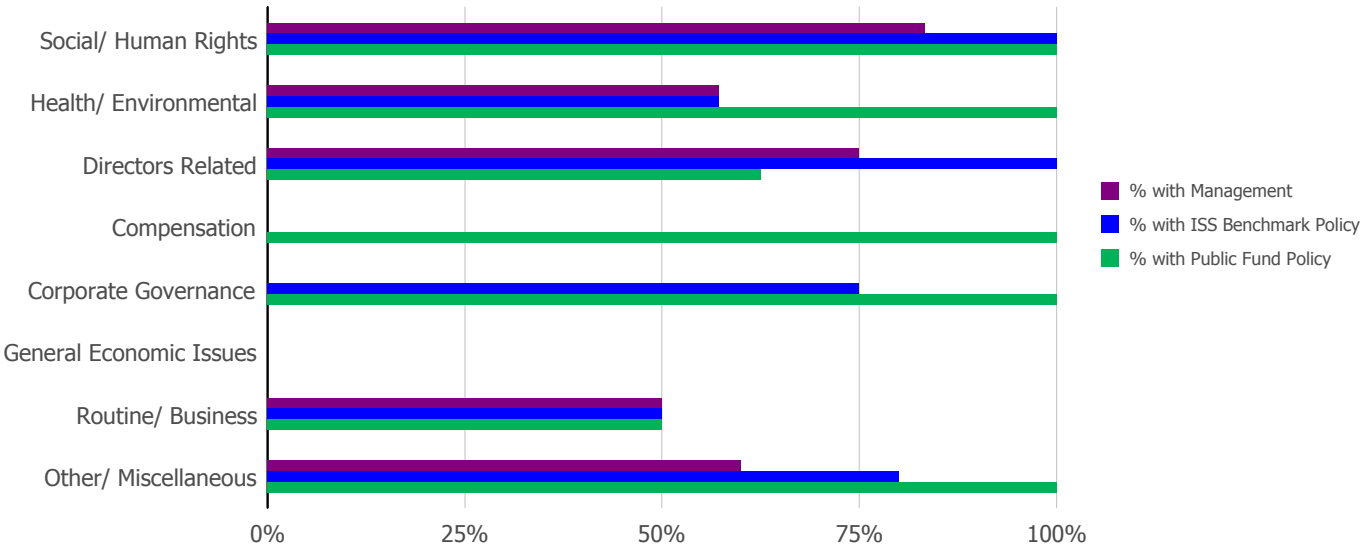
Votes Cast on Management Proposal Categories

- › The breakdown of proposals into the major proposal categories and the comparison of votes cast to management recommendations, ISS Benchmark Policy recommendations and the recommendations of the selected specialized policy, the Public Fund Policy, provide insight into the positioning of votes cast on proposals submitted by management against these benchmarks.
- › Votes cast during the reporting period were least in line with management on Other/Misc matters, where only 33% of votes followed management recommendations.
- › Across categories, votes cast on management proposals show the closest alignment to the Public Fund Policy guidelines.



Votes Cast on Shareholder Proposal Categories

- › Votes cast on shareholder proposals, in opposition to management, reflect support for proposals submitted by shareholders.
- › During the reporting period, has shown the highest level of support for shareholder proposals related to Compensation, Corporate Governance, at 100% and the lowest level of support for shareholder proposals related to Directors Related, with 25% of proposals supported in this category.
- › Across categories, votes cast on shareholder proposals show the closest alignment to the Public Fund Policy guidelines.





Contested Meetings Overview

There is no applicable content to display for the reporting period.

*Values are based on shares held on record date for the company’s meeting held during the reporting period. Please contact your ISS Client Service Team with any questions related to how this value is calculated.

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MCERA Governance Risk Managers Report Q1 2023
April 10, 2023

Security Name	MCERA Manager	Asset Class	ISS Position Value	MCERA Market Value	Period End Date
Infosys Limited	Fidelity Institutional Asset Management	Emerging Markets	\$19.1 M	\$1.2 M	3/31/2023
Larsen & Toubro Limited	Fidelity Institutional Asset Management	Emerging Markets	\$18.9 M	\$1.0 M	3/31/2023
Kone Oyj	Morgan Stanley	International Value	\$ 14.3 M	\$ 2.6 M	2/28/2023
ITC Limited	Fidelity Institutional Asset Management	Emerging Markets	\$8.5 M	\$287 K	3/31/2023
Kobe Bussan Co., LTD	TimesSquare	International Small Cap	\$4.0 M	\$ 1.8 M	2/28/2023
Analog Devices	State Street Global Advisors	Domestic Large Cap	\$1.7 M	\$1.8 M	3/31/2023
Emerson Electric Co.	State Street Global Advisors	Domestic Large Cap	\$ 885 K	\$ 923 K	3/31/2023
HEICO Corporation	State Street Global Advisors	Domestic Large Cap	\$ 811 K	\$ 326 K	3/31/2023
Agilent Technologies, Inc	State Street Global Advisors	Domestic Large Cap	\$731 K	\$760 K	3/31/2023
TransDigm Group, Inc.	State Street Global Advisors	Domestic Large Cap	\$642 K	\$633 K	3/31/2023
Rockwell Automation, Inc.	State Street Global Advisors	Domestic Large Cap	\$584 K	\$616 K	3/31/2023
Unifirst Corporation	Dimensional Fund Advisors	Small Cap Core	\$407 K	\$302 K	3/31/2023
Tyson Foods, Inc	State Street Global Advisors	Domestic Large Cap	\$373 K	\$308 K	3/31/2023
Moog Inc.	Dimensional Fund Advisors	Small Cap Core	\$334 K	\$ 310 K	3/31/2023
The Cooper Companies, Inc.	State Street Global Advisors	Domestic Large Cap	\$320 K	\$336 K	3/31/2023



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Date: April 14, 2023

To: Governance Committee
Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman *fw*
Retirement Administrator

Subject: Creating a New Standard for Voting on Say-on-Pay Proxy Voting Issues

Background

At the October 4, 2022 Governance Committee Meeting the Committee discussed the Investment Manager Proxy Voting reports under Agenda Item B.1. When discussing the votes cast on Chief Executive Officer (CEO) and other most highly compensated executives' pay packages (i.e., "Say-on-Pay" votes), the Committee noted that MCERA was voting "no" about 23% of the time, which is an increase since MCERA has taken on voting proxies for its domestic equity investments. The Committee further discussed that CEO pay for large companies has increased over time from 20 to 400 times that of the average worker and some larger public pension plans have decided to vote against any CEO Pay proposals where the ratio of the proposal is more than 50 times the median company pay, citing the disconnect between enhanced performance of those companies and compensation paid to the CEO, to the detriment of shareholders such as MCERA. The Committee discussed whether it would be possible to create a custom quantitative guideline that could be provided to Institutional Shareholder Services (ISS) for voting on CEO pay items. The Committee requested that the Retirement Administrator return to the next Governance Committee meeting with a proposal for how to address this question.

Discussion

Section 6.1 of MCERA's Proxy Voting and Corporate Governance Policy states in part that:

It is the job of the board of directors and the compensation committee specifically to ensure that executive compensation programs are effective, reasonable and rational with respect to critical factors such as company performance, industry considerations and compensation paid to other employees.

It is also the job of the compensation committee to ensure that elements of compensation packages are appropriately structured to enhance the company's short- and long-term strategic goals and to retain and motivate executives to achieve those strategic goals. Compensation programs should not be driven by competitive surveys, which have become excessive and subject to abuse. It is shareholders, not executives, whose money is at risk.

Section 6.6b describes MCERA's belief in what a company's executive pay philosophy should be:

The compensation philosophy should be clearly disclosed to shareholders in annual proxy statements. In developing, approving and monitoring the executive pay philosophy, the compensation committee should consider the full range of pay components, including structure of programs, desired mix of cash and equity awards, goals for distribution of awards throughout the company, the relationship of executive pay to the pay of other employees, use of employment contracts and policy regarding dilution.

One mechanism that could be deployed to link company performance and CEO pay would be to establish a threshold for how much an executive pay proposal could exceed the median company pay. In 2022 MCERA cast 1,823 proxy votes on CEO pay issues: 27% of the votes were cast against the pay proposal. Applying three different scenarios where MCERA would have voted against a pay proposal that exceeded 50, 75 and 100 times the median company pay produced the following result:

Pay Proposal	Votes For	Votes Against	Total Votes	% Against
50 Times Median Pay	581	1,242	1,823	68%
75 Times Median Pay	716	1,107	1,823	61%
100 Times Median Pay	848	975	1,823	53%

Recommendation

The Committee is being presented three separate policy choices for discussion. The Committee should consider from a fiduciary perspective which of the options best represents the prudent approach that is in the overall best interest of MCERA's members and beneficiaries. If the Committee recommends one of the options to the full Board, and if the Board elects to adopt that option, the threshold for voting no on Say-on-Pay proposals will be communicated to ISS for inclusion in our current public funds policy. Adding this new standard will create a customized ISS Public Fund policy that ISS would use when casting proxy votes on MCERA's behalf.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
PROXY VOTING AND CORPORATE GOVERNANCE POLICY**

Adopted: November 17, 2004
Amended: July 4, 2010
Amended: December 14, 2011
Reviewed: May 6, 2015
Amended: December 15, 2016
Amended: June 10, 2020
Amended: November 3, 2021

Proxy Voting and Corporate Governance Policies

CONTENTS:

- 1. Introduction**
- 2. Proxy Voting Policy**
- 3. The Board of Directors**
- 4. Shareholder Voting Rights**
- 5. Shareholder Meetings**
- 6. Executive Compensation**
- 7. Director Compensation**
- 8. Independent Director Definition**
- 9. Policy Review**
- 10. Retirement Administrator Certificate**

1. Introduction

- 1.1 Federal and State Law Compliance**
- 1.2 Disclosed Governance Policies and Ethics Code**
- 1.3 Accountability to Shareholders**
- 1.4 Shareholder Participation**
- 1.5 Business Practices and Corporate Citizenship**
- 1.6 Governance Practices at Public and Private Companies**
- 1.7 Reincorporation**

1.1 Federal and State Law Compliance: MCERA expects that corporations will comply with all applicable federal and state laws and regulations and stock exchange listing standards.

1.2 Disclosed Governance Policies and Ethics Code: MCERA believes every company should have written, disclosed governance procedures and policies, an ethics code that applies to all employees and directors, and provisions for its strict enforcement. MCERA posts its proxy voting and corporate governance policies on its Web site (www.mcera.org); it hopes corporate boards will adhere to these policies and adopt similarly appropriate additional policies to best protect shareholders' interests.

1.3 Accountability to Shareholders: In general, MCERA believes that corporate governance structures and practices should protect and enhance accountability to and ensure equal financial treatment of all shareholders. A corporate action should not be taken if its purpose is to reduce accountability to shareholders.

1.4 Shareholders Participation: MCERA also believes shareholders should have meaningful ability to participate in the major fundamental decisions that affect corporate viability, and meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection and evaluation.

1.5 Business Practices and Corporate Citizenship: MCERA believes companies should adhere to responsible business practices and practice good corporate citizenship. Promotion, adoption and effective implementation of guidelines for the responsible conduct of business and business relationships are consistent with the fiduciary responsibility of protecting long-term investment interests.

1.6 Governance Practices at Public and Private Companies: MCERA believes good governance practices should be followed by publicly traded companies, private companies and companies in the process of going public. As such, MCERA believes that, consistent with their fiduciary obligations to their limited partners, the general members of venture capital, buyout and other private equity funds should use appropriate efforts to encourage companies in which they invest to adopt long-term corporate governance provisions that are consistent with MCERA's policies.

1.7 Reincorporation: MCERA believes that U.S. companies should not reincorporate to offshore locations because corporate governance structures there are weaker and therefore reduce management accountability to shareholders.

2. Proxy Voting Policy

2.1 Proxy Voting – Standards by Investment Type

2.2 Proxy Voting – Policies and Procedures

2.1 Proxy Voting – Standards by Investment Type

Public Equity Investments in Separate Accounts

Proxy voting may be performed by staff, contracted to a third-party vendor, or delegated to the investment manager in accordance with MCERA's Proxy Voting and Corporate Governance Policy.

U.S. Equity Commingled Accounts

Where possible, for U.S. equity commingled accounts, MCERA will vote proxies in the companies in which MCERA holds an indirect public equity interest, in accordance with the guidelines set forth in MCERA's Proxy Voting and Corporate Governance Policy.

Other Commingled Funds

MCERA will inform the commingled funds in which it invests of MCERA's Proxy Voting and Corporate Governance Policy on at least an annual basis. MCERA will work with the commingled fund managers to, where possible, follow MCERA's proxy voting policies. However, MCERA accepts the fact that commingled fund managers have their own policies and might not be able or willing to follow MCERA's policies in all regards, and thus MCERA is prepared to accept in these cases the alternative policy adopted by and used by the commingled fund manager.

2.2 Proxy Voting – Policies and Procedures

MCERA acknowledges that the ownership of equities requires proxies to be voted. MCERA commits to managing its proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing its other assets. As responsible fiduciaries, the Board of Retirement will exercise its proxy voting rights in the sole interest of the Plan's members and beneficiaries in accordance with all applicable statutes. Furthermore, the following policies and procedures shall be utilized in the determination of voting shareholder proxies:

- All proxies shall be voted by MCERA's equity investment managers consistent with their respective policies on proxy voting and in the best interest of the shareholders. The investment managers will provide a copy of their proxy voting guidelines to MCERA annually.
- For proxy proposals that are deemed by MCERA to merit review, MCERA may temporarily revoke an investment manager's proxy voting authority in writing. After MCERA has voted on the proxy, proxy voting responsibilities may be delegated (in writing) to the investment manager.
- The investment managers are required to report not less often than semi-annually on all proxy votes cast on MCERA's behalf, which will be reported to the MCERA Governance Committee.
- A record of said proxy votes shall be maintained in the Retirement Office.
- Where proxy voting has been delegated to a third-party provider, the Board shall determine if the third party will utilize MCERA's existing guidelines, adopt an existing policy being offered by the third party, or create customized guidelines for voting MCERA's proxies. Such proxy voting reporting will be in accordance with the provider's agreement with MCERA, which may be modified from time to time.

3. The Board of Directors

- 3.1 Annual Election of Directors**
- 3.2 Director Elections**
- 3.3 Independent Board**
- 3.4 Independent Chair/Lead Director**
- 3.5 All-independent Board Committees**
- 3.6 Board Accountability to Shareholders**
- 3.7 Board/Director Succession Planning and Evaluation**
- 3.8 CEO Succession Planning**
- 3.9 "Continuing Directors"**

3.10 Board Size and Service

3.11 Board Operations

3.12 Auditor Independence

3.13 Charitable and Political Contributions

3.1 Annual Election of Directors: All directors should be elected annually and should not be classified (staggered).

3.2 Director Elections: Directors in uncontested elections should be elected by a majority of the votes cast. In contested elections, plurality voting should apply. An election is contested when there are more director candidates than there are available board seats. Directors who fail to receive the support of a majority of votes cast should step down from the board and not be reappointed. A modest transition period may be appropriate under certain circumstances, such as for directors keeping the company in compliance with legal or listing standards. But any director who does not receive the majority of votes cast should leave the board as soon as practicable.

3.3 Independent Board: At least two-thirds of the directors should be independent; i.e., their seat on the board should be their only non-trivial professional, familial or financial connection to the corporation, its chairman, CEO or any other executive officer. The company should disclose information necessary for shareholders to determine whether directors qualify as independent, whether or not the disclosure is required by state or federal law. This information should include all financial or business relationships with and payments to directors and their families and all significant payments to companies, non-profits, foundations and other organizations where company directors serve as employees, officers or directors (see Explanatory Notes at Section 7, below).

3.4 Independent Chair/Lead Director: The board should be chaired by an independent director. The CEO and chair roles should only be combined in very limited circumstances; in these situations, the board should provide a written statement in the proxy materials discussing why the combined role is in the best interests of shareholders, and it should name a lead independent director who should have approval over information flow to the board, meeting agendas and meeting schedules to ensure a structure that provides an appropriate balance between the powers of the CEO and those of the independent directors.

Other roles of the lead independent director should include chairing meetings of non-management directors and of independent directors, presiding over board meetings in the absence of the chair, serving as the principle liaison between the independent directors and the chair and leading the board/director evaluation process. Given these additional responsibilities, the lead independent director should expect to devote a greater amount of time to board service than the other directors.

3.5 All-independent Board Committees: Companies should have audit, nominating and compensation committees, and all members of these committees should be independent. The board (not the CEO) should appoint the committee chairs and members. Committees should be able to select their own service providers. Some regularly scheduled committee meetings should be held with only the committee members (and, if appropriate, the committee's independent consultants) present. The process by which committee members and chairs are selected should be disclosed to shareholders.

3.6 Board Accountability to Shareholders

3.6a Majority Shareholder Votes: Boards should take actions recommended in shareholder proposals that receive a majority of votes cast for and against. If shareholder approval is required for the action, the board should seek a binding vote on the action at the next shareholder meeting.

3.6b Interaction with Shareholders: Directors should respond to communications from shareholders and should seek shareholder views on important governance, management and performance matters. All directors should attend the annual shareholders' meetings and be available, when requested by the chair, to answer shareholder questions. To accomplish this goal, all companies should establish board-shareholder communications policies. Such policies should disclose the ground rules by which directors will meet with shareholders. The policies should also include detailed contact information for at least one independent director (but preferably for the independent board chair and/or the independent lead director and the independent chairs of the audit, compensation and nominating committees).

Shareholder-director communication: All companies should also establish mechanisms by which shareholders with non-trivial concerns could communicate directly with all directors, including independent directors. At a minimum, there should be an open meeting in connection with the company's annual meeting (before or after) in which shareholders could ask questions and communicate their concerns to the independent directors. Policies requiring that all director communication go through a member of the management team should be avoided unless they are for record-keeping purposes. In such cases, procedures documenting receipt and delivery of the request to the board and its response must be maintained and made available to shareholders upon request. Directors should have access to all communications. Boards should determine whether outside counsel should be present at meetings with shareholders to monitor compliance with disclosure rules.

During the annual general meeting, shareholders should have the right to ask questions, both orally and in writing. Directors should provide answers or discuss the matters raised, regardless of whether the questions were submitted in advance. While reasonable time limits for questions are acceptable, the board should not ignore a question because it comes from a shareholder who holds a smaller number of shares or who has not held those shares for a certain length of time.

3.7 Board/Director Succession Planning and Evaluation

3.7a Board Succession Planning: The board should implement and disclose a board succession plan that involves preparing for future board retirements, committee assignment rotations, committee chair nominations and overall implementation of the company's long-term business plan. Boards should establish clear procedures to encourage and consider board nomination suggestions from long-term shareholders. The board should respond positively to shareholder requests seeking to discuss incumbent and potential directors.

3.7b Board Diversity: MCERA supports a diverse board. MCERA believes a diverse board has benefits that can enhance corporate financial performance, particularly in today's global market place. Nominating committee charters, or equivalent, ought to

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reflect that boards should be diverse, including such considerations as background, experience, age, race, gender, ethnicity, and culture.

Board evaluation. Boards should evaluate themselves and their individual members on a regular basis. Board evaluation should include an assessment of whether the board has the necessary diversity of skills, backgrounds, experiences, ages, races and genders appropriate to the company's ongoing needs. Individual director evaluations should include high standards for in-person attendance at board and committee meetings and disclosure of all absences or conference call substitutions.

3.7c Evaluation of Directors: Boards should review their own performance periodically. That evaluation should include a review of the performance and qualifications of any director who received "against" votes from a significant number of shareholders or for whom a significant number of shareholders withheld votes.

Boards should review the performance and qualifications of any director from whom at least 10 percent of the votes cast are withheld.

3.7d Board and Committee Meeting Attendance: Absent compelling and stated reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated. Companies should disclose individual director attendance figures for board and committee meetings. Disclosure should distinguish between in-person and telephonic attendance. Excused absences should not be categorized as attendance.

3.8 CEO Succession Planning: The board should approve and maintain a detailed CEO succession plan and publicly disclose the essential features. An integral facet of management succession planning involves collaboration between the board and the current chief executive to develop the next generation of leaders from within the company's ranks. Boards therefore should: (1) make sure that broad leadership development programs are in place generally; and (2) carefully identify multiple candidates for the CEO role specifically, well before the position needs to be filled.

3.9 "Continuing Directors": Corporations should not adopt so-called "continuing director" provisions (also known as "dead-hand" poison pills or "no-hand" provisions) that allow former directors who have left office to take action on behalf of the corporation. Such provisions are most commonly seen in connection with a potential change in control of the company) that allow board actions to be taken only by: (1) those continuing directors who were also in office when a specified event took place or (2) a combination of continuing directors plus new directors who are approved by such continuing directors.

3.10 Board Size and Service: Absent compelling, unusual circumstances, a board should have no fewer than five and no more than 15 members (not too small to maintain the needed expertise and independence, and not too large to function efficiently). Shareholders should be allowed to vote on any major change in board size.

Companies should establish and publish guidelines specifying on how many other boards their directors may serve. Absent unusual, specified circumstances, directors with full-time jobs should not serve on more than two other boards. Currently serving CEOs should not serve as a director of more than one other company, and then only if the CEO's own company is in the top half of its peer group. No person should serve on more than five for-profit company boards.

3.11 Board Operations

3.11a Informed Directors: Directors should receive training from independent sources on their fiduciary responsibilities and liabilities. Directors have an affirmative obligation to become and remain independently familiar with company operations; they should not rely exclusively on information provided to them by the CEO to do their jobs. Directors should be provided meaningful information in a timely manner prior to board meetings and should be allowed reasonable access to management to discuss board issues.

3.11b Director Rights Regarding Board Agenda: Any director should be allowed to place items on the board's agenda.

3.11c Executive Sessions: The board should hold regularly scheduled executive sessions without the CEO or staff present. The independent directors should also hold regularly scheduled in-person executive sessions without non-independent directors, any of the management team or its staff present.

If the CEO is chairman, a contact director should be specified for directors, wishing to discuss issues or add agenda items that are not appropriately or best forwarded to the chair/CEO.

3.12 Auditor Independence

3.12a Audit Committee Responsibilities Regarding Outside Auditors: As prescribed by law, the audit committee has the responsibility to hire, oversee and, if necessary, fire the company's outside auditor.

3.12b Competitive Bids: The audit committee should seek competitive bids for the external audit on a periodic basis and seek to rotate audit firms on a periodic basis (e.g. every seven years or so) unless a reason to not do so is provided to shareholders.

3.12c Non-audit Services: The company's external auditor's non-audit fees (i.e. consulting fees) should not be greater than 25 percent of total fees paid to the auditor.

3.12d Audit Committee Charters: The proxy statement should include a copy of the audit committee charter and a statement by the audit committee that it has complied with the duties outlined in the charter.

3.12e Liability of Outside Auditors: Companies should not agree to limit the liability of outside auditors.

3.12f Shareholder Votes on the Board's Choice of Outside Auditor: Audit committee charters should provide for annual shareholder votes on the board's choice of independent, external auditor. Such provisions should state that if the board's selection fails to achieve the support of a majority of the for-and-against votes cast, the audit committee should: (1) take the shareholders' views into consideration and reconsider its choice of auditor and (2) solicit the views of major shareholders to determine why broad levels of shareholder support were not achieved.

3.12g Disclosure of Reasons Behind Auditor Changes: The audit committee should publicly provide to shareholders a plain-English explanation of the reasons for a change

in the company's external auditors. At a minimum, this disclosure should be contained in the same Securities and Exchange Commission (SEC) filing that companies are required to submit within four days of an auditor change.

3.13 Charitable and Political Contributions

3.13a Board Monitoring, Assessment and Approval: The board of directors should monitor, assess and approve all charitable and political contributions (including trade association contributions) made by the company. The board should only approve contributions that are consistent with the interests of the company and its shareholders. The terms and conditions of such contributions should be clearly defined and approved by the board.

3.13b Disclosure: The board should develop and disclose publicly its guidelines for approving charitable and political contributions. The board should disclose on an annual basis the amounts and recipients of all monetary and non-monetary contributions made by the company during the prior fiscal year. Any expenditures earmarked for political or charitable activities that were provided to or through a third-party should be included in the report.

4. Shareholder Voting Rights

- 4.1 Right to Vote is Inviolable
- 4.2 Access to the Proxy
- 4.3 One Share, One Vote
- 4.4 Advance Notice, Holding Requirements and Other Provisions
- 4.5 Confidential Voting
- 4.6 Voting Requirements
- 4.7 Broker Votes
- 4.8 Bundled Voting

4.1 Right to Vote is Inviolable: The shareholders' right to vote is inviolable and should not be abridged.

4.2 Access to the Proxy: Companies should provide access to management proxy materials for a long-term investor or group of long-term investors owning in aggregate at least three percent of a company's voting stock, to nominate less than a majority of the directors. Eligible long-term investors must have owned the stock for at least two years. Company proxy materials and related mailings should provide equal space and equal treatment of nominations by qualifying investors.

To allow for informed voting decisions, it is essential that investors have full and accurate information about access mechanism users and their director nominees. Therefore, shareholders nominating director candidates under an access mechanism should adhere to the same SEC rules governing disclosure requirements and prohibitions on false and misleading statements that currently apply to proxy contests for board seats.

4.3 One Share, One Vote: Each share of common stock should have one vote. Corporations should not have classes of common stock with disparate voting rights. Authorized, unissued common shares that have voting rights to be set by the board should not be issued with unequal voting rights without shareholder approval.

4.4 Advance Notice, Holding Requirements and Other Provisions: Advance notice bylaws, holding requirements, disclosure rules and any other company imposed regulations on the ability of shareholders to solicit proxies beyond those required by law should not be so onerous as to deny sufficient time, limit the pool of eligible candidates, or otherwise make it impractical for shareholders to submit nominations or proposals and distribute supporting proxy materials.

4.5 Confidential Voting: All proxy votes should be confidential, with ballots counted by independent tabulators. Confidentiality should be automatic, permanent and apply to all ballot items. Rules and practices concerning the casting, counting and verifying of shareholder votes should be clearly disclosed.

4.6 Voting Requirements: A majority vote of common shares outstanding should be sufficient to amend company bylaws or take other action requiring or receiving a shareholder vote. Supermajority votes should not be required. A majority vote of common shares outstanding should be required to approve:

- Major corporate decisions concerning the sale or pledge of corporate assets that would have a material effect on shareholder value. Such a transaction will automatically be deemed to have a material effect if the value of the assets exceeds 10 percent of the assets of the company and its subsidiaries on a consolidated basis;
- The corporation's acquiring 5 percent or more of its common shares at above-market prices other than by tender offer to all shareholders;
- Poison pills;
- Abridging or limiting the rights of common shares to: (i) vote on the election or removal of directors or the timing or length of their term of office or (ii) make nominations directors or propose other action to be voted on by shareholders or (iii) call special meetings of shareholders or take action by written consent or affect the procedure for fixing the record date for such action;
- Severance payments in excess of two times the person's average annual compensation for the previous three years.
- *Provisions resulting in the* Issuance of debt to a degree that would excessively leverage the company and imperil the long-term viability of the corporation.

4.7 Broker Votes: Broker non-votes and abstentions should be counted only for purposes of a quorum.

4.8 Bundled Voting: Shareholders should be allowed to vote on unrelated issues separately. Individual voting issues (particularly those amending a company's charter), bylaws or anti-takeover provisions should not be bundled.

Stock option plans. Shareholder approval should be required for all equity-based compensation plans that include any director or executive officer of the company, and on plans where the number of reserved shares, together with the company's outstanding equity-based awards and shares available for grant, may have a material impact on the capital structure of the company and the ownership interests of its shareholders (generally, 5 percent dilution).

5. Shareholder Meetings

5.1 Selection and Notification of Meeting Time and Location

5.2 Shareholder Rights to Call Special Meetings

5.3 Record Date and Ballot Item Disclosure

5.4 Timely Disclosure of Voting Results

5.5 Election Polls

5.6 Meeting Adjournment and Extension

5.7 Electronic Meetings

5.8 Director Attendance

5.1 Selection and Notification of Meeting Time and Location: Corporations should make shareholders' expense and convenience of attendance primary criteria when selecting the time and location of shareholder meetings. Appropriate notice of shareholder meetings, including notice concerning any change in meeting date, time, place or shareholder action, should be given to shareholders in a manner and within time frames that will ensure that shareholders have a reasonable opportunity to exercise their franchise.

5.2 Shareholder Rights to Call Special Meetings: Shareholders should have the right to call special meetings.

5.3 Record Date and Ballot Item Disclosure: To promote the ability of shareholders to make informed decisions regarding whether to recall loaned shares: (1) shareholder meeting record dates should be disclosed as far in advance of the record date as possible, and (2) proxy statements should be disclosed before the record date passes whenever possible.

5.4 Timely Disclosure of Voting Results: A company should broadly and publicly disclose in a timely manner the final results of votes cast at annual and special meetings of shareholders. Whenever possible, preliminary results should be announced at the annual or special meeting of shareholders.

5.5 Election Polls: Polls should remain open at shareholder meetings until all agenda items have been discussed and shareholders have had an opportunity to ask and receive answers to questions concerning them.

5.6 Meeting Adjournment and Extension: Companies should not adjourn a meeting for the purpose of soliciting more votes to enable management to prevail on a voting item. Extending a meeting should only be for compelling reasons such as vote fraud, problems with the voting process or lack of a quorum.

5.7 Electronic Meetings: Companies should hold shareholder meetings by remote communication (so-called electronic or “cyber” meetings) only as a supplement to traditional in-person shareholder meetings, not as a substitute.

5.8 Director Attendance: As noted previously, all directors should attend the annual shareholders’ meeting and be available, when requested by the chair, to answer shareholder questions, and respond directly to oral or written questions from shareholders.

6. Director and Management Compensation

- 6.1 Introduction**
- 6.2 CEO Pay**
- 6.3 Advisory Shareholder Votes on Executive Pay**
- 6.4 Gross-ups**
- 6.5 Shareholder Approval of Equity-based Compensation Plans**
- 6.6 Role of Compensation Committee**
- 6.7 Salary**
- 6.8 Annual Incentive Compensation**
- 6.9 Long-term Incentive Compensation**
- 6.10 Dilution**
- 6.11 Stock Option Awards**
- 6.12 Stock Awards/Units**
- 6.13 Perquisites**
- 6.14 Employment Contracts, Severance and Change-of-control Payments**
- 6.15 Retirement Arrangements**
- 6.16 Stock Ownership**

6.1 Introduction: MCERA believes that executive compensation is a critical and visible aspect of a company’s governance. Pay decisions are one of the most direct ways for shareholders to assess the performance of the board. And they have a bottom line effect, not just in terms of dollar amounts, but also by formalizing performance goals for employees, signaling the market and affecting employee morale.

MCERA endorses reasonable, appropriately structured pay-for-performance programs that reward executives for sustainable, superior performance over the long-term, consistent with a company’s investment horizon. “Long-term” is generally considered to be five or more years for mature companies and at least three years for other companies. While MCERA believes that executives should be well paid for superior performance, it also believes that executives should not be excessively paid. [MCERA believes that executive pay proposals in which CEO compensation is 100 times greater than the median compensation of other company employees are excessive and detrimental to the long-term performance of the company and to the anticipated returns from investments in such companies of shareholders, like MCERA.](#)

It is the job of the board of directors and the compensation committee specifically to ensure that executive compensation programs are effective, reasonable and rational with respect to critical factors such as company performance, industry considerations and compensation paid to other

employees.

It is also the job of the compensation committee to ensure that elements of compensation packages are appropriately structured to enhance the company's short- and long-term strategic goals and to retain and motivate executives to achieve those strategic goals. Compensation programs should not be driven by competitive surveys, which have become excessive and subject to abuse. It is shareholders, not executives, whose money is at risk.

Since executive compensation must be tailored to meet unique company needs and situations, compensation programs must always be structured on a company-by-company basis. However, certain principles should apply to all companies.

6.2 CEO pay: Annual approval of at least a majority of a corporation's independent directors should be required for the CEO's compensation, including any bonus, severance, equity-based and/or extraordinary payment.

Boards should award CEOs no more than one form of equity-based compensation.

Pay for directors and managers should be indexed to peer or market groups, absent unusual and specified reasons for not doing so. Boards should consider options with forward contracts to align managers' interests with shareholders'.

6.3 Advisory Shareholder Votes on Executive Pay: All companies should provide annually for advisory shareholder votes on the compensation of senior executives.

6.4 Gross-ups: Senior executives should not receive gross-ups beyond those provided to all the company's employees.

6.5 Shareholder Approval of Equity-based Compensation Plans: Current listing standards require shareholder approval of equity-based compensation plans and material amendments to plans (with limited exceptions). MCERA strongly supports this concept and advocates that companies adopt conservative interpretations of approval requirements when confronted with choices. (For example, this may include material amendments to the plan.)

6.6 Role of Compensation Committee: The compensation committee is responsible for structuring executive pay and evaluating executive performance within the context of the pay structure of the entire company, subject to approval of the board of directors. To best handle this role, compensation committees should adopt the following principles and practices:

6.6a Committee Composition: All members of the compensation committee should be independent. Committee membership should rotate periodically among the board's independent directors. Members should be or take responsibility to become knowledgeable about compensation and related issues. They should exercise due diligence and independent judgment in carrying out their committee responsibilities. They should represent diverse backgrounds and professional experiences.

6.6b Executive Pay Philosophy: The compensation philosophy should be clearly disclosed to shareholders in annual proxy statements. In developing, approving and monitoring the executive pay philosophy, the compensation committee should consider the full range of pay components, including structure of programs, desired mix of cash and equity awards, goals for distribution of awards throughout the company, the

relationship of executive pay to the pay of other employees, use of employment contracts and policy regarding dilution.

6.6c Oversight: The compensation committee should vigorously oversee all aspects of executive compensation for a group composed of the CEO and other highly paid executives, as required by law, and any other highly paid employees, including executives of subsidiaries, special purpose entities and other affiliates, as determined by the compensation committee. The committee should ensure that the structure of employee compensation throughout the company is fair, non-discriminatory and forward-looking, and that it motivates, recruits and retains a workforce capable of meeting the company's strategic objectives. To perform its oversight duties, the committee should approve, comply with and fully disclose a charter detailing its responsibilities.

6.6d Pay for Performance: Compensation of the executive oversight group should be driven predominantly by performance. The compensation committee should establish performance measures for executive compensation that are agreed to ahead of time and publicly disclosed. Performance measures applicable to all performance-based awards (including annual and long-term incentive compensation) should reward superior performance—based predominantly on measures that drive long-term value creation—at minimum reasonable cost. Such measures should also reflect downside risk. The compensation committee should ensure that key performance metrics cannot be manipulated easily.

6.6e Annual Approval and Review: Each year, the compensation committee should review performance of individuals in the oversight group and approve any bonus, severance, equity-based award or extraordinary payment made to them. The committee should understand all components of executive compensation and annually review total compensation potentially payable to the oversight group under all possible scenarios, including death/disability, retirement, voluntary termination, termination with and without cause and changes of control. The committee should also ensure that the structure of pay at different levels (CEO and others in the oversight group, other executives and non-executive employees) is fair and appropriate in the context of broader company policies and goals and fully justified and explained.

6.6f Committee Accountability: In addition to attending all annual and special shareholder meetings, committee members should be available to respond directly to questions about executive compensation; the chair of the committee should take the lead. In addition, the committee should regularly report on its activities to the independent directors of the board, who should review and ratify committee decisions. Committee members should take an active role in preparing the compensation committee report contained in the annual proxy materials, and be responsible for the contents of that report.

6.6g Outside Advice: The compensation committee should retain and fire outside experts, including consultants, legal advisers and any other advisers when it deems appropriate, including when negotiating contracts with executives. Individual compensation advisers and their firms should be independent of the client company, its executives and directors and should report solely to the compensation committee. The compensation committee should develop and disclose a formal policy on compensation adviser independence. In addition, the committee should annually disclose an assessment of its advisers' independence, along with a description of the nature and

dollar amounts of services commissioned from the advisers and their firms by the client company's management. Companies should not agree to indemnify or limit the liability of compensation advisers or the advisers' firms.

6.6h Clawbacks: The compensation committee should develop and disclose a policy for reviewing unearned bonus and incentive payments that were awarded to executive officers owing to fraud, financial results that require restatement or some other cause. The policy should require recovery or cancellation of any unearned awards to the extent that it is feasible and practical to do so.

6.6i Disclosure Practices: The compensation committee is responsible for ensuring that all aspects of executive compensation are clearly, comprehensively and promptly disclosed, in plain English, in the annual proxy statement regardless of whether such disclosure is required by current rules and regulations. The compensation committee should disclose all information necessary for shareholders to understand how and how much executives are paid and how such pay fits within the overall pay structure of the company. It should provide annual proxy statement disclosure of the committee's compensation decisions with respect to salary, short-term incentive compensation, long-term incentive compensation and all other aspects of executive compensation, including the relative weights assigned to each component of total compensation.

The compensation committee should commit to provide full descriptions of the qualitative and quantitative performance measures and benchmarks used to determine compensation, including the weightings of each measure. At the beginning of a period, the compensation committee should calculate and disclose the maximum compensation payable if all performance-related targets are met. At the end of the performance cycle, the compensation committee should disclose actual targets and details on final payouts. Companies should provide forward-looking disclosure of performance targets whenever possible. Other recommended disclosures relevant to specific elements of executive compensation are detailed below.

6.6j Benchmarking: Benchmarking at median or higher levels is a primary contributor to escalating executive compensation. Although benchmarking can be a constructive tool for formulating executive compensation packages, it should not be relied on exclusively. If benchmarking is used, compensation committees should commit to annual disclosure of the companies in peer groups used for benchmarking and/or other comparisons. If the peer group used for compensation purposes differs from that used to compare overall performance, such as the five-year stock return graph required in the annual proxy materials, the compensation committee should describe the differences between the groups and the rationale for choosing between them. In addition to disclosing names of companies used for benchmarking and comparisons, the compensation committee should disclose targets for each compensation element relative to the peer/benchmarking group and year-to-year changes in companies composing peer/benchmark groups.

6.7 Salary

6.7a Salary Level: Since salary is one of the few components of executive compensation that is not "at risk," it should be set at a level that yields the highest value for the company at least cost. In general, salary should be set to reflect responsibilities, tenure and past performance, and to be tax efficient—meaning no more than \$1 million.

6.7b Above-median Salary: The compensation committee should publicly disclose its rationale for paying salaries above the median of the peer group.

6.8 Annual Incentive Compensation: Cash incentive compensation plans should be structured to align executive interests with company goals and objectives. They should also reasonably reward superior performance that meets or exceeds well-defined and clearly disclosed performance targets that reinforce long-term strategic goals that were written and approved by the board in advance of the performance cycle.

6.8a Formula Plans: The compensation committee should approve formulaic bonus plans containing specific qualitative and quantitative performance-based operational measures designed to reward executives for superior performance related to operational/strategic/other goals set by the board. Such awards should be capped at a reasonable maximum level. These caps should not be calculated as percentages of accounting or other financial measures (such as revenue, operating income or net profit), since these figures may change dramatically due to mergers, acquisitions and other non-performance-related strategic or accounting decisions.

6.8b Targets: When setting performance goals for “target” bonuses, the compensation committee should set performance levels below which no bonuses would be paid and above which bonuses would be capped.

6.8c Changing Targets: Except in extraordinary situations, the compensation committee should not “lower the bar” by changing performance targets in the middle of bonus cycles. If the committee decides that changes in performance targets are warranted in the middle of a performance cycle, it should disclose the reasons for the change and details of the initial targets and adjusted targets.

6.9 Long-term Incentive Compensation: Long-term incentive compensation, generally in the form of equity-based awards, can be structured to achieve a variety of long-term objectives, including retaining executives, aligning executives’ financial interests with the interests of shareholders and rewarding the achievement of long-term specified strategic goals of the company and/or the superior performance of company stock.

But poorly structured awards permit excessive or abusive pay that is detrimental to the company and to shareholders. To maximize effectiveness and efficiency, compensation committees should carefully evaluate the costs and benefits of long-term incentive compensation, ensure that long-term compensation is appropriately structured and consider whether performance and incentive objectives would be enhanced if awards were distributed throughout the company, not simply to top executives.

Companies may rely on a myriad of long-term incentive vehicles to achieve a variety of long-term objectives, including performance-based restricted stock/units, phantom shares, stock units and stock options. While the technical underpinnings of long-term incentive awards may differ, the following principles and practices apply to all long-term incentive compensation awards. And, as detailed below, certain policies are relevant to specific types of long-term incentive awards.

6.9a Size of Awards: Compensation committees should set appropriate limits on the size of long-term incentive awards granted to executives. So-called “mega-awards” or

outsized awards should be avoided, except in extraordinary circumstances, because they can be disproportionate to performance.

6.9b Vesting Requirements: All long-term incentive awards should have meaningful performance periods and/or cliff vesting requirements that are consistent with the company's investment horizon but not less than three years, followed by pro rata vesting over at least two subsequent years for senior executives.

6.9c Grant Timing: Except in extraordinary circumstances, such as a permanent change in performance cycles, long-term incentive awards should be granted at the same time each year. Companies should not coordinate stock award grants with the release of material non-public information. The grants should occur whether recently publicized information is positive or negative, and stock options should never be backdated.

6.9d Hedging: Compensation committees should prohibit executives and directors from hedging (by buying puts and selling calls or employing other risk-minimizing techniques) equity-based awards granted as long-term incentive compensation or other stock holdings in the company. And they should strongly discourage other employees from hedging their holdings in company stock.

6.9e Philosophy/Strategy: Compensation committees should have a well-articulated philosophy and strategy for long-term incentive compensation that is fully and clearly disclosed in the annual proxy statement.

6.9f Award Specifics: Compensation committees should disclose the size, distribution, vesting requirements, other performance criteria and grant timing of each type of long-term incentive award granted to the executive oversight group. Compensation committees also should explain how each component contributes to the company's long-term performance objectives.

6.9g Ownership Targets: Compensation committees should disclose whether and how long-term incentive compensation may be used to satisfy meaningful stock ownership requirements. Disclosure should include any post-exercise holding periods or other requirements to ensure that long-term incentive compensation is used appropriately to meet ownership targets.

6.9h Expiration Dates: Compensation plans should have expiration dates and not be structured as "evergreen," rolling plans.

6.10 Dilution: Dilution measures how much the additional issuance of stock may reduce existing shareholders' stake in a company. Dilution is particularly relevant for long-term incentive compensation plans since these programs essentially issue stock at below-market prices to the recipients. The potential dilution represented by long-term incentive compensation plans is a direct cost to shareholders.

Dilution from long-term incentive compensation plans may be evaluated using a variety of techniques including the reduction in earnings per share and voting power resulting from the increase in outstanding shares.

6.10a Philosophy/Strategy: Compensation committees should develop and disclose the philosophy regarding dilution including definition(s) of dilution, peer group comparisons and specific targets for annual awards and total potential dilution represented by equity compensation programs for the current year and expected for the subsequent four years.

6.10b Stock Repurchase Programs: Stock buyback decisions are a capital allocation decision and should not be driven solely for the purpose of minimizing dilution from equity-based compensation plans. The compensation committee should provide information about stock repurchase programs and the extent to which such programs are used to minimize the dilution of equity-based compensation plans.

6.10c Tabular Disclosure: The annual proxy statement should include a table detailing the overhang represented by unexercised options and shares available for award and a discussion of the impact of the awards on earnings per share.

6.11 Stock Option Awards: Stock options give holders the right, but not the obligation, to buy stock in the future. Options may be structured in a variety of ways. Some structures and policies are preferable because they more effectively ensure that executives are compensated for superior performance. Other structures and policies are inappropriate and should be prohibited.

6.11a Performance Options: Stock options should be: (1) indexed to peer groups or (2) premium-priced and/or (3) vest on achievement of specific performance targets that are based on challenging quantitative goals.

6.11b Dividend Equivalents: To ensure that executives are neutral between dividends and stock price appreciation, dividend equivalents should be granted with stock options, but distributed only upon exercise of the option.

6.11c Discount Options: Discount options should not be awarded.

6.11d Reload Options: Reload options should be prohibited.

6.11e Option Repricing: Unless submitted to shareholders for approval, no “underwater” options should be repriced or replaced, and no discount options should be awarded, unless approved by shareholders. Repricing programs, with shareholder approval, should exclude directors and executives, restart vesting periods and mandate value-for-value exchanges in which options are exchanged for a number of equivalently valued options/shares.

Companies should disclose in their annual proxy statement whether they have rescinded and re-granted options exercised by executive officers during the prior year or if executive officers have hedged (by buying puts and selling calls or employing other risk-minimizing techniques) shares awarded to them as stock-based incentive or acquired through options granted by the company. Such practices reduce the risk of stock-based incentive compensation awarded to executive officers and should be disclosed to shareholders.

Stock option expensing. Since stock options granted to employees, directors and non-employees are compensation and have a cost, companies should include these costs as

an expense on their reported income statements with appropriate valuation assumptions disclosed.

6.12 Stock Awards/Units: Stock awards/units and similar equity-based vehicles generally grant holders stock based on the attainment of performance goals and/or tenure requirements. These types of awards are more expensive to the company than options, since holders generally are not required to pay to receive the underlying stock, and therefore should be limited in size.

Stock awards should be linked to the attainment of specified performance goals and in some cases to additional time-vesting requirements. Stock awards should not be payable based solely on the attainment of tenure requirements.

6.13 Perquisites: Company perquisites blur the line between personal and business expenses. Executives, not companies, should be responsible for paying personal expenses—particularly those that average employees routinely shoulder, such as family and personal travel, financial planning, club memberships and other dues. The compensation committee should ensure that any perquisites are warranted and have a legitimate business purpose, and it should consider capping all perquisites at a de minimis level. Total perquisites should be described, disclosed and valued.

6.14 Employment Contracts, Severance and Change-of-control Payments: Various arrangements may be negotiated to outline terms and conditions for employment and to provide special payments following certain events, such as a termination of employment with/without cause and/or a change in control. MCERA believes that these arrangements should be used on a limited basis.

6.14a Employment Contracts: Companies should only provide employment contracts to executives in limited circumstances, such as to provide modest, short-term employment security to a newly hired or recently promoted executive. Such contracts should have a specified termination date (not to exceed three years); contracts should not be “rolling” on an open-ended basis.

6.14b Severance Payments: Executives should not be entitled to severance payments in the event of termination for poor performance, resignation under pressure or failure to renew an employment contract. Company payments awarded upon death or disability should be limited to compensation already earned or vested.

6.14c Change-in-control provisions. Change-in-control provisions in compensation plans and compensation agreements should be “double-triggered,” stipulating that compensation is payable only (1) after a control change actually takes place and (2) if a covered executive’s job is terminated as a result of the control change.

6.14d Transparency: The compensation committee should fully and clearly describe the terms and conditions of employment contracts and any other agreements/arrangements covering the executive oversight group and reasons why the compensation committee believes the agreements are in the best interests of shareholders.

6.14e Timely Disclosure: New executive employment contracts or amendments to existing contracts should be immediately disclosed in 8-K filings and promptly disclosed in subsequent 10-Qs.

6.14f Shareholder Ratification: Shareholders should ratify all employment contracts, side letters or other agreements providing for severance, change-in-control or other special payments to executives exceeding 2.99 times average annual salary plus annual bonus for the previous three years.

6.15 Retirement Arrangements: Deferred compensation plans, supplemental executive retirement plans, retirement packages and other retirement arrangements for highly paid executives can result in hidden and excessive benefits. Special retirement arrangements—including those structured to permit employees whose compensation exceeds Internal Revenue Service (IRS) limits to fully participate in similar plans covering other employees—should be consistent with programs offered to the general workforce, and they should be reasonable.

6.15a Supplemental Executive Retirement Plans (SERPs): Supplemental plans should be an extension of the retirement program covering other employees. They should not include special provisions that are not offered under plans covering other employees, such as above-market interest rates and excess service credits. Payments such as stock and stock options, annual/long-term bonuses and other compensation not awarded to other employees and/or not considered in the determination of retirement benefits payable to other employees should not be considered in calculating benefits payable under SERPs.

6.15b Deferred Compensation Plans: Investment alternatives offered under deferred compensation plans for executives should mirror those offered to employees in broad-based deferral plans. Above-market returns should not be applied to executive deferrals, nor should executives receive “sweeteners” for deferring cash payments into company stock.

6.15c Post-retirement Exercise Periods: Executives should be limited to three-year post-retirement exercise periods for stock option grants.

6.15d Retirement Benefits: Executives should not be entitled to special perquisites—such as apartments, automobiles, use of corporate aircraft, security, financial planning—and other benefits upon retirement. Executives are highly compensated employees who should be more than able to cover the costs of their retirement.

6.16 Stock Ownership

6.16a Director stock ownership. Absent unusual and compelling circumstances, all directors should own company common stock, in addition to any options and unvested shares granted to them by the company. Directors should own a meaningful position in the company’s common stock, appropriate to their personal circumstances.

Ownership Requirements: Executives and directors should own, after a reasonable period of time, a meaningful position in the company’s common stock. Executives should be required to own stock—excluding unexercised options and unvested stock awards—equal to a multiple of salary. The multiple should be scaled based on position,

such as two times salary for lower-level executives and up to six times salary for the CEO.

6.16b Stock Sales: Executives should be required to sell stock through pre-announced 10b5-1 program sales or by providing a minimum 30-day advance notice of any stock sales. 10b5-1 program adoptions, amendments, terminations and transactions should be disclosed immediately, and boards of companies using 10b5-1 plans should: (1) adopt policies covering plan practices, (2) periodically monitor plan transactions and (3) ensure that company policies discuss plan use in the context of guidelines or requirements on equity hedging, holding and ownership.

6.16c Post-retirement Holdings: Executives should be required to continue to satisfy the minimum stock holding requirements for at least six months after leaving the company.

6.16d Transparency: Companies should disclose stock ownership requirements and whether any members of the executive oversight group are not in compliance.

7. Director Compensation

- 7.1 Introduction**
- 7.2 Role of the Compensation Committee in Director Compensation**
- 7.3 Retainer**
- 7.4 Equity-based Compensation**
- 7.5 Performance-based Compensation**
- 7.6 Perquisites**
- 7.7 Repricing and Exchange Programs**
- 7.8 Employment Contracts, Severance and Change-of-control Payments**
- 7.9 Retirement**
- 7.10 Disgorgement**

7.1 Introduction: Given the vital importance of their responsibilities, non-employee directors should expect to devote significant time to their boardroom duties.

Policy issues related to director compensation are fundamentally different from executive compensation. Director compensation policies should accomplish the following goals: (1) attract highly qualified candidates, (2) retain highly qualified directors, (3) align directors' interests with those of the long-term owners of the corporation and (4) provide complete disclosure to shareholders regarding all components of director compensation including the philosophy behind the program and all forms of compensation.

To accomplish these goals, director compensation should consist solely of a combination of cash retainer and equity-based compensation. The cornerstone of director compensation programs should be alignment of interests through the attainment of significant equity holdings in the company meaningful to each individual director. MCERA believes that equity obtained with an individual's own capital provides the best alignment of interests with other shareholders.

However, compensation plans can provide supplemental means of obtaining long-term equity holdings through equity compensation, long-term holding requirements and ownership requirements.

Companies should have flexibility within certain broad policy parameters to design and implement director compensation plans that suit their unique circumstances. To support this flexibility, investors must have complete and clear disclosure of both the philosophy behind the compensation plan as well as the actual compensation awarded under the plan. Without full disclosure, it is difficult to earn investors' confidence and support for director and executive compensation plans.

Although non-employee director compensation is generally immaterial to a company's bottom line and small relative to executive pay, director compensation is an important piece of a company's governance. Because director pay is set by the board and has inherent conflicts of interest, care must be taken to ensure there is no appearance of impropriety. Companies should pay particular attention to managing these conflicts.

7.2 Role of the Compensation Committee in Director Compensation: The compensation committee (or alternative committee comprised solely of independent directors) is responsible for structuring director pay, subject to approval of all the independent directors, so that it is aligned with the long-term interests of shareholders. Because directors set their own compensation, the following practices should be emphasized:

7.2a Total Compensation Review: The compensation committee should understand and value each component of director compensation and annually review total compensation potentially payable to each director.

7.2b Outside Advice: Committees should have the ability to hire a compensation consultant for assistance on director compensation plans. In cases where the compensation committee does use a consultant, it should always retain an independent compensation consultant or other advisers it deems appropriate to assist with the evaluation of the structure and value of director compensation. A summary of the pay consultant's advice should be provided in the annual proxy statement in plain English. The compensation committee should disclose all instances where the consultant is also retained by the committee to provide advice on executive compensation.

7.2c Compensation Committee Report: The annual director compensation disclosure included in the proxy materials should include a discussion of the philosophy for director pay and the processes for setting director pay levels. Reasons for changes in director pay programs should be explained in plain English. Peer group(s) used to compare director pay packages should be fully disclosed, along with differences, if any, from the peer group(s) used for executive pay purposes. While peer analysis can be valuable, peer-relative justification should not dominate the rationale for (higher) pay levels. Rather, compensation programs should be appropriate for the circumstances of the company. The report should disclose how many committee meetings involved discussions of director pay.

7.3 Retainer

7.3a Amount of Annual Retainer: The annual retainer should be the sole form of cash compensation paid to non-employee directors. Ideally, it should reflect an amount

appropriate for a director's expected duties, including attending meetings, preparing for meetings/discussions and performing due diligence on sites/operations (which should include routine communications with a broad group of employees). In some combination, the retainer and the equity component also reflect the director's contribution from experience and leadership. Retainer amounts may be differentiated to recognize that certain non-employee directors—possibly including independent board chairs, independent lead directors, committee chairs or members of certain committees—are expected to spend more time on board duties than other directors.

7.3b Meeting Attendance Fees: Directors should not receive any meeting attendance fees since attending meetings is the most basic duty of a non-employee director.

7.3c Director Attendance Policy: The board should have a clearly defined attendance policy. If the committee imposes financial consequences (loss of a portion of the retainer or equity) for missing meetings as part of the director compensation program, this should be fully disclosed. Financial consequences for poor attendance, while perhaps appropriate in some circumstances, should not be considered in lieu of examining the attendance record, commitment (time spent on director duties) and contribution in any review of director performance and in re-nomination decisions.

7.4 Equity-based Compensation: Equity-based compensation can be an important component of director compensation. These tools are perhaps best suited to instill optimal long-term perspective and alignment of interests with shareholders. To accomplish this objective, director compensation should contain an ownership requirement or incentive and minimum holding period requirements.

7.4a Vesting of Equity-based Awards: To complement the annual retainer and align director-shareholder interests, non-employee directors should receive stock awards or stock-related awards such as phantom stock or share units. Equity-based compensation to non-employee directors should be fully vested on the grant date. This point is a marked difference to MCERA's policy on executive compensation, which calls for performance-based vesting of equity-based awards. While views on this topic are mixed, MCERA believes that the benefits of immediate vesting outweigh the complications. The main benefits are the immediate alignment of interests with shareholders and the fostering of independence and objectivity for the director.

7.4b Ownership Requirements: Ownership requirements should be at least three to five times annual compensation. However, some qualified director candidates may not have financial means to meet immediate ownership thresholds. For this reason, companies may set either a minimum threshold for ownership or offer an incentive to build ownership. This concept should be an integral component of the committee's disclosure related to the philosophy of director pay. It is appropriate to provide a reasonable period of time for directors to meet ownership requirements or guidelines.

7.4c Holding Periods: Separate from ownership requirements, MCERA believes companies should adopt holding requirements for a significant majority of equity-based grants. Directors should be required to retain a significant portion (such as 80 percent) of equity grants until after they retire from the board. These policies should also prohibit the use of any transactions or arrangements that mitigate the risk or benefit of ownership to the director. Such transactions and arrangements inhibit the alignment of interests that equity compensation and ownership requirements provide.

7.4d Mix of Cash and Equity-based Compensation: Companies should have the flexibility to set and adjust the split between equity-based and cash compensation as appropriate for their circumstances. The rationale for the ratio used is an important element of disclosures related to the overall philosophy of director compensation and should be disclosed.

7.4e Transparency: The present value of equity awards paid to each director during the previous year and the philosophy and process used in determining director pay should be fully disclosed in the proxy statement.

7.4f Shareholder Approval: Current listing standards require shareholder approval of equity-based compensation plans and material amendments to plans (with limited exceptions). Companies should adopt conservative interpretations of approval requirements when confronted with choices.

7.5 Performance-based Compensation: While MCERA is a strong advocate of performance-based concepts in executive compensation, we do not support performance measures in director compensation. Performance-based compensation for directors creates potential conflicts with the director's primary role as an independent representative of shareholders.

7.6 Perquisites: Directors should not receive perquisites other than those that are meeting-related, such as air-fare, hotel accommodations and modest travel/accident insurance. Health, life and other forms of insurance; matching grants to charities; financial planning; automobile allowances and other similar perquisites cross the line as benefits offered to employees. Charitable awards programs are an unnecessary benefit; directors interested in posthumous donations can do so on their own via estate planning. Infrequent token gifts of modest value are not considered perquisites.

7.7 Repricing and Exchange Programs: Under no circumstances should directors participate in or be eligible for repricing or exchange programs.

7.8 Employment Contracts, Severance and Change-of-control Payments: Non-employee directors should not be eligible to receive any change-in-control payments or severance arrangements.

7.9 Retirement Arrangements

7.9a Retirement Benefits: Since non-employee directors are elected representatives of shareholders and not company employees, they should not be offered retirement benefits, such as defined benefit plans or deferred stock awards, nor should they be entitled to special post-retirement perquisites.

7.9b Deferred Compensation Plans: Directors may defer cash pay via a deferred compensation plan for directors. However, such investment alternatives offered under deferred compensation plans for directors should mirror those offered to employees in broad-based deferral plans. Non-employee directors should not receive "sweeteners" for deferring cash payments into company stock.

7.10 Disgorgement: Directors should be required to repay compensation to the company in the event of malfeasance or a breach of fiduciary duty involving the director.

8. Explanatory Notes: MCERA's Definition of Independent Director

8.1 Introduction

8.2 Basic Definition of an Independent Director

8.3 Guidelines for Assessing Director Independence

8.1 Introduction: Members of MCERA believe a narrowly drawn definition of “independent (coupled with a policy specifying that at least two-thirds of board members should meet this standard) is in the corporation’s and all shareholders’ ongoing financial interest because:

- Independence is critical to a properly functioning board;
- Certain clearly definable relationships pose a threat to a director's unqualified independence;
- The effect of a conflict of interest on an individual director is likely to be almost impossible to detect, either by shareholders or other board members; and
- While an across-the-board application of any definition to a large number of people will inevitably miscategorize a few of them, this risk is sufficiently small and is far outweighed by the significant benefits.

Independent directors do not invariably share a single set of qualities that are not shared by non-independent directors. Consequently no clear rule can unerringly describe and distinguish independent directors. However, the independence of the director depends on all relationships the director has, including relationships between directors, that may compromise the director’s objectivity and loyalty to shareholders. Directors have an obligation to consider all relevant facts and circumstances to determine whether a director should be considered independent.

8.2 Basic Definition of an Independent Director: An independent director is someone whose only nontrivial professional, familial or financial connection to the corporation, its chairman, CEO or any other executive officer is his or her directorship. Stated most simply, an independent director is a person whose directorship constitutes his or her only connection to the corporation.

8.3 Guidelines for Assessing Director Independence: The notes that follow are supplied to give added clarity and guidance in interpreting the specified relationships. Following are the relationships that MCERA members believe pose the greatest threat to a director’s independence. A director will not generally be considered independent if he or she:

8.3a Is, or in the past five years has been, or whose relative is, or in the past five years has been, employed by the corporation or employed by or a director of an affiliate;

NOTES: An “affiliate” relationship is established if one entity either alone or pursuant to an arrangement with one or more other persons, owns or has the power to vote more than 20 percent of the equity interest in another, unless some other person, either alone or pursuant to an arrangement with one or more other persons, owns or has the power to vote a greater percentage of the equity interest. For these purposes, joint venture partners and general partners meet the definition of an affiliate, and officers and

B.2.d

employees of joint venture enterprises and general partners are considered affiliated. A subsidiary is an affiliate if it is at least 20 percent owned by the corporation.

Affiliates include predecessor companies. A “predecessor” is an entity that within the last five years was party to a “merger of equals” with the corporation or represented more than 50 percent of the corporation’s sales or assets when such predecessor became part of the corporation.

“Relatives” include spouses, parents, children, step-children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, aunts, uncles, nieces, nephews and first cousins, and anyone sharing the director’s home.

8.3b Is, or in the past five years has been, or whose relative is, or in the past five years has been, an employee, director or greater-than-20-percent owner of a firm that is one of the corporation’s or its affiliate’s paid advisers or consultants or that receives revenue of at least \$50,000 for being a paid adviser or consultant to an executive officer of the corporation;

NOTES: Advisers or consultants include, but are not limited to, law firms, auditors, accountants, insurance companies and commercial/investment banks. For purposes of this definition, an individual serving “of counsel” to a firm will be considered an employee of that firm.

The term “executive officer” includes the chief executive, operating, financial, legal and accounting officers of a company. This includes the president, treasurer, secretary, controller and any vice-president who is in charge of a principal business unit, division or function (such as sales, administration or finance) or performs a major policymaking function for the corporation.

8.3c Is, or in the past five years has been, or whose relative is, or in the past five years has been, employed by or has had a five percent or greater ownership interest in a third-party that provides payments to or receives payments from the corporation and either: (i) such payments account for one percent of the third-party’s or one percent of the corporation’s consolidated gross revenues in any single fiscal year; or (ii) if the third-party is a debtor or creditor of the corporation and the amount owed exceeds one percent of the corporation’s or third party’s assets. Ownership means beneficial or record ownership, not custodial ownership;

8.3d Has, or in the past five years has had, or whose relative has paid or received more than \$50,000 in the past five years under, a personal contract with the corporation, an executive officer or any affiliate of the corporation;

NOTES: Council members believe that even small personal contracts, no matter how formulated, can threaten a director’s complete independence. This includes any arrangement under which the director borrows or lends money to the corporation at rates better (for the director) than those available to normal customers—even if no other services from the director are specified in connection with this relationship;

8.3e Is, or in the past five years has been, or whose relative is, or in the past five years has been, an employee or director of a foundation, university or other non-profit organization that receives significant grants or endowments from the corporation, one of

its affiliates or its executive officers or has been a direct beneficiary of any donations to such an organization;

NOTES: A “significant grant or endowment” is the lesser of \$100,000 or one percent of total annual donations received by the organization.

8.3f Is, or in the past five years has been, or whose relative is, or in the past five years has been, part of an interlocking directorate in which the CEO or other employee of the corporation serves on the board of a third-party entity (for-profit or not-for-profit) employing the director or such relative;

8.3g Has a relative who is, or in the past five years has been, an employee, a director or a five percent or greater owner of a third-party entity that is a significant competitor of the corporation; or

8.3h Is a party to a voting trust, agreement or proxy giving his/her decision making power as a director to management except to the extent there is a fully disclosed and narrow voting arrangement such as those which are customary between venture capitalists and management regarding the venture capitalists’ board seats.

The foregoing describes relationships between directors and the corporation. MCERA also believes that it is important to discuss relationships between directors on the same board which may threaten either director’s independence. A director’s objectivity as to the best interests of the shareholders is of utmost importance and connections between directors outside the corporation may threaten such objectivity and promote inappropriate voting blocks. As a result, directors must evaluate all of their relationships with each other to determine whether the director is deemed independent. The board of directors shall investigate and evaluate such relationships using the care, skill, prudence and diligence that a prudent person acting in a like capacity would use.

9. Policy Review

The Board will endeavor to review this Proxy Voting and Corporate Governance Policy at least every three years to assure its efficacy and relevance, with the intention of timely considering substantive edits that may be made to the Council of Institutional Investors’ Corporate Governance Policy, on which this Policy is based. This Proxy Voting and Corporate Governance Policy may be amended from time to time by majority vote of the Board.

10. Certificate

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees’ Retirement Association, hereby certify that this policy was reviewed and amended by the Marin County Employees’ Retirement Association on _____.

Retirement Administrator



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Investor Bulletin: Say-on-Pay and Golden Parachute Votes

The Office of Investor Education and Advocacy is issuing this Investor Bulletin to help investors understand new rules about shareholder votes on Say-on-Pay and golden parachutes. The rules concern three separate non-binding shareholder votes on executive compensation:

- **Say-on-Pay Votes.** The new rule requires public companies subject to the [proxy](#) rules to provide their shareholders with an advisory vote on the compensation of the most highly compensated executives. Say-on-Pay votes must be held at least once every three years.
- **Frequency Votes.** These companies also are required to provide their shareholders with an advisory vote on how often they would like to be presented with the Say-on-Pay votes – every year, every second year, or every third year.
- **Golden Parachute Disclosures and Votes.** These companies are required to disclose compensation arrangements and understandings with those executive officers in connection with an acquisition or merger. In certain circumstances, these companies also are required to conduct a shareholder advisory vote to approve the golden parachute compensation arrangements.

The new rules, which the Securities and Exchange Commission adopted on Jan. 25, 2011, implement requirements in Section 951 of the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#), which the President signed into law in July 2010. The Say-on-Pay and frequency votes appear as separate items on company ballots, or forms of proxy, for the annual meeting of shareholders.

The Say-on-Pay vote asks investors to vote on the compensation of the top executives of the company.

What are Say-on-Pay Votes?

The Say-on-Pay vote asks investors to vote on the compensation of the top executives of the company – the CEO, the Chief Financial Officer, and at least three other most highly compensated executives. (These are called the “named executive officers.”) Companies are not required to use any specific language in asking for shareholder approval. Instead, each company has the flexibility to craft the exact language of the non-binding resolution that its shareholders will vote on.

The resolution could simply ask shareholders to approve the compensation of its named executive officers. For example, a resolution might say:

B.2.d

RESOLVED, that the compensation paid to the company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

What are frequency votes?

Companies are also required to provide an advisory shareholder vote on the frequency of the Say-on-Pay vote. Shareholders will be able to cast a non-binding vote on how often the Say-on-Pay vote should occur: once a year, once every two years, or once every three years. Shareholders may also choose to abstain on the frequency vote. Thus, including abstentions, shareholders have four choices. Frequency votes must take place at least once every six years. For example, a company could choose to hold Say-on-Pay votes annually and hold frequency votes every six years. In that case, shareholders would vote in 2011 on both the company's executive compensation (the Say-on-Pay vote) and on the frequency of future votes. In 2012, shareholders in this example would vote again on Say-on-Pay, but would not vote on the frequency of Say-on-Pay votes until 2017.

When do the rules on Say-on-Pay and frequency votes take effect?

All public companies subject to the proxy rules, except smaller ones, must hold Say-on-Pay and frequency votes at shareholder meetings starting on Jan. 21, 2011. The rules are delayed by two years for companies with a public float of less than \$75 million. These smaller companies must hold Say-on-Pay and frequency votes at annual meetings starting on Jan. 21, 2013.

Haven't we seen Say-on-Pay votes before? So what's new?

Companies that received TARP¹ money are required

¹ In response to the financial crisis, Congress enacted legislation in 2008 that created the Troubled Asset Relief Program, or TARP.

to annually hold a Say-on-Pay vote at shareholder meetings until they pay back all the money they borrowed from the government. In addition, a number of non-TARP companies have voluntarily held Say-on-Pay votes in recent years.

What are the new rules on golden parachutes?

The term "golden parachute" generally refers to compensation arrangements with named executive officers concerning any type of compensation (whether present, deferred, or contingent) that is based on or relates to an acquisition, merger, or similar transaction.

The new rules require companies to disclose any agreements or understandings that the target company has with its own named executive officers or those of the company that is acquiring the target company (called the acquiring company), as well as any relationships between the acquiring company and its named executive officers and those of the target company. Such disclosures must include the total of all compensation that may be paid or become payable to, or on behalf of, the named executive officer, and the conditions upon which it may be paid or become payable. The disclosures must be made clearly and simply in the form of both narrative and tables.

When companies seek shareholder approval of a merger or acquisition, they will be required to conduct a separate shareholder advisory vote to approve, in the typical scenario, the disclosed golden parachute compensation arrangements between the target company and its own named executive officers or those of the acquiring company. There is one exception to this. The company is not required to conduct such a vote if the golden parachute disclosures were included in executive compensation disclosures subject to a prior Say-on-Pay vote.

Companies are required to comply with the golden parachute shareholder advisory vote and disclosure requirements in proxy statements to approve a merger or acquisition and similar forms initially filed on or after April 25, 2011.

Broker non-votes

In another change starting this year, brokers may no longer cast votes on behalf of clients who do not instruct their brokers how to vote on executive compensation matters.² This means that brokers will not be able to cast votes on the Say-on-Pay, frequency, or golden parachute proposals if clients do not provide voting instructions on these proposals.

What information is available to shareholders when they are deciding how to vote?

Companies are required to disclose named executive officers' compensation information in the proxy statement for an annual meeting at which directors are elected. In the Compensation Discussion and Analysis ("CD&A"), the company must explain all material elements of the compensation for named executive officers. The CD&A is meant to be a narrative overview that gives shareholders a context for the company's executive compensation policies and practices.

The proxy statement also includes a Summary Compensation Table that presents all elements of named executive officers' compensation and totals for the three most recent fiscal years, and additional tables providing more detailed disclosure of separate elements of their compensation for the last completed fiscal year: the Grants of Plan-Based Awards Table, Outstanding Equity Awards at Fiscal Year-End Table,

Companies are required to address in the CD&A whether and, if so, how their compensation policies and decisions have taken into account the results of the most recent Say-on-Pay vote.

² This follows a similar ban on uninstructed broker votes in the election of board directors. In a rule that took effect Jan. 1, 2010, brokers no longer have the discretion to vote their customers' shares held in companies without receiving voting instructions from those customers about how to vote in an election of directors. For more information see our publication, ["New Shareholder Voting Rules for the 2010 Proxy Season."](#)

Option Exercises and Stock Vested Table, and Pension Benefits Table.

Smaller companies are exempt from providing CD&As, but are required to provide other compensation disclosures.

How will investors learn of the vote results?

Companies are required to disclose preliminary vote results within four business days of the completion of the shareholder meeting and final voting results within four business days after those results are known. Companies make these disclosures in a document called a Current Report on Form 8-K, which is filed with the SEC.

The new rules also require companies to make two more disclosures. First, companies are required to address in the CD&A whether and, if so, how their compensation policies and decisions have taken into account the results of the most recent Say-on-Pay vote.

Second, each company must disclose in a Form 8-K its decision about the frequency of future Say-on-Pay votes. This disclosure must be made within 150 calendar days after the shareholder meeting, but no later than 60 calendar days before the deadline for shareholders to submit proposals for the next annual meeting. This deadline allows companies additional time to consider carefully the results of the frequency vote, including through board and committee deliberations and discussions with shareholders, before the company is required to disclose its decision on the frequency of Say-on-Pay votes.

Are the compensation votes advisory or binding?

The Say-on-Pay, frequency, and golden parachute votes are advisory rather than binding. The Dodd-Frank Act specifies that the shareholder vote to approve executive compensation "shall not be binding on the issuer or the board of directors of an issuer." (An issuer in this context is a public company subject to the proxy rules.)

It is up to the company's board of directors to determine what it considers to be the best compensation policies and practices for the company. Unlike a binding vote, advisory votes do not require the company or its board of directors to take a specific action. The company's board of directors may consider advisory votes and may follow up with other communications or dialogue with shareholders as part of its deliberative process in making policy decisions.

Additional Resources

- [SEC Final Rule](#), Shareholder Approval of Executive Compensation and Golden Parachute Compensation
- [Dodd-Frank Wall Street Reform and Consumer Protection Act](#)

(See Sec. 951, Shareholder Vote on Executive Compensation Disclosures.)

Related Information

- For more information on proxy voting, see our [Spotlight on Proxy Matters](#).
- For more on the rule prohibiting uninstructed broker votes in an election of directors, see our publication, "[New Shareholder Voting Rules for the 2010 Proxy Season](#)."
- For additional educational information for investors, see the SEC Office of Investor Education and Advocacy's website for investors, [Investor.gov](#).

The Office of Investor Education and Advocacy has provided this information as a service to investors. It is neither a legal interpretation nor a statement of SEC policy. If you have questions concerning the meaning or application of a particular law or rule, please consult with an attorney who specializes in securities law.



**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
CONFLICT OF INTEREST CODE**

Adopted: November 3, 2010

Amended: February 13, 2013, May 6, 2015, December 9, 2015, May 4, 2016, May 10, 2017,
May 9, 2018, June 10, 2020, May 5, 2021, October 12, 2022, May 3, 2023

I. PURPOSE

Pursuant to the provisions of the Government Code sections 87300, et seq., the Board of Retirement of MCERA first adopted a Conflict of Interest Code in 2000 by its Resolution No. 00/01-1. The substantive provisions of that Resolution are set forth under "Code Provisions" below. For purposes of facilitating amendments to the Code and its Exhibit 1 and Appendix, the existing Conflict of Interest Code is hereby restated and reconfirmed. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Gov. Code secs. 81000, et seq.).

II. CODE PROVISIONS

- A. The terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference as "Exhibit 1" and, along with the attached Appendix consisting of Attachments A through E, in which members and employees are designated and disclosure categories are set forth, and the place of filing is specified, shall constitute the Conflict of Interest Code of the Marin County Employees' Retirement Association.
- B. Designated employees, including consultants, as set forth on Attachment B of the Appendix shall file Statements of Economic Interests (Form 700s) with the Retirement Administrator, through the MCERA Clerk of the Board, or by using the electronic filing process specified in Attachment E.
- C. Upon receipt of the statements from individuals in the identified and designated positions, MCERA shall retain the original of these statements and maintain a record of their receipt.
- D. Board members, as set forth on Attachment A of the Appendix, shall file Statements of Economic Interests (Form 700) with the Retirement Administrator, through the MCERA Clerk of the Board, or by using the electronic filing process specified in Attachment E.
- E. Upon receipt of the statements from Board members, MCERA shall retain the original of these statements and maintain a record of their receipt.
- F. As soon as possible, MCERA will prepare a Form 806 identifying all of the current paid appointments to MCERA standing committees as to which compensation is \$250 or more per annum, and the completed Form will be posted on MCERA's website. Thereafter, the posted Form will be amended to include future appointments. If any appointees to such committees vote on those appointments, the Form 806 will be updated and re-posted prior to, and after, such vote, in accordance with FPPC Regulation 18705.5. The Form 806 will also be amended and re-posted promptly upon any of the following circumstances if such circumstance changes any

information included on the Form 806: (1) the number of scheduled meetings is changed; (2) there is a change in the compensation paid to the members; or (3) there is a change in membership on the standing committee.

III. CODE REVIEW

The Retirement Board shall review this Code at least every even-numbered year to ensure that it remains relevant and appropriate. The Code may be amended from time to time by majority vote of the Board.

IV. RETIREMENT ADMINISTRATOR'S CERTIFICATE

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify that this policy was revised, and made effective by the Marin County Employees' Retirement Association on ~~October 12, 2022~~ May 3, 2023.

Retirement Administrator

APPENDIX

DRAFT

ATTACHMENT A
REQUIRED (STATUTORY) FILERS
CONFLICT OF INTEREST CODE
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Amended: November 3, 2010

Pursuant to Government Code section 87200 the following Marin County Employees' Retirement Association officials, if any occupies the identified positions, must file Statements of Economic Interests (Form 700s):

POSITION

DISCLOSURE CATEGORIES

Board Members (includes ex officio and alternate)
Retirement Administrator

1
1

DRAFT

ATTACHMENT B
DESIGNATED EMPLOYEES
CONFLICT OF INTEREST CODE
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Amended: February 13, 2013

Amended: May 6, 2015

Amended: May 4, 2016

Amended: May 9, 2018

Amended: May 5, 2021

Amended: May 3, 2023

Under provisions of the Standard Code, designated employees, including consultants as defined in the Political Reform Act of 1974, shall file Statements of Economic Interests (Form 700s). Listed below are the designated employees, including consultants, of the Marin County Employees' Retirement Association, if any occupy the identified positions, and their respective disclosure categories:

<u>POSITION</u>	<u>DISCLOSURE CATEGORIES</u>
Assistant Retirement Administrator	1
Chief Financial Officer	1
Retirement Manager	1
Accounting Unit Manager	2
Senior Accountant(s)	2
Benefits Supervisor(s)	2
Member Services Technician -- Disabilities	2
Legal Counsel (internal and external)	1
Investment Consultant(s)	1
Investment Managers*	2
Real Estate Consultants and Managers	3
Medical Consultant(s)	4
Consulting Actuary	2
<u>Security Consultant</u>	<u>2</u>
Consultants**	1

*Private Debt Managers provide annual disclosures through contract provisions and are not subject to Form 700 filing requirements.

**Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the Code subject to the following limitation:

The Retirement Administrator may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this Code. Such written determination shall include a

B.2.e.1

description of the Consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. Such written determination shall also be timely provided to the Governance Committee for its information. The Retirement Administrator's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

DRAFT

ATTACHMENT C
DESIGNATED COMMITTEES & COMMISSIONS MEMBERS
CONFLICT OF INTEREST CODE
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Voting Members of the following appointed committees and commissions shall file statements of economic interests:

NONE

DRAFT

ATTACHMENT D
DISCLOSURE CATEGORIES FOR DESIGNATED POSITIONS
CONFLICT OF INTEREST CODE
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

Amended: May 6, 2015

CATEGORY 1

All sources of income, reportable interest in real property and investments and business positions in business entities located in or doing business in Marin County.

CATEGORY 2

Investments and business positions in business entities and sources of income which provide services, supplies, materials, machinery or equipment of the type utilized by the agency.

CATEGORY 3

Any reportable interest in real property; any reportable investments and business positions held in business entities which have done business with the county government in the previous two (2) years; any reportable income from business entities which have done business with the county government in the previous two (2) years; any reportable income from individuals who are County employees.

CATEGORY 4

Investments and business positions in business entities and income from sources which are providers of health care services, including but not limited to pharmacies, physicians, etc.

Investments and business positions in business entities and/or nonprofit corporations and income from sources which may be the recipient of patient referrals for the delivery of health care services or supplies by the employee's hospitals.

Investments and business positions in business entities or nonprofit corporations and income from sources which are of the type which provide consultant services regarding health care or disabilities to any business entity, agency or nonprofit corporation made reportable by this disclosure category.

CATEGORY 5

All sources of income, investments and business positions in business entities located in or doing business in Marin County.

CATEGORY 6

Any income from any employee of the County.

CATEGORY 7

Reportable interest in real property.

Investments and business positions in any business entity located in or doing business in Marin County or income from any source if the business entity or source of income manufactures or sells supplies, machinery or equipment of the type utilized by the County.

Investments and business positions in any business entity or income from any source if the business entity or source of income is a contractor or subcontractor engaged in the performance of work or services of the type utilized by the County.

CATEGORY 8

*Consultants.

Consultants shall disclose pursuant to the Disclosure Categories set forth in Attachment B, subject to the following limitation:

The Retirement Administrator may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. Such determination shall be a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

ATTACHMENT E
PLACE OF FILING
CONFLICT OF INTEREST CODE
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

Amended: May 4, 2016

Amended: May 5, 2021

The Form 700 Statement of Economic Interests may be filed by one of the following two methods:

1. Electronic Filing

Form 700 may be filed electronically by using the link to the NetFile system provided by MCERA, using the filer's email address to obtain a password.

2. Filing a paper Form 700

Return the original completed Form 700 to:

Marin County Employees' Retirement Association
Attention: Clerk of the Board
One McInnis Parkway, Suite 100
San Rafael, CA 94903

The Clerk of the Marin County Employees' Retirement Association's Retirement Board shall furnish to each statutory and designated member upon assuming office, annually and upon termination a Form 700 Statement of Economic Interests. Form 700 is accessible through MCERA's website, www.mcera.org,

EXHIBIT I

DRAFT

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations)

§ 18730. Provisions of Conflict of Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in the employee's statement of economic interests those economic interests the employee has which are of the kind described in the disclosure categories to which the employee is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's

disclosure categories are the kinds of economic interests which the employee foreseeably can affect materially through the conduct of the employee's office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following the person's return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that the person is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of the person's military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided the person did not make or participate in the making of, or use the person's position to influence any decision and did not receive or become entitled to receive any form of payment as a result of the person's appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

- (1) File a written resignation with the appointing power; and
- (2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation the person did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported,⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;

2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;

3. The address or other precise location of the real property;

4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,⁵ the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which the employee is a director, officer, partner, trustee, employee, or in which the employee holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$520.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$520 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from

any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control.

This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while the official holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed \$500 at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of the officer's election to office through the date the officer vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

- a. The date the loan was made.
- b. The date the last payment of \$100 or more was made on the loan.
- c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

- 1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
- 2. A loan that would otherwise not be a gift as defined in this title.
- 3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
- 4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use the employee's official position to influence the making of any governmental decision which the employee knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of the official's immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$500 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent the employee's participation is legally required for the decision to be made.

The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make the employees' participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use the official's position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of the official's immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that the employee should not make a governmental decision because the employee has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of the duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for the employee's agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

¹ Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

² See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵ A designated employee's income includes the employee's community property interest in the income of the employee's spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

HISTORY

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14).
Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).

9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).
10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).
11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).

18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).

19. Editorial correction of subsection (a) (Register 98, No. 47).

20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative 5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).

21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).

22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District,

nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).

25. Editorial correction of History 24 (Register 2003, No. 12).

26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).

27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).

28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).

29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).

30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).

31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of*

Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

32. Amendment of section heading and subsections (a)-(b)(1), (b)(3)-(4), (b)(5)(C), (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) and amendment of footnote 1 filed 1-8-2013; operative 2-7-2013.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2013, No. 2).

33. Amendment of subsections (b)(8.1)-(b)(8.1)(A), (b)(8.2)(E)3. and (b)(9)(E) filed 12-15-2014; operative 1-1-2015 pursuant to section 18312(e)(1)(A), title 2, California Code of Regulations.

Submitted to OAL for filing and printing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2014, No. 51).

34. Redesignation of portions of subsection (b)(8)(A) as new subsections (b)(8)(B)-(D), amendment of subsections (b)(8.1)-(b)(8.1)(A), redesignation of portions of subsection (b)(8.1)(A) as new subsections (b)(8.1)(B)-(C) and amendment of subsection (b)(9)(E) filed 12-1-2016; operative 12-31-2016 pursuant to Cal. Code Regs. tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision,

April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2016, No. 49).

35. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-12-2018; operative 1-11-2019 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing and printing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2018, No. 50).

36. Amendment of subsections (b)(8.1)-(8.1)(A) filed 12-23-2020; operative 1-1-2021 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2020, No. 52).

37. Amendment of subsections (b)(3)(C), (b)(5)(C), (b)(5.5), (b)(5.5)(A)(2), (b)(7)(D), (b)(8)(A), (b)(8.1)(A), (b)(8.2)(A), (b)(8.2)(C)-(D), (b)(8.3)(A), (b)(9), (b)(9.3), (b)(9.5), (b)(10) and (b)(11) and footnote 5 filed 5-12-2021; operative 6-11-2021 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974

Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2021, No. 20).

DRAFT

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations)

§ 18730.1. Conflict of Interest Code: Reporting of Gifts.

Nothing contained in an agency's conflict of interest code shall be interpreted to require the reporting of gifts from outside the agency's jurisdiction if the purpose of disclosure of the source of the gift does not have some connection with or bearing upon the functions or duties of the position for which the reporting is required. Nothing in this language is intended to create an inference that all gifts within the jurisdiction are reportable.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 82028, 87100, 87103, 87207, 87300, 87302, 87309 and 89503, Government Code.

HISTORY

1. New section filed 10-3-2012; operative 11-2-2012. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2012, No. 40).

MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA) ACTUARIAL FUNDING POLICY

Adopted: May 4, 2022

Amended:

I. INTRODUCTION

The purpose of this Policy is to document the funding objectives and methods set by the Board of Retirement (Board) for the Marin County Employees' Retirement Association (MCERA). In addition, this document records certain policy guidelines established by the Board to assist in administering MCERA in a consistent and efficient manner. As such this is a working document and may be modified as deemed necessary by the Board. All funding methods and assumptions are described in the annual actuarial valuation.

II. GOALS OF ACTUARIAL FUNDING POLICY

- Achieve long-term, full funding of the cost of benefits administered by MCERA,
- Maintain reasonable and equitable allocation of the cost of benefits over time, and
- Minimize volatility of contributions required of the plan sponsor County of Marin ("County") and other MCERA participating employers (collectively, "Participating Employers") to the extent reasonably possible, consistent with other policy goals.

III. FUNDING POLICY

MCERA's funding policy is to collect contributions from the Participating Employers and employees equal to the sum of:

- The Normal Cost under the Entry Age Cost Method,
- An amortization payment on the Unfunded Actuarial Liability (UAL), and
- The Plan's expected administrative expenses.

IV. ACTUARIAL METHODS

MCERA's annual actuarial valuation documents the assumptions and methods used to determine the cost of benefits in Appendix B, Statement of Current Actuarial Assumptions and Methods. The following outlines the key funding guidelines:

- Actuarial Cost Method: The actuarial valuation is prepared using the entry age actuarial cost method (Gov. Code § 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred from outside of MCERA, entry age is based on entry into the system. The Normal Cost for the Plan is based on the sum of the individual Normal Costs for each member (Individual Entry Age Method).

- **Valuation of Assets:** Effective with the June 30, 2014 valuation, the Board adopted a direct contribution rate smoothing policy. As a result, the smoothed Actuarial Value of Assets was replaced with the Market Value of Assets for valuation purposes. The assets used to compute the UAL are the Market Value of Assets, minus the value of any non-valuation contingency reserves.
- **UAL Amortization:** The UAL is amortized as a level percentage of the projected salaries of present and future members of MCERA. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period (810 years remaining as of June 30, 20220). The additional UAL attributable to the extraordinary loss from 2008-2009, is being amortized over a separate closed period (168 years as of June 30, 20220). Any subsequent unexpected change in the UAL after June 30, 2013 is amortized over 24 years (22 years for assumption changes) that includes a five-year phase-in and four-year phase-out (three/two years for assumption changes) of the payments/credits for each annual layer.
- **Surplus funding:** If the total of all UAL becomes negative so that there is a surplus and the amount of such surplus is in excess of 20% of the actuarial accrued liability (per Government Code § 7522.52), such actuarial surplus and any subsequent surpluses will be amortized over an “open” amortization period of 30 years. Any prior UAL amortization layers will be considered fully amortized, and any subsequent UAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.
- The amortization period described above will be used in all funding circumstances unless an alternative amortization period is recommended by the Actuary and accepted by the Board based on the results of an actuarial analysis.

V. OTHER POLICY CONSIDERATIONS

A. Plan Sponsor

The County established MCERA in 1950 under the provisions of the County Employee Retirement Law of 1937 (CERL) to administer the retirement benefits being offered to County employees. The County serves as the plan sponsor. Officers and employees of districts may become members of MCERA as provided in Government Code section 31557, and other applicable law, and such districts also are Participating Employers in MCERA.

B. Participating Employers

In addition to the County, there are eight other Participating Employers:

- City of San Rafael
- Local Agency Formation Commission
- Marin Community Services District
- Marin Sonoma Mosquito Vector Control District
- Marin County Superior Court
- Novato Fire Protection District

- Southern Marin Fire District
- Tamalpais Community Service District

The City of San Rafael (“City”) joined MCERA by Agreement between the City, the Board of Supervisors of the County, and MCERA dated May 10, 1977 (“Participation Agreement re City”), which provided in pertinent part that “for such time that City and its employees are members of [MCERA], City and its employees costs will be computed separate and apart from the County’s costs and that of its employees and separate actuarial reviews will be performed for each group.” Further, the Participation Agreement re City provides that “Each group (Marin County and the City of San Rafael) will be completely independent for retirement purposes. The funds of the two groups may be merged for investment purposes but appropriate accounting procedures should be established to be able to allocate what amount of funds belongs to each group at the time of an actuarial study.”

The Novato Fire Protection District (“Novato Fire”) joined MCERA by resolution of its governing board dated March 2, 1977, which the MCERA Board accepted on March 14, 1977, subject to a condition that an “administration fee be the same as the City of San Rafael.”

Historically, MCERA has conducted separate actuarial valuations annually for the City and Novato Fire. Other Participating Employers are grouped with the County for valuation purposes and a single actuarial valuation is produced for that “County, Court, and Special Districts” group.

C. Lag Between Date of Actuarial Valuation and Date of Contribution Rate Implementation

In allowing the employer to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each valuation (as of June 30) will apply to the fiscal year beginning 12 months after the valuation date. Any shortfall or excess contributions as a result of the implementation lag will be amortized as part of MCERA’s UAL in the following valuation.

Any change in contribution rate requirement that results from plan amendment is generally implemented as of the effective date of the Plan amendment, or as soon as administratively feasible. Any change in contribution rate requirement that results from Plan amendment is generally implemented as of the effective date of the Plan amendment or as soon as administratively feasible.

D. Phase-in of Increase in Employer Contribution Rates

From time to time, the Board has considered phasing in extraordinary changes in employer contribution rates. The Board reserves the right to exercise such discretion based on facts and circumstances and after receiving input from its Actuary.

E. Actuarial Assumptions Guidelines

The actuarial assumptions directly affect only the timing of contributions; the ultimate contribution level is determined by the benefits and the expenses actually paid offset by actual investment returns. To the extent that actual experience deviates from the assumptions, experience gains and losses will occur.

These gains (or losses) then serve to reduce (or increase) the future contribution requirements. Experience gains/losses are reflected in the annual actuarial valuation and the triennial Experience Study.

Actuarial assumptions are generally grouped into two major categories:

- i. Demographic assumptions – including rates of withdrawal, service retirement, disability retirement, mortality, etc.
- ii. Economic assumptions – including price inflation, wage inflation, investment return, salary increase, etc.

The actuarial assumptions represent the Board's best estimate of anticipated experience under MCERA and are intended to be long term in nature. Therefore, in developing the actuarial assumptions, the Board considers not only experience but also trends, external forces, and future expectations. Irrespective of the care with which actuarial assumptions are chosen, actual experience over the short term may not match these assumptions.

VI. DEFINITIONS

Actuarial Funding Method: A technique to allocate present value of projected benefits among past and future periods of service.

Actuarial Accrued Liability: The portion of the present value of projected benefits that is attributed to past service by the actuarial funding method.

Actuarial Valuation: The determination, as of a specified date, of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

Actuarial Value of Assets: The Actuarial Value of Assets is equal to the Market Value of Assets. The market value represents "snap-shot" or "cash-out" values that provide the principal basis for measuring financial performance from one year to the next.

Entry Age Actuarial Cost Method: A funding method that calculates MCERAs Normal Cost as a level percentage of pay over the working lifetime of the Plan's members.

Experience Gains and Losses: The difference between the experience anticipated by the actuarial assumptions and the Plan's actual experience during the period between valuations. If actual experience is financially favorable to the Plan, it is a Gain, (e.g., more deaths than expected or higher investment return than expected). If actual experience is financially less favorable to the Plan, it is a Loss, (e.g., higher salaries than expected or lower investment return than expected).

Extraordinary Actuarial Gain (Loss): An Experience Gain (Loss) determined by the Board to be of such magnitude and rarity to warrant creation of a special amortization policy.

Funded Ratio: The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability of the Plan.

Inactive Funded Ratio: The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability of the Plan for members who are not active, including retired members and their beneficiaries, disabled members, and members terminated with a vested benefit.

Normal Cost: The portion of the Present Value of Projected Benefits that is attributed to the current year by the Actuarial Funding Method.

Unfunded Actuarial Liability: The portion of the Actuarial Accrued Liability that is not currently covered by Plan assets. It is calculated by subtracting the Actuarial Accrued Liability from the Valuation Value of Assets.

Valuation Value of Assets: The value of assets used to determine contribution rate requirements. The valuation assets are equal to the market/actuarial value, minus any non-valuation reserves that are to be excluded from the calculation of the Unfunded Actuarial Liability. For MCERA, the only such non-valuation reserves are the Statutory Contingency Reserves, which are established and maintained in accordance with Government Code section 31592.2 and the Plan's Interest Crediting Policy.

Valuation Date: June 30 of every year.

VII. POLICY REVIEW

The Retirement Board shall review this Policy annually in conjunction with its adoption of its actuarial valuation. The Policy may be amended from time to time by majority vote of the Board.

VIII. RETIREMENT ADMINISTRATOR'S CERTIFICATE

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify that this policy was ~~amended adopted and made effective on May 4, 2022~~ May 3, 2023.

Jeff Wickman

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
POLICY REGARDING IMPLEMENTATION OF CALIFORNIA FELONY
FORFEITURE LAWS**

Adopted: June 14, 2017

Reviewed: June 10, 2020

Reviewed:

I. BACKGROUND AND PURPOSE

Felony forfeiture laws applicable to public retirement benefits in California originally applied only to *elected public officers* who took public office, or were reelected to public office, on or after January 1, 2006. (Gov. Code §7522.70, formerly Gov. Code §1243.) The Public Employees' Pension Reform Act of 2013 ("PEPRA") added two broader felony forfeiture statutes applicable to *all public employees* as of January 1, 2013, and further provided that the pre-existing more narrow felony forfeiture statute would not apply in any instance in which the newly-enacted forfeiture statutes applied. (Collectively, such newly-enacted statutes are referred to hereinafter as the "Felony Forfeiture Statutes.") One of the Felony Forfeiture Statutes applies to public employees who were first employed, appointed, or elected *before* January 1, 2013. (Gov. Code §7522.72). The other applies to those who were first employed, appointed, or elected *on or after* January 1, 2013. (Gov. Code §7522.74).

Both Felony Forfeiture Statutes enacted by PEPRA provide that public retirement benefits may be forfeited, as described below, if a public employee is convicted by a state or federal trial court of any felony when the felony conviction is:

for conduct arising out of or in the performance of [the public employee's] official duties, in pursuit of the office or appointment [of the public employee], or in connection with obtaining salary, disability retirement, service retirement, or other benefits.

(Gov. Code §§ 7522.72, subdiv. (b)(1) & 7522.74, subdiv. (b)(1).) Further, the statutes provide as follows regarding felonies involving a child:

if a public employee who has contact with children as part of his or her official duties is convicted of a felony that was committed within the scope of his or her official duties against or involving a child who he or she has contact with as part of his or her official duties.

(Gov. Code §§ 7522.72, subdiv. (b)(2) & 7522.74, subdiv. (b)(2).) When the felony is for the conduct described in either of these two provisions, then the forfeiture permitted by the statute is as to "rights and benefits earned or accrued from the earliest date of the commission of [the] felony to the forfeiture date." (Gov. Code §§ 7522.72, subdiv. (c)(1)

& 7522.74, subdiv. (c)(1).) Both statutes require the public employer who “employs or employed a public employee [convicted of a felony] and that public employee” to notify MCERA “of the public employee’s conviction within 90 days of the conviction.” (Gov. Code §§ 7522.72, subdiv. (f) & 7522.74, subdiv. (f).)

II. POLICY

Upon receipt of notification from any source of a felony conviction of an MCERA member, the Retirement Administrator will investigate and analyze the matter, in consultation with MCERA’s counsel, and determine whether the conviction implicates one or more of the Felony Forfeiture Statutes and/or other applicable law.

If the Retirement Administrator determines that one of the Felony Forfeiture Statutes is implicated by the member’s conviction of a felony, then MCERA will promptly provide written notification to the member (i) regarding the Felony Forfeiture Statute that applies to his or her MCERA benefit(s); (ii) with documentary support for the conclusion that such Felony Forfeiture Statute applies, if available; (iii) showing how the forfeiture is calculated; and (iv) stating that the member has the right to challenge the determination, in which case the matter will be decided by the MCERA Board of Retirement (“Board”).

If the member challenges MCERA’s determination regarding applicability of a Felony Forfeiture Statute, the matter will be scheduled for determination by the Board at a regularly scheduled public meeting. At such meeting, MCERA will present its conclusions and Board members will be provided an opportunity to ask questions. The member and his or her counsel, if represented, will also be provided an opportunity to present to the Board and to provide any information or records pertinent to the issues. Public comment will be taken. The Board will then deliberate and determine whether it has sufficient information to take action on the matter. If so, it will decide the matter by majority vote. If not, it may refer the matter for an administrative hearing as provided in its *Procedures for Hearings on Matters Other than Disability Retirement*. In the event of significant exposure to litigation and proper notice in accordance with the Ralph M. Brown Act, the Board may deliberate on the matter in closed session.

III. POLICY REVIEW

The Retirement Board will review this Policy at least every three years to assure its efficacy and relevance. The Board may amend this Policy from time to time by majority vote.

IV. RETIREMENT ADMINISTRATOR'S CERTIFICATE

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify that this policy was reviewed on May 3, 2023.

Retirement Administrator

DRAFT

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
TRUSTEE AND STAFF TRAVEL EXPENSE POLICY**

APPROVED: July 11, 2007
AMENDED: October 8, 2008
AMENDED: May 6, 2009
AMENDED: May 20, 2009
AMENDED: September 8, 2010
AMENDED: July 10, 2013
AMENDED: March 12, 2014
AMENDED: May 6, 2015
AMENDED: May 4, 2016
AMENDED: May 10, 2017
REVIEWED: June 10, 2020

REVIEWED:

I. Purpose.

The Board of Retirement of MCERA (the "Board") recognizes the importance of education and the conduct of regular, periodic on-site examinations and meetings with its investment professionals and outside advisers to the success of fulfilling its constitutional and statutory fiduciary duty to administer the retirement system prudently. It is also the policy of the Board to ensure that MCERA staff members are properly trained to perform their respective duties and are, on an ongoing basis, exposed to up-to-date benefit, financial, investment, and other information regarding best practices.

In furtherance of its stated Education and Due Diligence policies and in recognition of the need for proper training of staff, the Board recognizes the need to reimburse Trustees and MCERA staff members for reasonable and necessary travel expenses incurred while participating in educational programs and conducting due diligence and other business-related activities. The Board adopts this Trustee and Staff Travel Expense Policy (the "Travel Policy") to facilitate the appropriate reimbursement of activities pursuant to MCERA's Trustee Education and Due Diligence Policies. This Policy shall also apply to business-related travel of MCERA staff members. Because these are legitimate expenses of the retirement system, the amounts necessary to cover such expenses, as reflected in the Board's annual budget, shall be charged as an investment-related expense or as an administration expense, as appropriate.

This Travel Policy is intended to be applied and interpreted in compliance with the relevant provisions of the California Government Code and in harmony with the mission statement, policies and guidelines approved by the Board of Retirement from time to time.

II. Guidelines.

This Travel Expense Policy sets forth the guidelines by which MCERA shall reimburse Trustees and MCERA staff for their reasonable and necessary travel expenses incurred while participating in educational programs and conducting due diligence and other MCERA related activities. The purpose of this Travel Policy is to set forth approval procedures, impose certain limitations on travel reimbursement and identify expense guidelines to promote prudent and cost effective

travel. These guidelines are intended to be read and applied in conjunction with, and to complement, MCERA's Trustee Education and Due Diligence Policies.

A. Approval.

Reimbursement of travel and related expenses for a Trustee or staff members to attend an educational program or conduct a due diligence examination or other business for MCERA requires the prior approval of the Board, except under exigent circumstances when Board approval cannot be obtained in advance. All reimbursement of travel expenses for MCERA staff members, other than the Retirement Administrator, to attend an educational conference or seminar or for administrative purposes or due diligence visits, requires the prior approval of the Retirement Administrator. Trustee or staff member attendance at conferences outside of the United States are generally disfavored. In the event a due diligence audit requires international travel, reimbursement for expenses related to the audit shall require prior approval by a vote of not fewer than six members of the Board. Travel on MCERA business within the Northern California region need not be approved in advance as long as overnight accommodations are not required. In accordance with MCERA's Trustee Education Policy, travel by Trustees and/or the Retirement Administrator or designee to attend a program of the State Association of County Retirement Systems ("SACRS"), California Association of Public Retirement Systems ("CalAPRS"), National Conference of Public Employee Retirement Systems ("NCPERS"), the Council of Institutional Investors ("CII") and the National Association of State Retirement Administrators ("NASRA"), need not be approved in advance; provided, however, that MCERA will not pay for overnight accommodations in locations that are within fifty (50) miles of MCERA's offices, unless pre-authorized by the Board Chair after consultation with the Retirement Administrator; any Board Chair requests for an exemption from this limit must be pre-authorized by the Board Vice-Chair after consultation with Retirement Administrator.

B. Limitation on Attendance by Trustees.

A Trustee is authorized to attend up to three approved educational programs that require overnight lodging each calendar year. Attendance by board members and the Administrator at SACRS conferences, NCPERS' Annual Meeting and Legislative Workshop, CalAPRS roundtables and general assembly, CII general assembly, NASRA Annual Meeting, and educational sessions developed by retained consultants to the Plan are excluded from this limitation. No more than one conference may involve travel to a destination outside the United States. No more than four members of the Board, and less than a quorum of a Standing Committee of the Board, are authorized to meet together for business purposes unless there is appropriate public notice of the meeting. Attendance at educational conferences, seminars and social activities by more than four members of the Board is not a violation of this provision.

A training calendar will be presented for approval at the Board's monthly meetings, listing Board members and staff who anticipate attending specified educational programs. Additional attendees may be added to the calendar at and after each meeting as well.

C. Authorized Expenses.

Trustees and staff members shall be entitled to reimbursement for travel expenses and for all other reasonable and necessary expenses incurred in connection with MCERA business. Expenses are authorized by the Board of Retirement when by majority vote an educational event is added to the trustee training calendar or due diligence meetings are scheduled by the Board.

Reimbursement for expenses will occur in accordance with the schedule attached to this Travel Policy. To the extent that a sponsor of an educational conference provides meals, beverages and reasonable incidentals to conference attendees but does not charge a conference fee, the Board may consider authorizing payment to the conference sponsor for such reasonable and necessary expenses for Trustee and staff members to attend the conference and thereby cover the cost of such meals, beverages and reasonable incidentals.

D. Allocation of Travel Expenses.

Travel and other related business expenses incurred in connection with participation in educational programs or other business of MCERA where the principal focus is not related to investments shall be included in MCERA's annual budget as expenses of administration. Travel expenses for educational programs and due diligence evaluations relating to the system's investment portfolio shall be included in MCERA's investment budget as investment expenses.

E. Claims for Reimbursement.

Reimbursement for travel by a Trustee or staff member shall be submitted on MCERA's Expense Reimbursement Forms, which shall be reviewed and approved (or disapproved) by the Retirement Administrator in accordance with the provisions of this Travel Policy. The Board Chair shall approve expense claims for the Retirement Administrator in accordance with the provisions of this Travel Policy. All approvals are subject to review and concurrence by the Board, as requested by the Board from time to time. In addition, all reimbursement approvals provided to Trustees and the Retirement Administrator shall be reported in writing quarterly to the Finance and Risk Management Committee. All claims must be submitted within thirty (30) days following the date of travel. In no event will a claim for reimbursement be approved if submitted ninety (90) days after the end of the calendar year in which the expense was incurred. MCERA shall be reimbursed for all advances or reimbursements made in excess of allowable expenses within ninety (90) days from the date a refund request has been made.

F. Cash Advances.

Cash advances are allowed on an as needed basis, though they are disfavored for Board members. Consistent with County Administrative Regulation No. 1, cash advances may be limited to 90% of anticipated actual expenses.

G. Expenses for Traveling Companions.

Under no circumstances shall the expenses of a family member or traveling companion of a Trustee or staff member be reimbursed by MCERA.

H. Limitations on Expense Allowance.

Reimbursement for expenses shall not exceed that which is reasonable and necessary for travel to the precise destination and date of the covered occurrence, whether by private automobile or common carrier. Expense costs for extra days prior to or after a conference and/or meeting will be reimbursed only if such extension results in the same or lower overall trip costs in accordance with this Travel Policy. Board members should consult with the Retirement Administrator in advance of any travel if there are questions regarding the reasonable and necessary expenses.

I. Travel and Lodging Cancellations.

Trustees and staff members are responsible for the timely cancellation of or change to any registration to a conference where fees may be charged and/or travel and lodging reservations are made on their behalf. Trustees and/or staff shall be responsible for the costs of any fees charged as a result of the failure to timely cancel or resulting from changes to said reservations, unless otherwise approved, on a case-by-case basis, by the Board Chair after consultation with the Retirement Administrator; any Board Chair requests for an exemption must be approved by the Vice Chair after consultation with the Retirement Administrator. Any fees paid as a result of Trustee or Retirement Administrator cancellations shall be included on the quarterly report on travel reimbursements made to the Finance and Risk Management Committee.

J. Travel Reports.

The Retirement Administrator shall report all travel by Trustees and Staff on the consent calendar that is submitted to the Board on a monthly basis.

K. Gifts of Travel and Education.

Under the California Political Reform Act, travel expenses, including transportation, lodging and meals, the value of which equals or exceeds \$50 from any single source in any 12 month period may not be paid or reimbursed by any third party for the benefit of any Trustee, the Retirement Administrator, or other public official who manages public investments as defined in Government Code §87200, unless such expenses are reported on the individual's Form 700 and ordinarily may not exceed \$470 in any given 12 month period (adjusted periodically for inflation; *see* Gov. Code section 89503 and FPPC Regulation section 18940.2(a)). The Board may no longer accept gifts of such expenses as gifts to the agency.

If the Board were to accept a gift to the agency of travel expenses as defined herein on behalf of any MCERA staff who do not manage public investments, any such approval by the Board shall be consistent with FPPC Regulation §18944.2, as amended.

In addition, effective February 10, 2010, there is a presumption that gifts provided to the spouse or registered domestic partner of a statutory filer, such as a Trustee, are *gifts to the official* that the official must include in gift reporting and limitation assessments, unless there is an established working, social or similar relationship between the donor/vendor and the official's family member, independent of the relationship between the donor/vendor and the official. FPPC Reg. 18944.

Education and educational materials, including books, reports, pamphlets, calendars, periodicals, videotapes, and free or discounted admission to informational conferences or seminars, may be provided by parties other than MCERA to Trustees and MCERA staff, because they are not considered "gifts" under Government Code §82028(b) and FPPC Regulation §18942.1. However, travel, accommodations, meals and beverages provided in connection with informational conferences or seminars for which admission is free or discounted to MCERA are considered a gift to the attending Trustee or staff member, unless MCERA pays for those expenses, or some other exception applies.

Further, effective January 1, 2014, Trustees are permitted to have certain third parties pay for transportation, lodging, and food that is directly related to the official's public duties, is for a

purpose that would otherwise be paid for with the agency's funds, and is authorized in the same manner as transportation, lodging, and food using the agency's own funds. However, in order to be permitted, those payments must meet detailed requirements and limitations of FPPC Reg. 19850.1. Those requirements include, but are not limited to, posting specified notices by MCERA of the gift(s). Thus, as a matter of policy and internal controls, any determination to accept such a gift of travel from a third party by MCERA on behalf of an official should be first brought to the MCERA Board for consideration.

However, if a Trustee or other public official under Government Code section 87200 makes a speech or other formal presentation at an informational conference or seminar within or outside of the United States, or if a Trustee is conducting bona fide business on behalf of another organization at a conference or seminar, then other rules regarding payment, reimbursement for expenses, and reporting obligations, may apply that would potentially not warrant MCERA Board consideration.

Trustees and staff are encouraged to work with the Retirement Administrator and MCERA's counsel, or their own counsel, to determine, before attending an event that its free or discounted to them, whether any aspect of the event would be considered a gift that is subject to reporting rules and limitations, or income that must be reported, under the Political Reform Act.

L. Travel Arrangements.

All travel arrangements for which reimbursement will be sought shall be made through or coordinated with the office of the Retirement Administrator.

III. Policy Review.

The Board shall review this Travel Policy at least every three years to assure its efficacy and relevance. This Travel Policy may be amended from time to time by majority vote of the Board.

IV. Certificate.

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify that this policy was reviewed and made effective by the Marin County Employees' Retirement Association on May 3, 2023~~June 10, 2020~~.

Retirement Administrator

MCERA EXPENSE REIMBURSEMENT SCHEDULE

Airline Travel

Trustees and staff shall be reimbursed for actual and reasonable expenses for airfare for approved travel on MCERA business. Any scheduled U.S. or recognized international air carrier may be used for domestic or international travel. A fully refundable coach class ticket shall be purchased, which shall be at competitive prices. If a restricted or excursion class ticket is purchased at the request of a Trustee or staff member and the ticket is subsequently cancelled, the Trustee or staff member shall be required to reimburse MCERA for the cost of the ticket, unless a credit voucher for future travel is issued by the air carrier; charges incurred because of urgent MCERA business or the cancellation of a meeting or event by the organizing entity are exempt from this requirement.

If savings can be realized on the airfare by having a Trustee or staff member extend their stay to include a Saturday night, at his or her option, said Trustee or staff member may extend his or her stay in order to realize such savings. MCERA shall reimburse the cost associated with the additional lodging and meals resulting from an extended itinerary, not to exceed the savings in airline fare.

If, at the conclusion of a business-related trip, it would be impractical for a Trustee or staff member to return home the same day and arrive home prior to 10:00 p.m. California time due to the distance that must be traveled, or the unavailability of a return flight, the Trustee or staff member may lay over for one additional night and MCERA shall reimburse the costs associated with the additional lodging and meals resulting from the extended stay.

Receipts must be submitted along with a completed MCERA Expense Reimbursement Form to obtain reimbursement.

Hotels

Actual expenses for lodging in a standard class of hotel shall be reimbursed by MCERA. Whenever possible, a request for a government or conference rate should be made. While meals charged to the hotel bill shall be reimbursed in accordance with this Travel Policy, MCERA shall not reimburse expenses related to alcoholic beverages, tobacco, in-room movies, barber/beauty shop, gifts, magazines, personal telephone calls and mini-bar charges. In the case of an extended trip or an emergency situation, laundry and dry cleaning expenses may be reimbursed. Cancellation fees incurred because of urgent MCERA business or the cancellation of a meeting or event by the organizing entity are exempt from this requirement.

Original hotel receipts must be submitted along with a completed MCERA Expense Reimbursement Form to obtain reimbursement.

Meals

A Trustee or staff member will be reimbursed for the cost of meals at a flat rate up to a maximum established by the County of Marin pursuant to the expense reimbursement policies established by its Board of Supervisors. Receipts shall not be required for per diem reimbursement.

For out-of-state travel, a Trustee or staff member will be reimbursed for the cost of meals at a flat rate up to a maximum established by the County of Marin pursuant to the expense reimbursement policies established by its Board of Supervisors.

A Trustee or staff member shall be reimbursed for up to a 15% gratuity. No reimbursement will be made for alcoholic beverages. A Board member and/or staff must provide a receipt for any meal that exceeds \$ 25.00 (excluding tax and tip). When requesting reimbursement for fewer than three meals per day, expenses for a particular meal shall be rounded to the nearest whole dollar, and then submitted not to exceed the maximum percentage of the Per Diem Rate shown below.

<u>Meal</u>	<u>Travel Begins On or Before</u>	<u>Portion of Per Diem Traveler is Entitled to Receive</u>
Breakfast	7:00 am	20%
Lunch	11:00 am	25%
Dinner	5:00 pm	55%
MAXIMUM TOTAL DAILY		100%

When a meal is included in the cost of a conference registration fee, mode of travel (e.g. airfare), or other MCERA-paid activity, employees will not be entitled to reimbursement for item.

Automobile Mileage

A Trustee or staff member who uses his/her personal automobile for transportation on MCERA business may be reimbursed for the actual mileage driven on business and shall report such mileage on a MCERA Expense Reimbursement Form. Reimbursement shall be made at the per-mile rate allowed by the Internal Revenue Service. Pursuant to item H. above, Board members should consult with the Retirement Administrator prior to using a personal vehicle for travel if the use of the vehicle would exceed reasonable and necessary expenses from an alternate method of travel. Staff who receives a car allowance shall not be entitled to reimbursement for miles driven on MCERA business, unless approved in advance by the Chair. Those who use a personal automobile for MCERA business shall carry full automobile insurance coverage

Parking And Tolls

Parking and tolls are reimbursed at cost. Receipts are required for amounts over \$25.00.

Public Transportation

Use of taxis, hired cars and public transportation for MCERA business shall be reimbursed at actual rates. A receipt is required for amounts over \$25.00.

Car Rentals

The use of a rental car by a Trustee or staff member shall be reimbursed when it is economically reasonable to rent a vehicle rather than use taxis, hired cars or public transportation. Rental car discounts must be used whenever possible and appropriate. If available, a compact vehicle will be requested, unless several Board members and/or staff will be using the vehicle together. Full insurance coverage must be purchased in connection with any car rental.

Incidental Business Expenses

Incidental business expenses reasonably incurred in connection with MCERA business, such as telephone, fax, internet access, and similar business expenses, shall be reimbursed as necessary and appropriate. Receipts are required in each instance of such business expense.

Porterage

Maximum reimbursement for porterage is \$10.00 per day of travel. Receipts not required.

DRAFT

B.3.a

Aresty Institute of Executive Education
The Wharton School of the University of Pennsylvania
Investment Strategies & Portfolio Management
April 17 - 21, 2023



	Monday, April 17	Tuesday, April 18	Wednesday, April 19	Thursday, April 20	Friday, April 21
Accommodations Steinberg Conference Center 255 South 38th Street Philadelphia, PA 19104	7:45 - 8:30 Registration & Breakfast	7:00 - 8:30 Breakfast	7:00 - 8:30 Breakfast	7:00 - 8:30 Breakfast	7:00 - 8:30 Breakfast
Classes, & Meals Steinberg Conference Center 255 South 38th Street Philadelphia, PA 19104	8:30 - 9:30 AM Program Introduction <i>Jules van Binsbergen</i>	8:30 - 10:00 AM Behavioral Finance <i>Marina Niessner</i>	8:30 - 10:00 AM Private Equity <i>Bilge Yilmaz</i>	8:30 - 10:00 AM Hedge Funds <i>Chris Geczy</i>	8:30 - 10:00 AM International Investing <i>Gordon Bodnar</i>
	9:30 - 10:15 AM The Asset Menu <i>Jules van Binsbergen</i>				
	10:15 - 10:30 AM Break	10:00 - 10:15 AM Break	10:00 - 10:15 AM Break	10:00 - 10:15 AM Break	10:00 - 10:15 AM Break
Academic Director Jules van Binsbergen	10:30 AM - 12:15 PM Enhanced Portfolio Theory <i>Craig MacKinlay</i>	10:15 AM - 12:00 PM Evaluating & Rating Managers <i>Jules van Binsbergen</i>	10:15 - 12:00 PM Private Equity <i>Bilge Yilmaz</i>	10:15 - 11:30 AM Hedge Funds <i>Chris Geczy</i>	10:15 AM - 11:45 AM International Investing <i>Gordon Bodnar</i>
	12:15 - 12:30 PM Class Photo			11:30 - 11:45 AM Break	
Program Director Bill DeCristofano decristw@wharton.upenn.edu	12:30 - 1:15 PM Lunch	12:00 - 1:00 PM Lunch	12:00 - 1:45 PM Lunch	11:45 AM - 1:00 PM Stock Markets vs. Bond Markets <i>Jules van Binsbergen</i>	11:45 - 12:15pm Open Floor and Wrap Up <i>Gordon Bodnar</i>
Program Manager ShaViah Hoffman shaviah@wharton.upenn.edu	1:15 - 3:15 PM Enhanced Portfolio Theory <i>Craig MacKinlay</i>	1:00 - 2:30 PM Evaluating & Rating Managers Case <i>Jules van Binsbergen</i>	1:45 - 3:15 PM Real Estate <i>Todd Sinai</i>	1:00 - 2:00 PM Lunch	
	3:15 - 3:30 PM Break	2:30 - 2:45 PM Break	3:15 - 3:30 PM Break	2:00 - 3:45 PM Stock Markets vs. Bond Markets Case <i>Jules van Binsbergen</i>	
	3:30 - 5:00 PM Performance Measurement vs. Skill <i>Jules van Binsbergen</i>	2:45 - 4:15 PM Bond Management <i>Jules van Binsbergen</i>	3:30 - 4:45 PM Real Estate <i>Todd Sinai</i>	3:45 - 4:00 PM Break	
		4:15 - 4:30 PM Break	4:45 - 5:00 PM Break	4:00 - 5:15 PM Risk Management <i>Jules van Binsbergen</i>	
	Free Time	4:30 - 6:00 PM The Impact of Impact Investing <i>Jules van Binsbergen</i>	5:00 - 6:00 Reception	Free Time	
	6:00 - 8:00 Dinner	6:00 - 8:00 Dinner	6:00 - 8:00 Dinner	6:00 - 8:00 Dinner	Thank you for attending Wharton Executive Education & Safe Travels!

B.3.b Other Comments

This is a discussion with no backup.

JOHN
McHUGH

THOMAS
MORAN

**BRENDAN
O'HAGAN**



Phone 415 473-6147
Fax (benefits) 415 473-3612
Fax (admin) 415 473-4179
MCERA.org

Date: April 28, 2023

To: Board of Retirement
Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman *JW*
Retirement Administrator

Subject: Consider and take possible action to determine salary of Assistant Retirement Administrator

Background

At the April 12, 2023 meeting, the Board of Retirement unanimously authorized the Retirement Administrator to offer the position of Assistant Retirement Administrator to Anya Bakerink, subject to negotiation over compensation and start date. Ms. Bakerink has accepted the Board's appointment to the position of Assistant Retirement Administrator, as provided by Government Code section 31522.3, effective May 14, 2023.

Recommendation

I recommend a starting salary of \$180,981 for Ms. Bakerink. This is the second of three salary steps for the Assistant Retirement Administrator position included in the Marin County salary ordinance.



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Fax (benefits) 415 473-3612
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MCERA.org

April 28, 2023

To: Board of Retirement
Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman *JW*
Retirement Administrator

Subject: State Association of County Retirement Systems (SACRS) Business Meeting
May 12, 2023

Background

SACRS will hold their semi-annual business meeting on May 12, 2023 at the Spring Conference in San Diego. At the Business Meeting voting delegates from the member systems (including MCERA) will be asked to provide direction on the following items:

- SACRS Nominating Committee – Board of Directors Election
- Audit Committee – 2021-2022 Annual Audit

Recommendation


Staff recommends the Board delegate authority to vote on MCERA's behalf at the SACRS Business meeting to a Board Member attending the Conference. The materials for the Business Packet are included for review and discussion with the next agenda item.



Phone 415 473-6147
Fax (benefits) 415 473-3612
Fax (admin) 415 473-4179
MCERA.org

April 28, 2023

To: Members of the Board of Retirement
Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman 
Retirement Administrator

Subject: 2023 State Association of County Retirement Systems (SACRS)
Spring Business Meeting

Background

SACRS will hold their semi-annual business meeting on May 12, 2023 at the Spring Conference in San Diego. At the Business Meeting delegates from the member systems (including MCERA) will be asked to vote on two items in the Business Meeting packet.

Agenda Item #6 – SACRS Nominating Committee: 2023-24 Board of Directors Elections

Dan McAlister, SACRS Nominating Committee Chair from San Diego County Employees' Retirement Association, will present the slate of officers recommended for the Board of Directors by the Nominating Committee.

Recommendations

At your April 12, 2023 meeting the Board of Retirement acted to adopt the SACRS Nominating Committee's recommended slate of officers for 2023-24. As a result, MCERA's voting delegate should be directed to vote in favor of a motion that adopts the Nominating Committee's recommended slate of candidates.

Agenda Item #7 - SACRS Audit Report

Steve Delaney, SACRS Audit Committee Chair from Orange County Employees' Retirement System, will present SACRS Audited Financial Statements for fiscal years ending June 30, 2021 and 2020 for adoption. The statements have been audited by James Marta & Company LLP.

Recommendations

In the auditor's opinion, "the accompanying statement of cash receipts and disbursements present fairly, in all material respects, the financial position of the State Association of County Retirement as of June 30, 2022 and 2021 in accordance with the cash basis of accounting described in Note 1."

The SACRS Audit Committee recommends a motion to adopt the Audited Financial Statements and requests the member systems vote in favor of that motion. Staff recommends the Board direct MCERA's delegate to vote in favor of a motion to adopt the Audited June 30, 2022 and 2021 Financial Statements.



**SACRS
Spring Conference
Annual Business Meeting 2023**

Friday, May 12, 2023
10:15 am – 11:30 am

Paradise Point Resort & Spa
San Diego, CA
Sunset I-III Ballroom

**Vision, Mission, Core Values**

The members and staff of the State Association of County Retirement Systems (SACRS) share a common purpose, mission and core values.

Statement of Purpose

The specific and primary purposes of SACRS are to provide forums for disseminating knowledge of and developing expertise in the operation of 20 county retirement systems existing under the County Employees Retirement Law of 1937 (CERL) sets forth in California Government Code section 31450 et. seq., and to foster and take an active role in the legislative process as it affects county retirement systems.

Mission Statement

The mission of this organization shall be to serve the 1937 Act Retirement Systems by exchanging information, providing education and analyzing legislation.

Core Values

Teamwork

Integrity

Education

Service and Support



SACRS Business Meeting Agenda
 Friday, May 12, 2023
 10:15 am – 11:30 am
 Paradise Point Resort & Spa
 San Diego, CA
 Sunset I-III Ballroom

SACRS Parliamentarian – David Lantzer, San Bernardino CERA
 Sergeant at Arms – Brian Williams, Sonoma CERA

1. SACRS System Roll Call

Adele Tagaloa, Orange CERS, SACRS Secretary

2. Secretary's Report - Receive and File

Adele Tagaloa, Orange CERS, SACRS Secretary

- A. November 2022 SACRS Business Meeting Minutes

3. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

- A. July 2022 – February 2023 Financials

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

- A. SACRS President Update

5. SACRS Legislative Committee Update – No Action

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

- A. 2023 Legislative Report

6. SACRS Nomination Committee - 2023-2024 SACRS Board of Directors Elections – Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

- A. SACRS Board of Directors Elections 2023-2024



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

- A. SACRS 2021-2022 Annual Audit

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2023 Conference Evaluations/Feedback

9. SACRS Program Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Program Committee Chair

- A. SACRS Annual Spring 2023 Conference Report

10. SACRS Affiliate Committee Report – No Action

Joanne Svendsgaard, Millennium, SACRS Affiliate Committee Chair

- A. Affiliate Committee Update

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee Update

12. SACRS Spring Conference Breakout Reports – No Action

A representative from each breakout will give a report on their breakouts from Wednesday, May 10th.

- A. Administrator Breakout
- B. Affiliate Breakout
- C. Attorney Breakout
- D. Disability/Operations & Benefits Combo Breakout
- E. Internal Auditors Breakout
- F. Investment Officer Breakout
- G. Safety Trustee Breakout
- H. General Trustee Breakout

13. Adjournment

Next scheduled SACRS Business Meeting will be held Friday, November 10, 2023, at the Omni Rancho Las Palmas Resort & Spa in Rancho Mirage, CA.

**1. SACRS System Roll Call**

Adele Tagaloa, Orange CERS, SACRS Secretary



1. SACRS System Roll Call
Adele Tagaloo, SACRS Secretary

System	Delegate Name	Alternate Delegate Name	Absent
Alameda			
Contra Costa			
Fresno			
Imperial			
Kern			
Los Angeles			
Marin			
Mendocino			
Merced			
Orange			
Sacramento			
San Bernardino			
San Diego			
San Joaquin			
San Mateo			
Santa Barbara			
Sonoma			
Stanislaus			
Tulare			
Ventura			
Total			

**2. Secretary's Report - Receive and File**

Adele Tagaloo, Orange CERS, SACRS Secretary

- A. Fall 2022 SACRS Business Meeting Minutes



SACRS Business Meeting Minutes
 Friday, November 11, 2022
 10:15 AM – 11:30 AM
 Hyatt Regency Long Beach
 Regency ABC Ballroom

SACRS Parliamentarian – David Lantzer, San Bernardino CERA
 Sergeant at Arms – Brian Williams, Sonoma CERA

Meeting called to order at 10:16 am by David MacDonald, SACRS Vice President

SACRS Board of Directors in Attendance:

David MacDonald, Vice President; Adele Tagaloa, Secretary; Jordan Kaufman, Treasurer; David Gilmore, Board member; Vere Williams, Board member; Dan McAllister, Immediate Past President, Wally Fikri, Affiliate Committee Chair

Absent: Vivian Gray, SACRS President

1. SACRS System Roll Call

Adele Tagaloa, Orange CERS, SACRS Secretary

19 SACRS Member Systems Present

Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Marin, Merced, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, San Mateo, Santa Barbara, Sonoma, Stanislaus, Tulare, and Ventura

Absent: Mendocino

2. Secretary's Report - Receive and File

Adele Tagaloa, Orange CERS, SACRS Secretary

A. Spring 2022 SACRS Business Meeting Minutes

Motion: A motion to approve the Spring 2021 SACRS Business Meeting Minutes was submitted by San Diego County.

2nd: Marin County

Yes: 19

No: 0

Absent: Mendocino

Motion Passes 19-0-1



3. Treasurer's Report - Receive and File

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July – August 2022 Financials

B. 2022-2023 Annual Budget

Motion A: A motion to approve the Treasurer's report was submitted by Fresno County.

2nd: Imperial County

Yes: 19

No: 0

Absent: Mendocino

Motion Passes 19-0-1

Motion B: A motion to approve the 2022-2023 Annual Budget was submitted by Marin County.

2nd: Sacramento County

Yes: 19

No: 0

Absent: Mendocino

Motion Passes 19-0-1

4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update

Discussion, no action taken. In Vivian Gray's absence, David MacDonald, Vice President, provided a verbal update of upcoming strategic goals of the Board for the 2023 year.

5. SACRS Legislative Committee Update – No Action

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

A. 2022 Legislative Report – No Action

Discussion, no action taken. Eric Stern gave a verbal report on the committee's decision to provide more outreach to the systems. The committee will be providing templates for position letters to the legislature, legislative representation contact information and guidelines for submitting letters to the legislature.



6. SACRS Nomination Committee – 2023-2024 SACRS Election Notice – No Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Election Notice 2023-2024

Discussion only, no action. Dan McAllister asked systems to alert staff and trustees that might be interested in serving on the Board that the elections begin January 1, 2023.

7. SACRS Audit Report – No Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. Audit Committee report/verbal update

Discussion only, no action. Steve Delaney reported that the annual audit will be presented to the Board in January 2023 and presented to the membership at the Spring 2023 Business Meeting.

8. SACRS Education Committee Report – No Action

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

A. SACRS Annual Fall Conference 2022 Evaluations/verbal update

Discussion only, no action. JJ Popowich provided a verbal report of the Education committee meeting and review of all sessions. JJ reported that the group thought it was a great conference, really liked “Nice Bike,” Mark Scharenbroich keynote speaker, moderator John D’Agostino and the overall conference. He noted that the while the agenda included a range of diversity of speakers, in the future it would be great if the Program committee could include more women. The Committee will provide a full report to the Board in January 2023.

9. SACRS Program Committee Report – No Action

David MacDonald, Contra Costa CERA, SACRS Program Committee Chair

A. Program Committee report/verbal update

Discussion only, no action. David MacDonald thanked the committee members and welcomed feedback via the evaluations online.



10. SACRS Affiliate Committee Report – No Action

Wally Fikri, William Blair, SACRS Affiliate Committee Chair

A. Affiliate Committee report/verbal update

Discussion only, no action. Wally Fikri provided a verbal update on the Affiliate breakout and the new affiliate members. He announced that nominations to be on the Affiliate Committee are open, qualified members may submit their interest via the online portal on SACRS website. The selection process is available in the Affiliate Guidelines for those that want more information, or feel free to contact Wally directly.

11. SACRS Bylaws Committee Report – No Action

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

A. Bylaws Committee report/verbal update

No report.

12. SACRS Fall Conference Breakout Reports – No Action

A representative from each breakout will give a report on their meetings.

- A. Administrators – Brian McKelvey, San Joaquin CERA, gave a verbal report on the Administrators breakout, well attended. Brian Richards, Santa Barbara CERS will be the Spring 2023 moderator.
- B. Counsel – Aaron Zaheen, Tulare CERA, gave a verbal report on the Counsel breakout. The group discussed Cyber Security, AB 2449 Brown Act Teleconferencing, Litigation update and Proposed SEC Rules. Rachel Witt, San Diego CERA will be the Spring 2023 moderator.
- C. Disability/Operations & Benefits Combo - Carlos Barrios, Alameda CERA, provided a verbal update, good session and well attended. The group discussed LACERA's Benefit Protection Unit, Retiree Benefits Protection and New Online Disability Application Process and Paper to Digital platforms. Colin Bishop, San Bernardino CERA, will be the Spring 2023 Moderator.
- D. Internal Auditors - No report
- E. Investment Officers - No report
- F. Safety Trustees - Brian Williams, Sonoma CERA, provided a verbal update, volunteered as the Spring 2023 Moderator.



- G. General Trustees – Adele Tagaloa, Marin CERA, provided a verbal update, good session and was highly informative. The group discussed Asset Allocation 101 and had a robust roundtable discussion.

13. Adjournment

Next scheduled SACRS Association Business Meeting will be held Friday, May 12, 2023, at the Paradise Point Resort & Spa, San Diego, CA.

Motion: A motion to adjourn the meeting at 10:44 am was submitted by San Diego County.

2nd: Contra Costa County

Yes: 19

No: 0

Absent: Mendocino

Motion passes 19-0-0

**3. Treasurer's Report - Receive and File**

Jordan Kaufman, Kern CERA, SACRS Treasurer

A. July – February 2023 Financials

3:17 PM
03/31/23
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Balance Sheet

As of February 28, 2023

28-Feb-23

ASSETS

Current Assets

Checking/Savings

1000 · First Foundation Bank-Checking	185,891.31
1001 · BofA Interest Checking 4389	46,672.36
1002 · First Foundation Bank ICS Acct	57,600.58

Total Checking/Savings	290,164.25
-------------------------------	-------------------

Other Current Assets

1100 · CalTrust - Medium Term	692,182.46
1107 · CalTrust Liquidity Fund	8,421.58
1110 · CAMP-SACRS Liquidity Fund	811,199.37

Total Other Current Assets	1,511,803.41
-----------------------------------	---------------------

Total Current Assets	1,801,967.66
-----------------------------	---------------------

TOTAL ASSETS	1,801,967.66
---------------------	---------------------

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Credit Cards

2200 · First Foundation Credit Card	39.00
2201 · First Foundation Master Card	-1,481.00

Total Credit Cards	-1,442.00
---------------------------	------------------

Other Current Liabilities

2150 · Refund Liability	10.00
-------------------------	-------

Total Other Current Liabilities	10.00
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Total Current Liabilities	-1,432.00
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Total Liabilities	-1,432.00
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Equity

32000 · Retained Earnings	1,904,635.13
---------------------------	--------------

Net Income	-101,235.47
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Total Equity	1,803,399.66
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TOTAL LIABILITIES & EQUITY	1,801,967.66
---------------------------------------	---------------------

3:25 PM
03/31/23
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2022 through February 2023

Ordinary Income/Expense

Income

4100 - Membership Dues

4101 - Affiliates	256,250.00
4102 - Non Profit - Organizations	2,750.00
4103 - Non Profit - Systems	7,500.00
4104 - Systems - Medium	52,000.00
4105 - Systems - Large	36,000.00

Total 4100 - Membership Dues 354,500.00

4250 - Product Income

4251 - CERL	125.00
4254 - Website Job Board	400.00

Total 4250 - Product Income 525.00

4270 - UC Berkeley Program

4271 - Registrations	7,500.00
4272 - Sponsorships	17,500.00

Total 4270 - UC Berkeley Program 25,000.00

4300 - Fall Conference Registration

4301 - Affiliates - Early	182,580.00
4302 - Affiliates - Regular	65,540.00
4303 - Affiliates - Late/Onsite	19,200.00
4304 - Non Profit	840.00
4305 - Systems	18,240.00
4306 - Non-Members	258,990.00
4307 - Fun Run	1,125.00
4308 - Yoga	555.00
4300 - Fall Conference Registration - Other	-900.00

Total 4300 - Fall Conference Registration 546,170.00

4350 - Spring Conference Registration

4351 - Affiliates - Early	86,700.00
4355 - Systems	8,160.00
4356 - Non-Members	64,080.00
4357 - Fun Run	450.00
4358 - Yoga	330.00

Total 4350 - Spring Conference Registration 159,720.00

4900 - Interest Earned 15,379.04

Total Income

1,101,294.04

Gross Profit

1,101,294.04

Expense

5000 - Administrative Fee	150,000.00
5001 - Administrative Services	1,388.00
5002 - Awards	230.47
5003 - Bank Charges/Credit Card Fees	26,716.42
5010 - Berkeley & Symposium	
5011 - Audio/Visual	6,867.79

3:25 PM
03/31/23
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2022 through February 2023

5014 · Food & Beverage	28,707.79
5015 · Materials/Printing/Design	964.56
5016 · Travel	2,789.93
Total 5010 · Berkeley & Symposium	39,330.07
5040 · Commissions & Fees	15,712.17
5041 · Consulting	12,362.00
5042 · Dues & Subscriptions	3,825.00
5050 · Fall Conference	
5051 · Audio/Visual	102,087.50
5052 · Delivery & Shipping	3,061.65
5053 · Entertainment	7,716.87
5054 · Hotel	
5054.1 · Wednesday Night Event	13,275.00
5054.2 · Conference	32,775.63
5054.3 · Food & Beverage	150,000.00
Total 5054 · Hotel	196,050.63
5055 · Program Material	23,796.94
5056 · Speakers	39,230.00
5057 · Supplies	211.74
5058 · Travel	2,485.23
Total 5050 · Fall Conference	374,640.56
5070 · Insurance	4,539.00
5071 · Legal & Professional Fees	12,835.00
5072 · Legislative Advocacy	36,638.00
5080 · Magazine	
5082 · Design/Printing/Etc.	6,055.00
5083 · Magazine - Other	8,405.00
Total 5080 · Magazine	14,460.00
6000 · Board & Committees	
6001 · Board of Directors	
6001.1 · Food & Beverage	17,149.43
6001.2 · Printing/Supplies	4,996.74
6001.3 · Travel - BOD Meetings	18,705.05
6001.4 · Travel - Miscellaneous BOD	1,272.93
6001.5 · Board Of Directors - Other	13,067.36
6001 · Board of Directors - Other	3,367.22
Total 6001 · Board of Directors	58,558.73
Total 6000 · Board & Committees	58,558.73
6010 · Office Expenses / Supplies	1,498.92
6011 · Postage & Delivery	8,039.89
6020 · Spring Conference	
6021 · Audio/Visual	102,087.50
6022 · Delivery & Shipping	2,000.00
6023 · Entertainment	476.49
6024 · Hotel	

3:25 PM
03/31/23
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss

July 2022 through February 2023

6024.1 - Wednesday Night Event	103,426.52
6024.2 - Conference	2,094.84
6024.3 - Food & Beverage	161,992.19
6024 - Hotel - Other	4,483.22
Total 6024 - Hotel	271,996.77
6025 - Program Material	6,706.40
6026 - Speakers	4,320.80
6028 - Travel	13,924.18
Total 6020 - Spring Conference	401,512.14
6053 - Technology/AMS/Website	38,951.76
6054 - Travel	1,291.38
Total Expense	1,202,529.51
Net Ordinary Income	-101,235.47
	-101,235.47

3:30 PM
03/31/23
Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2022 through February 2023

	Jul '22 - Feb 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4100 · Membership Dues				
4101 · Affiliates	256,250.00	268,750.00	-12,500.00	95.35%
4102 · Non Profit - Organizations	2,750.00	2,750.00	0.00	100.0%
4103 · Non Profit - Systems	7,500.00	6,000.00	1,500.00	125.0%
4104 · Systems - Medium	52,000.00	52,000.00	0.00	100.0%
4105 · Systems - Large	36,000.00	42,000.00	-6,000.00	85.71%
Total 4100 · Membership Dues	354,500.00	371,500.00	-17,000.00	95.42%
4250 · Product Income				
4251 · CERL	125.00	0.00	125.00	100.0%
4254 · Website Job Board	400.00			
Total 4250 · Product Income	525.00	0.00	525.00	100.0%
4270 · UC Berkeley Program				
4271 · Registrations	7,500.00	60,000.00	-52,500.00	12.5%
4272 · Sponsorships	17,500.00	40,000.00	-22,500.00	43.75%
Total 4270 · UC Berkeley Program	25,000.00	100,000.00	-75,000.00	25.0%
4300 · Fall Conference Registration				
4301 · Affiliates - Early	182,580.00	140,000.00	42,580.00	130.41%
4302 · Affiliates - Regular	65,540.00	60,000.00	5,540.00	109.23%
4303 · Affiliates - Late/Onsite	19,200.00	70,400.00	-51,200.00	27.27%
4304 · Non Profit	840.00	960.00	-120.00	87.5%
4305 · Systems	18,240.00	20,000.00	-1,760.00	91.2%
4306 · Non-Members	258,990.00	200,250.00	58,740.00	129.33%
4307 · Fun Run	1,125.00	500.00	625.00	225.0%
4308 · Yoga	555.00	100.00	455.00	555.0%
4300 · Fall Conference Registration - Other	-900.00	0.00	-900.00	100.0%
Total 4300 · Fall Conference Registration	546,170.00	492,210.00	53,960.00	110.96%
4350 · Spring Conference Registration				
4351 · Affiliates - Early	86,700.00	140,000.00	-53,300.00	61.93%
4352 · Affiliates - Regular	0.00	60,000.00	-60,000.00	0.0%
4353 · Affiliates - Late/Onsite	0.00	70,400.00	-70,400.00	0.0%
4354 · Non Profit	0.00	960.00	-960.00	0.0%
4355 · Systems	8,160.00	20,000.00	-11,840.00	40.8%
4356 · Non-Members	64,080.00	200,250.00	-136,170.00	32.0%
4357 · Fun Run	450.00	500.00	-50.00	90.0%
4358 · Yoga	330.00	100.00	230.00	330.0%
Total 4350 · Spring Conference Registration	159,720.00	492,210.00	-332,490.00	32.45%
4900 · Interest Earned	15,379.04	-953.55	16,332.59	-1,612.82%
Total Income	1,101,294.04	1,454,966.45	-353,672.41	75.69%
Gross Profit	1,101,294.04	1,454,966.45	-353,672.41	75.69%
Expense				
5000 · Administrative Fee	150,000.00	225,000.00	-75,000.00	66.67%
5001 · Administrative Services	1,388.00	500.00	888.00	277.6%

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Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2022 through February 2023

	Jul '22 - Feb 23	Budget	\$ Over Budget	% of Budget
5002 · Awards	230.47	500.00	-269.53	46.09%
5003 · Bank Charges/Credit Card Fees	26,716.42	36,000.00	-9,283.58	74.21%
5010 · Berkeley & Symposium				
5011 · Audio/Visual	6,867.79	2,200.00	4,667.79	312.17%
5012 · Delivery & Shipping	0.00	0.00	0.00	0.0%
5013 · Hotel	0.00	12,500.00	-12,500.00	0.0%
5014 · Food & Beverage	28,707.79	12,500.00	16,207.79	229.66%
5015 · Materials/Printing/Design	964.56	3,000.00	-2,035.44	32.15%
5016 · Travel	2,789.93	2,500.00	289.93	111.6%
5017 · UC Berkeley	0.00	216,000.00	-216,000.00	0.0%
Total 5010 · Berkeley & Symposium	39,330.07	248,700.00	-209,369.93	15.81%
5020 · Webinar Symposium				
5021 · Webinar Speaker	0.00	0.00	0.00	0.0%
5022 · Webinar Technology	0.00	25,000.00	-25,000.00	0.0%
5023 · Webinar Misc	0.00	0.00	0.00	0.0%
Total 5020 · Webinar Symposium	0.00	25,000.00	-25,000.00	0.0%
5030 · CERL				
5031 · Materials/Printing/Design	0.00	16,500.00	-16,500.00	0.0%
5032 · Shipping	0.00	1,300.00	-1,300.00	0.0%
Total 5030 · CERL	0.00	17,800.00	-17,800.00	0.0%
5040 · Commissions & Fees	15,712.17	20,000.00	-4,287.83	78.56%
5041 · Consulting	12,362.00	21,192.00	-8,830.00	58.33%
5042 · Dues & Subscriptions	3,825.00	3,700.00	125.00	103.38%
5050 · Fall Conference				
5051 · Audio/Visual	102,087.50	90,000.00	12,087.50	113.43%
5052 · Delivery & Shipping	3,061.65	2,500.00	561.65	122.47%
5053 · Entertainment	7,716.87	6,500.00	1,216.87	118.72%
5054 · Hotel				
5054.1 · Wednesday Night Event	13,275.00	65,000.00	-51,725.00	20.42%
5054.2 · Conference	32,775.63	15,000.00	17,775.63	218.5%
5054.3 · Food & Beverage	150,000.00	250,000.00	-100,000.00	60.0%
Total 5054 · Hotel	196,050.63	330,000.00	-133,949.37	59.41%
5055 · Program Material	23,796.94	25,000.00	-1,203.06	95.19%
5056 · Speakers	39,230.00	50,000.00	-10,770.00	78.46%
5057 · Supplies	211.74	500.00	-288.26	42.35%
5058 · Travel	2,485.23	15,000.00	-12,514.77	16.57%
5050 · Fall Conference - Other	0.00	0.00	0.00	0.0%
Total 5050 · Fall Conference	374,640.56	519,500.00	-144,859.44	72.12%
5070 · Insurance	4,539.00	5,000.00	-461.00	90.78%
5071 · Legal & Professional Fees	12,835.00	35,000.00	-22,165.00	36.67%
5072 · Legislative Advocacy	36,638.00	62,808.00	-26,170.00	58.33%
5080 · Magazine				
5081 · Delivery & Shipping	0.00	600.00	-600.00	0.0%
5082 · Design/Printing/Etc.	6,055.00	20,000.00	-13,945.00	30.28%

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Cash Basis

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

Profit & Loss Budget vs. Actual

July 2022 through February 2023

	Jul '22 - Feb 23	Budget	\$ Over Budget	% of Budget
5083 · Magazine - Other	8,405.00	6,000.00	2,405.00	140.08%
Total 5080 · Magazine	14,460.00	26,600.00	-12,140.00	54.36%
6000 · Board & Committees				
6001 · Board of Directors				
6001.1 · Food & Beverage	17,149.43	25,000.00	-7,850.57	68.6%
6001.2 · Printing/Supplies	4,996.74	4,000.00	996.74	124.92%
6001.3 · Travel - BOD Meetings	18,705.05	11,000.00	7,705.05	170.05%
6001.4 · Travel - Miscellaneous BOD	1,272.93	8,000.00	-6,727.07	15.91%
6001.5 · Board Of Directors - Other	13,067.36	3,000.00	10,067.36	435.58%
6001 · Board of Directors - Other	3,367.22			
Total 6001 · Board of Directors	58,558.73	51,000.00	7,558.73	114.82%
6002 · Legislative Committee Meetings	0.00	250.00	-250.00	0.0%
6003 · Program Committee Meetings	0.00	2,500.00	-2,500.00	0.0%
Total 6000 · Board & Committees	58,558.73	53,750.00	4,808.73	108.95%
6010 · Office Expenses / Supplies	1,498.92	2,500.00	-1,001.08	59.96%
6011 · Postage & Delivery	8,039.89	6,000.00	2,039.89	134.0%
6020 · Spring Conference				
6021 · Audio/Visual	102,087.50	90,000.00	12,087.50	113.43%
6022 · Delivery & Shipping	2,000.00	2,500.00	-500.00	80.0%
6023 · Entertainment	476.49	6,500.00	-6,023.51	7.33%
6024 · Hotel				
6024.1 · Wednesday Night Event	103,426.52	65,000.00	38,426.52	159.12%
6024.2 · Conference	2,094.84	0.00	2,094.84	100.0%
6024.3 · Food & Beverage	161,992.19			
6024.4 · Hotel - Other	0.00	25,000.00	-25,000.00	0.0%
6024 · Hotel - Other	4,483.22			
Total 6024 · Hotel	271,996.77	90,000.00	181,996.77	302.22%
6025 · Program Material	6,706.40	25,000.00	-18,293.60	26.83%
6026 · Speakers	4,320.80	50,000.00	-45,679.20	8.64%
6027 · Supplies	0.00	1,000.00	-1,000.00	0.0%
6028 · Travel	13,924.18	15,000.00	-1,075.82	92.83%
6020 · Spring Conference - Other	0.00	0.00	0.00	0.0%
Total 6020 · Spring Conference	401,512.14	280,000.00	121,512.14	143.4%
6050 · Strategic Facilitator	0.00	15,000.00	-15,000.00	0.0%
6051 · Taxes & Licenses	0.00	600.00	-600.00	0.0%
6053 · Technology/AMS/Website	38,951.76	45,000.00	-6,048.24	86.56%
6054 · Travel	1,291.38	7,500.00	-6,208.62	17.22%
Total Expense	1,202,529.51	1,657,650.00	-455,120.49	72.54%
Net Ordinary Income	-101,235.47	-202,683.55	101,448.08	49.95%
	-101,235.47	-202,683.55	101,448.08	49.95%



4. SACRS President Report - No Action

Vivian Gray, Los Angeles CERA, SACRS President

A. SACRS President Update



No printed materials for this item



5. SACRS Legislative Committee Update – No Action

Eric Stern, Sacramento CERS and Dave Nelsen, Alameda CERA – SACRS Legislative Committee Co-Chairs

A. 2023 Legislative Report – No Action



April 6, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – April 2023**

General Update

With the bill introduction deadline behind us, the Legislature now turns to policy committee hearings for the first house. The Legislature will have until April 28 for all fiscal bills to be heard in policy committee. Until this date (aside from Spring Recess from March 30 – April 10), the Legislature will be busy conducting hearings for bills introduced this year.

By this point, most of the “spot” or “intent” bills (placeholder bills without substantive language) have since been amended with substantive language that will allow them to move forward in the legislative process and get a hearing in policy committee.

Non-fiscal bills will have until May 5 to be heard in policy committee.

Legislation of Interest

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL, similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced SB 1173 from last session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of a package of climate legislation.

SB 660 (Alvarado-Gil) - CA Public Retirement System Agency Cost and Liability Panel. This bill would establish the CA Public Retirement System Agency Cost and

Liability Panel that would be tasked to determine how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same retirement system or concurrently retires with two or more systems that have entered into a reciprocity agreement. The panel would include a member from the State Association of County Retirement Systems (SACRS).

Public Meeting Bills

Since the onset of the COVID-19 pandemic, teleconferencing flexibilities have become a subject of interest in California's Legislature, with local government groups sponsoring various bills on the topic since 2021. This session is no exception, and a handful of bills have been introduced:

AB 557 (Hart) - AB 361 Sunset Extension. This bill would remove the sunset established in AB 361 (R. Rivas) as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days.

AB 817 (Pacheco) – Open Meeting Flexibility for Subsidiary Bodies. This bill allows subsidiary bodies to use teleconferencing without regard to a state of emergency if they meet certain requirements. Subsidiary bodies are bodies that serve in an advisory capacity and do not take final action on specified items.

AB 1379 (Papan) - Teleconference Flexibilities. AB 1379 expands various flexibilities for local agencies under the Brown Act including, but not limited to, relaxing requirements for posting teleconference locations, relaxing certain quorum requirements, removing the existing January 1, 2026 sunset date of flexibilities in current law, removing restrictions that prohibit members from participating remotely for more than two meetings a year, among other changes. The bill also requires that a legislative body have at least two meetings a year where members are in person at a single designated location.

SB 411 (Portantino) - Teleconferencing for Appointed Bodies. This bill would allow local legislative bodies with appointed members to use teleconferencing indefinitely regardless of the presence of an emergency. The author intends this bill to apply to neighborhood councils. The bill is an urgency bill and therefore requires a 2/3 vote.

SB 537 (Becker) - Teleconference Flexibilities. This bill was recently amended with substantive language that allows multijurisdictional, cross county legislative bodies to use teleconferencing indefinitely and without regard to a state of emergency and adds certain requirements, like requiring a legislative body to provide a record of attendance on its website within 7 days of the meeting. The bill also adds to the list of circumstances where a member is permitted to participate remotely. We have met with the author's staff and are preparing some amendments to clarify that local retirement systems are covered by the bill. The bill is an urgency bill and therefore requires a 2/3 vote.



6. SACRS Nomination Committee - 2023-2024 SACRS Board of Directors Elections – Action

Dan McAllister, San Diego CERA, SACRS Nomination Committee Chair

A. SACRS Board of Directors Elections 2023-2024



March 24, 2023

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2023-2024 Elections – Final Ballot

SACRS BOD 2023-2024 election process began January 2023. Please provide the final ballot and voting instructions to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2023	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.
March 25, 2023	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 12, 2023	Nominating Committee to conduct elections during the SACRS Business Meeting at the Spring Conference, May 9-12, 2023
May 12, 2023	Board of Directors take office for 1 year (until Spring 2024 Elections)

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediate Past President, and two (2) regular members.*

A. Immediate Past President. *The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*

B. Two (2) Regular Members. *Two (2) regular members shall also be members of the Board with full voting rights.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations no later than noon on March 1 of each calendar year regardless of whether March 1 is a Business Day. Each candidate may run for only one office. Write-in candidates for the final ballot, and nominations from the floor on the day of the election, shall not be accepted.*

The Nominating Committee will report its suggested slate, along with a list of the names of all members who had been nominated, to each regular member County Retirement System prior to March 25. The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's suggested slate to each trustee and placing the election of



SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform to Article V, Sections 6 and 7 of these Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

The elections will be held at the SACRS Spring Conference on Friday, May 12, 2023, during the scheduled business meeting at the Paradise Point Resort & Spa, San Diego, CA.

SACRS Nominating Committee Recommended Slate:

- President – David MacDonald, Contra Costa CERA
- Vice President – Adele Tagaloea, Orange CERS
- Treasurer – Jordan Kaufman, Kern CERA
- Secretary – Zandra Cholmondeley, Santa Barbara CERS
- Regular Member – David Gilmore, San Diego CERA
- Regular Member – Open

The Regular Member listed as “Open” is due to a late withdrawal of a submission by an interested candidate. We are past the deadline to submit a nomination, and we received no other submissions of interest. SACRS Bylaws do not allow nominations or write-in candidates from the floor, therefore the Nominating Committee will be reaching out to the regular membership in search of interested parties that would like to serve.

***Bylaws- Article VIII Board of Directors/Section 2/ Elections of Directors**

The Bylaws state that the Board of Directors can make an appointment if there is a vacant position on the Board. Once the Board of Directors are elected, at their first meeting in June, they will fill the vacancy.

***Bylaws- Article VIII Board of Directors/Section 6/ Elections of Directors**

Regular members interested in serving as a “Regular Member” of the SACRS Board of Directors may complete a supplemental candidate form for consideration. Send the supplemental candidate form, no later than April 21, 2023, to sulema@sacrs.org to be reviewed by the Nominating Committee. At the SACRS Business meeting in May, the Nominating Committee will update the membership on submissions received and make a recommendation to the newly elected Board of Directors.

Please prepare your voting delegate to have the ability to vote by the recommended ballot and by each position separately.

If you have any questions, please contact me at Dan McAllister, Dan.McAllister@sdcounty.ca.gov or Sulema Peterson, sulema@sacrs.org (916) 701-5158.

Continued



Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

Dan McAllister, San Diego CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Executive Director

Attached: 2023-2024 Candidate submissions
Candidate Form



**SACRS Nomination SUPPLEMENTAL Submission
Form SACRS Board of Directors Elections**

All interested candidates that would like to be considered for appointment to the Board of Directors for the 2023-2024 OPEN REGULAR MEMBER position must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than April 21, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	

President Candidate Form - David MacDonald, Contra Costa CERA



SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcountry.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: David J. MacDonald, MD
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: dmacdcccera@gmail.com Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: CCCERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other - Vice Chair X (elected board member)
Applying for SACRS Board of Directors Position (select only one)	<input checked="" type="radio"/> President X <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	* SACRS Board of Directors, Member – 2020-2021 & 2021-2022 * SACRS Vice President – 2022-2023 * Vice Chair, CCCERA Board of Retirement * Elected general member trustee of CCCERA since 2016 * President, Physicians' and Dentists' of Contra Costa (PDOCC), since 2010 (Union for health care providers working at Contra Costa County). * 29 years serving on the PDOCC Executive Board, including many years as Vice President and President. * 32 years of service to Contra Costa County as a physician working in the Department of Health Services. * Education/Pension Trustee Certificates: - Bachelors of Science, Biology – UC Irvine - Doctor of Medicine – UC Irvine - UC Berkeley (SACRS) – Modern Investment Theory & Practice for Retirement Systems - Wharton Business School – Portfolio Concepts & Management - IFEBP – CAPPP program, Trustees Masters Program - CALAPRS Trustee Education – Principles of Pension Governance

Vice President Candidate Form - Adele Tagaloa, Orange CERS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2022-2023**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2022.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Adele Tagaloo
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: atagaloo@ocers.org [REDACTED] Phone: [REDACTED]
Name of Retirement System Candidate Currently Serves On	System Name: Orange County Employees Retirement System (OCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> ♦ Secretary, [REDACTED] ram and Bylaws Committee ♦ Elected General Member Trustee, OCERS, 2020 to present Over 13 years of service to the County of Orange Proudly serving 1.8 million registered voters at the Registrar of Voters office ♦ Chair, OCERS Disability Committee 2020 to present ♦ Vice- Chair, OCERS Investment Committee 2022 to present ♦ Member, OCERS Governance Committee member 2022 to present ♦ Union Steward, Orange County Employees Association (OCEA) 2012 to present ♦ Board of Directors, OCEA 2018 to present ♦ Political Action Committee and Scholarship Committee member, OCEA <p>Public Pension Trustee Certificates: Public Pension Investment Management Program - UC Berkeley CALAPRS Principles of Pension Governance and Principles for Trustees Completed 190 hours of education, 2020 - present</p>

Treasurer Candidate Form - Jordan Kaufman, Kern CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	<div style="background-color: black; width: 100%; height: 1.2em; margin-bottom: 5px;"></div> Email Address: <u>jkaufman@kerncounty.com</u> <div style="background-color: black; width: 100%; height: 1.2em; margin-top: 5px;"></div>
Name of Retirement System Candidate Currently Serves On	System Name: Kern CERA
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input type="radio"/> Retiree <input checked="" type="radio"/> Other <u>Statutory</u>
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I am the current SACRS Treasurer and am excited for the opportunity to continue in this role. I am in my second term as the elected Kern County Treasurer-Tax Collector with fiduciary responsibility over the \$5.2 billion Treasury Investment Pool and the responsibility of annually collecting over \$1.4 billion in local property taxes. I am also the Plan Administrator for the \$670 million deferred compensation plan for County employees. Prior to being elected, I became the assistant Treasurer-Tax Collector in 2006. Prior to 2006, I spent over a decade in the County Administrative Office where I performed budget and policy analysis and was involved in the issuance of various types of municipal bonds for the County. I am the Treasurer and past Chairman of the United Way of Kern County, Trustee and past Chairman of the Kern County Employees Retirement Association (KCERA), Commissioner on the California Statewide Communities Development Authority (CSCDA), Treasurer of the Boy Scouts of America Southern Sierra Council. I have a Bachelor of Science degree in Industrial Technology from Cal Poly San Luis Obispo. I live in Bakersfield with my beautiful wife Kristen and we have four children.</p>

Secretary Candidate Form - Zandra Cholmondeley, Santa Barbara CERS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name: Zandra Cholmondeley
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: [REDACTED] Email Address: zcholmondeley@gmail.com + Phone: [REDACTED] +
Name of Retirement System Candidate Currently Serves On	System Name: Santa Barbara County Employees' Retirement System (SBCERS)
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input type="radio"/> General Elected <input checked="" type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>Zandra Cholmondeley was elected to represent County retirees as a trustee on the governing board of the Santa Barbara County Retirement System (SBCERS) in November 2008. She joined the SBCERS Board in January 2009 and starting in January 2010, served two terms as Chair of the Board. She has also served three terms as the President of the Retired Employees of Santa Barbara County (RESBC).</p> <p>Zandra retired in July 2008. As Principal Analyst for Santa Barbara County she was charged with overseeing the development of the County's annual budget and performed numerous special projects for the County Executive Officer (CEO). Her budget responsibilities included working with County departments to ensure the accuracy of projections and overall preparation of the budget document. Special projects experience included implementing fiscal policy for the County Executive and oversight of internal service funds including the fleet and self-insurance funds.</p>

Regular Member Candidate Form - David Gilmore, San Diego CERA



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2023-2024**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2023.** Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

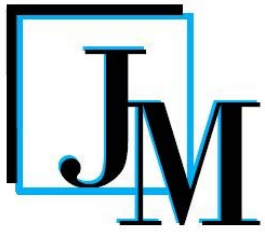
Name of Candidate	Name: David Gilmore
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	Mailing Address: Email Address: DGilmore@sdcscera.org Phone:
Name of Retirement System Candidate Currently Serves On	System Name:
List Your Current Position on Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	<input type="radio"/> Chair <input type="radio"/> Alternate <input checked="" type="radio"/> General Elected <input type="radio"/> Retiree <input type="radio"/> Other _____
Applying for SACRS Board of Directors Position (select only one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio in Paragraph Format	<p>I have over 25 years with the County of San Diego and have been in management for the past 13 years. I am currently in my second term at SDCERA as a trustee and occupy the safety seat. I was elected to the SACRS Board of Directors last year and am seeking re-election for the upcoming year. I have a degree in accounting and a graduate degree in public administration.</p> <p>Thank you for your consideration and please see my letter of intent attached.</p>



7. SACRS Audit Report – Action

Steve Delaney, Orange CERS, SACRS Audit Committee Chair

A. SACRS 2021-2022 Annual Audit



JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

**STATE ASSOCIATION OF
COUNTY RETIREMENT SYSTEMS**

**FINANCIAL STATEMENT
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021**

701 HOWE AVENUE, E3
SACRAMENTO, CA 95825

(916) 993-9494
(916) 993-9489 FAX
WWW.JPMCPA.COM

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2022

BOARD OF DIRECTORS

Vivian Gray
President

David MacDonald
Vice President

Jordan Kaufman
Treasurer

Adele Tagaloa
Secretary

Dan McAllister
Immediate Past President

Vere Williams
Board Member

David Gilmore
Board Member

Wally Fikri
Affiliate Chair

* * * *

Sulema Peterson
Association Management

STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

JUNE 30, 2022 AND 2021

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James Marta & Company LLP
Certified Public Accountants

Accounting Auditing Tax and Consulting

INDEPENDENT AUDITOR'S REPORT

Board of Directors
 State Association of County Retirement Systems
 Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statement State Association of County Retirement Systems (SACRS) which comprise the statement of cash receipts and disbursements for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statement.

In our opinion, the accompanying statement of cash receipts and disbursements present fairly, in all material respects, the financial position of State Association of County Retirement Systems as of June 30, 2022 and 2021 in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of State Association of County Retirement Systems, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statement of cash receipts and disbursements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about State Association of County Retirement Systems' ability to continue as a going concern for a period of at least twelve months from the date of the statement of cash receipts and disbursements.

Auditor's Responsibilities for the Audit of the statement of cash receipts and disbursements

Our objectives are to obtain reasonable assurance about whether the statement of cash receipts and disbursements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these statement of cash receipts and disbursements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statement of cash receipts and disbursements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of State Association of County Retirement Systems' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statement of cash receipts and disbursements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about State Association of County Retirement Systems' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

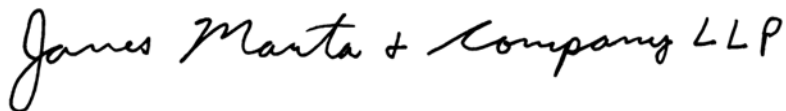
Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, Graphical Presentation of Cash Disbursements, and Conference Summary Report, on pages 8 to 13, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 8 to 12, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Cash Receipts and Disbursements, Graphical Presentation of Cash Receipts, and Graphical Presentation of Cash Disbursements, on pages 8 to 12 is fairly stated in all material respects in relation to the financial statement as a whole.

The Conference Summary Report, on page 13, has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Restricted Use

This report is intended solely for the information and use of management and the board of directors of State Association of County Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 20, 2022

FINANCIAL SECTION

E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2021-22</u>	<u>2020-21</u>
<u>Cash Receipts</u>		
Dues	\$ 321,490	\$ 422,500
Conference		
Fall	503,150	104,815
Spring	534,549	116,115
Seminars	115,650	73,000
Other admin receipts	350	60,050
Other conference receipts	350	350
Interest	-	8,519
Total cash receipts	<u>1,475,539</u>	<u>785,349</u>
<u>Cash Disbursements</u>		
Conference		
Fall - 2021 and 2020		
Hotel and meals	345,697	2,668
Audio and visual	86,293	46,888
Program materials	95,289	41,174
Spring - 2022 and 2021		
Hotel and meals	30,956	6,490
Audio and visual	122,694	39,097
Program materials	76,921	13,790
Seminars	250,832	196,257
Conference administration	31,462	22,826
Total conference disbursements	<u>1,040,144</u>	<u>369,190</u>
Administration	357,802	274,714
Lobbying	65,013	55,011
Newsletters	33,276	15,031
Committee meetings	58,157	2,033
Special projects	17,841	17,759
Interest	32,231	-
Total administration disbursements	<u>564,320</u>	<u>364,548</u>
Total Cash Disbursements	<u>1,604,464</u>	<u>733,738</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	(128,925)	51,611
Cash and Investments, Beginning	<u>2,033,559</u>	<u>1,981,948</u>
Cash and Investments, Ending	<u>\$ 1,904,634</u>	<u>\$ 2,033,559</u>
<i>Supplementary Information</i>		
Cash and Investments at June 30,	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 959,810	\$ 1,054,911
Non current portion of investments	944,824	978,648
Total Cash and Investments	<u>\$ 1,904,634</u>	<u>\$ 2,033,559</u>

The accompanying notes are an integral part of this financial statement.

E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

State Association of County Retirement Systems (SACRS) is a not-for-profit association of 20 California county retirement systems, enacted under the County Employees Retirement Law of 1937. SACRS was formed in the early 1970's to provide forums for disseminating knowledge of, and developing expertise in, the operation of county retirement systems existing under current law, as well as to foster and take an active role in the legislative process. To accomplish SACRS' mission of addressing issues of importance to members, SACRS, contracting with Sulema Peterson & Associates, provides a variety of association management services, including three magazines a year, membership directory, semi-annual conferences, and oversight of SACRS.org. The Association is supported primarily through membership dues and conference fees.

B. BASIS OF ACCOUNTING

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statement are not included in the financial statement.

The Board of Directors has elected to use the cash basis of accounting for this entity given the nature of its receipts and disbursements: revenue is almost always received and earned in the same period (e.g. at the beginning of the year for annual memberships, and shortly prior to events for conference attendance) and most expenses are incurred evenly over the year, with the exception of the billing for the conference hotel expense. Financial results by conference are presented in the Conference Summary Report in the Supplementary Information section of this document.

C. INCOME TAXES

The Association is exempt from federal and state income taxes under Section 501(c)(4) of the Internal Revenue Code and Section 23701f of the California Revenue and Taxation Code.

D. CONTRACTUAL AGREEMENTS

The Association has entered into various contractual agreements for professional services. These agreements include compensation for services rendered to the Association.

E. COMPARATIVE DATA

Comparative data for the prior year have been presented in certain sections of the accompanying financial statement in order to provide an understanding of changes in the Association's financial position and operations.

E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. COMPARATIVE DATA (CONTINUED)

Since SACRS uses the cash basis of accounting, the timing of events and the ultimate settlement of bills may vary from year to year. For example; the Spring conference costs could be settled by June (by year end) or be extended into the subsequent year. Also the timing of events could affect when payments are made from year to year. Payments after year end will be paid out of the surplus generated out of the prior year conference receipts. So the surplus cash at year end may have future demands for prior expenses. Management prepares a conference summary report that reconciles these payments when settled; this report is presented as supplementary information.

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

SACRS considers short-term highly liquid investments to be cash equivalents provided that they are both readily convertible to cash and had an original maturity of three months or less when purchased. The balance in cash and cash equivalents at June 30 include:

	2022	2021
Bank accounts	\$ 158,389	\$ 255,570
Money market accounts	801,421	799,341
Total cash and cash equivalents	<u>\$ 959,810</u>	<u>\$ 1,054,911</u>

Cash in bank accounts at June 30, 2022 consisted of the following:

	First Foundation	Bank of America	Total
Per bank	\$ 149,965	\$ 46,669	\$ 196,634
Checks outstanding	(38,245)	-	(38,245)
Total bank accounts	<u>\$ 111,720</u>	<u>46,669</u>	<u>\$ 158,389</u>

Cash in bank accounts at June 30, 2021 consisted of the following:

	First Foundation	Bank of America	Total
Per bank	\$ 257,855	\$ 16,883	\$ 274,738
Checks outstanding	(19,168)	-	(19,168)
Total bank accounts	<u>\$ 238,687</u>	<u>16,883</u>	<u>\$ 255,570</u>

Cash balances on interest-bearing accounts held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). There was \$0 and \$7,855 in excess of FDIC coverage as of June 30, 2022 and 2021, respectively.

E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

NOTES TO THE FINANCIAL STATEMENT

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

2. CASH AND INVESTMENTS (Continued)

Investments

In March 2015, SACRS invested in the CalTRUST Medium-Term Fund (the “Fund”), depositing \$1,104,130. The fair value balance as of June 30, 2022 and 2021 presented in the financial statement is \$944,824 and \$978,648; respectively. This balance includes reinvested interest income totaling and \$0 and \$3,329, respectively. The current portion of the investment account represents underlying securities which are immediately redeemable (e.g. equities), or will mature within one year. The current portion of investments at June 30, 2022 and 2021 was \$0. The Fund is not rated or insured.

3. CONTRACTS

SACRS has entered into contracts with various hotels to reserve facilities and guest rooms for its upcoming conferences and events. Cancellation fees associated with these contracts vary by date of notice. All hotel contracts specify the total number of guest room nights reserved at a group rate. If guest nights attributed to the convention fall below a specified minimum, SACRS is obligated to pay a room attrition rate for every guest night below the contracted minimum; standard room rates exceed the attrition rate. The organization is also responsible for food and beverage minimums as specified below. Hotel contracts entered into as of the audit date are summarized here:

Conference	Cancellation Fees	Food and Beverage Minimums	Room Nights Reserved	Guest Room Nights Minimum	Rooms Attrition
Fall 2022	\$136,762-\$288,524	\$150,000	1145	916	\$249 plus tax
Spring 2023	\$224,848-\$404,726	\$170,000	1145	916	\$247 plus tax
Fall 2023	\$123,832-\$397,665	\$150,000	1185	948	\$209 plus tax

4. DONATED SERVICES

Directors and officers have made a significant contribution of their time to develop the organization and its programs. No amounts have been recognized in the accompanying statement of cash receipts and disbursements as no cash changed hands as a result of the donated services.

5. SUBSEQUENT EVENTS

SACRS’ management has evaluated subsequent events through December 20, 2022, the date which the financial statement was issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

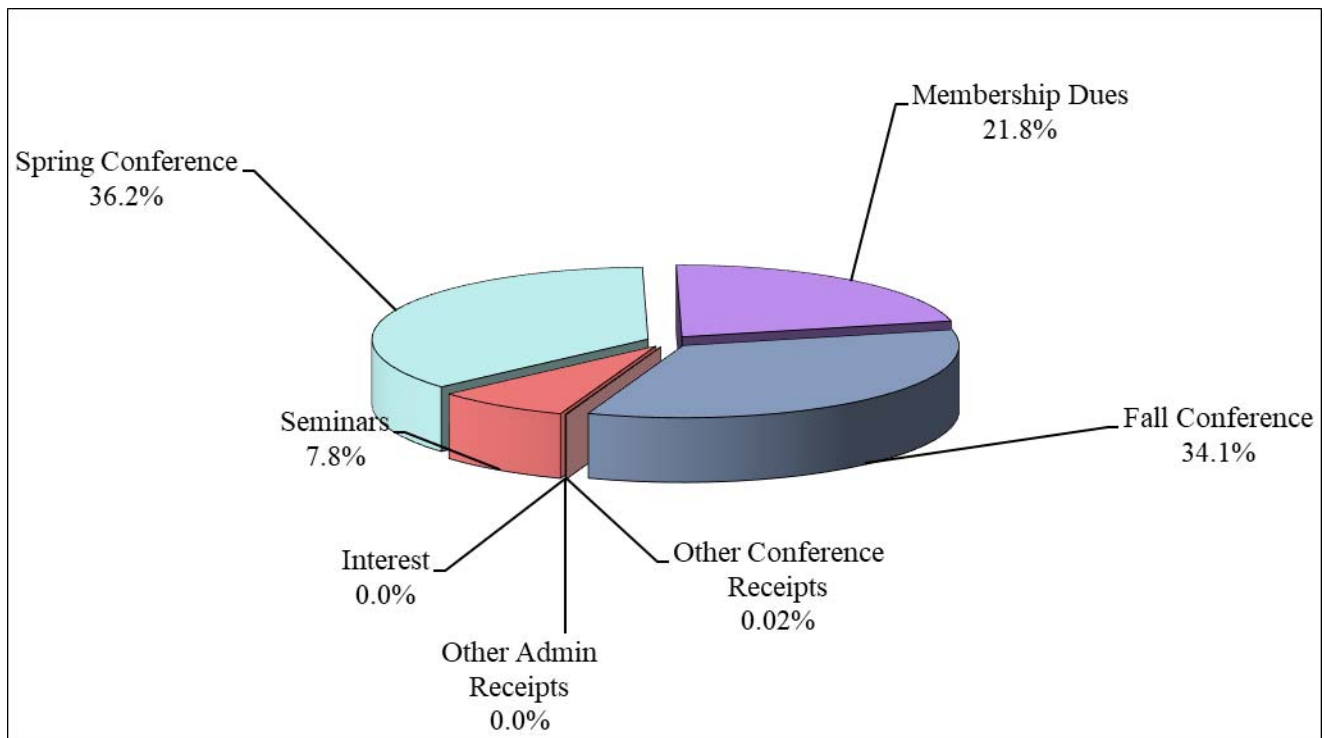
	<u>Conference</u>	<u>Administration</u>	<u>Total</u>
<u>Cash Receipts</u>			
Dues	\$ -	\$ 321,490	\$ 321,490
Conference			
Fall	503,150	-	503,150
Spring	534,549	-	534,549
Seminars	115,650		115,650
Other admin receipts	-	350	350
Other conference receipts	350	-	350
Total Cash Receipts	<u>1,153,699</u>	<u>321,840</u>	<u>1,475,539</u>
<u>Cash Disbursements</u>			
Conference			
Fall - 2021			
Hotel and meals	345,697	-	345,697
Audio and visual	86,293	-	86,293
Program materials	95,289	-	95,289
Spring - 2022			
Hotel and meals	30,956	-	30,956
Audio and visual	122,694	-	122,694
Program materials	76,921	-	76,921
Seminars	250,832	-	250,832
Conference Administration	31,462	-	31,462
Total conference disbursements	<u>1,040,144</u>	<u>-</u>	<u>1,040,144</u>
Administration	-	357,802	357,802
Lobbying	-	65,013	65,013
Newsletters	-	33,276	33,276
Committee meetings	-	58,157	58,157
Special projects	-	17,841	17,841
Interest	-	32,231	32,231
Total administration disbursements	<u>-</u>	<u>564,320</u>	<u>564,320</u>
Total Cash Disbursements	<u>1,040,144</u>	<u>564,320</u>	<u>1,604,464</u>
Excess (Deficit) of Cash Receipts over Cash Disbursements	113,555	(242,480)	(128,925)
Cash and Investments, Beginning	<u>3,006,835</u>	<u>(973,276)</u>	<u>2,033,559</u>
Cash and Investments, Ending	<u>\$ 3,120,390</u>	<u>\$ (1,215,756)</u>	<u>\$ 1,904,634</u>

E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

GRAPHICAL PRESENTATION OF CASH RECEIPTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

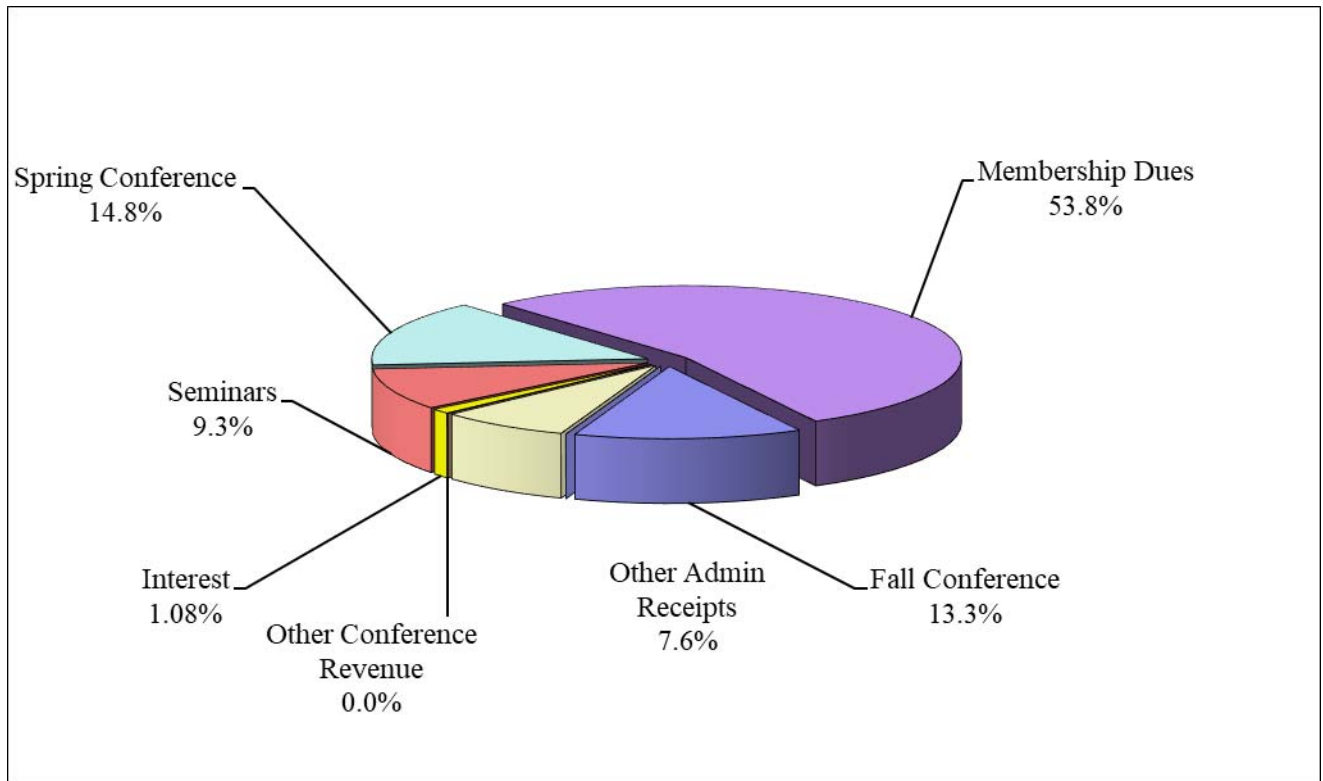
CASH RECEIPTS BY SOURCE



E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS

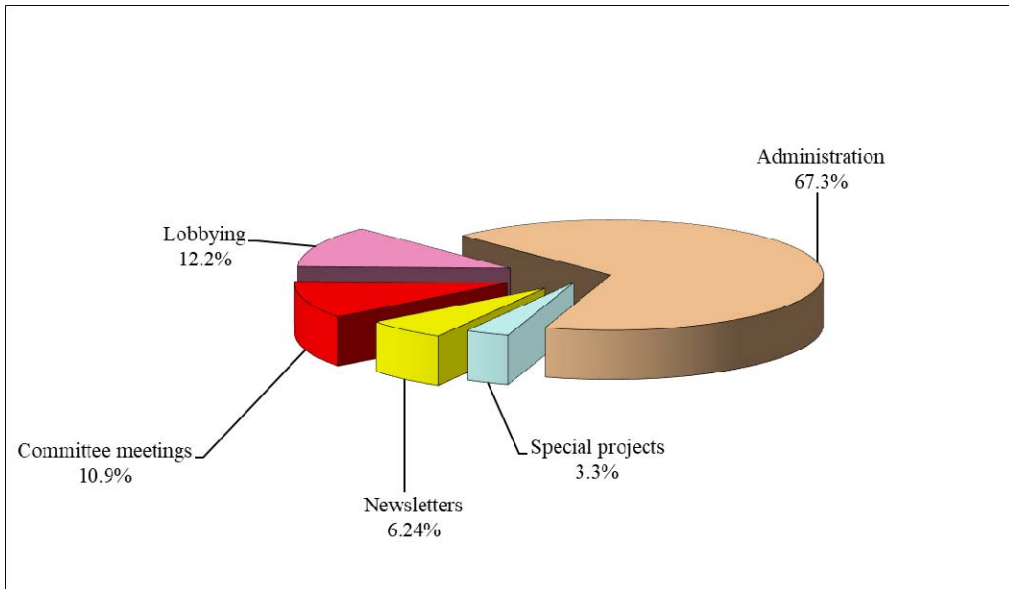
GRAPHICAL PRESENTATION OF CASH RECEIPTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH RECEIPTS BY SOURCE

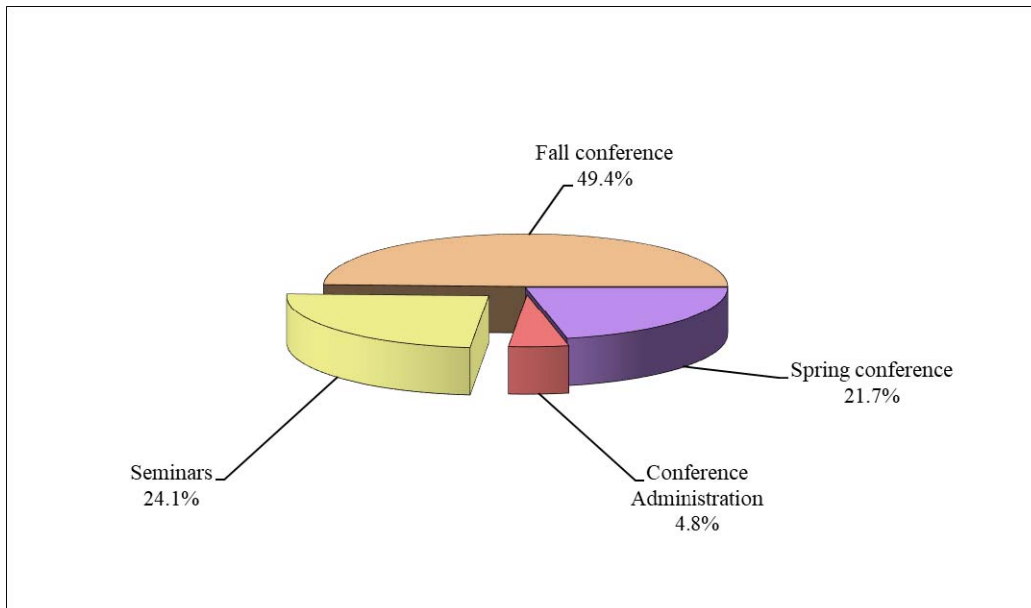


E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ADMINISTRATION CASH DISBURSEMENTS

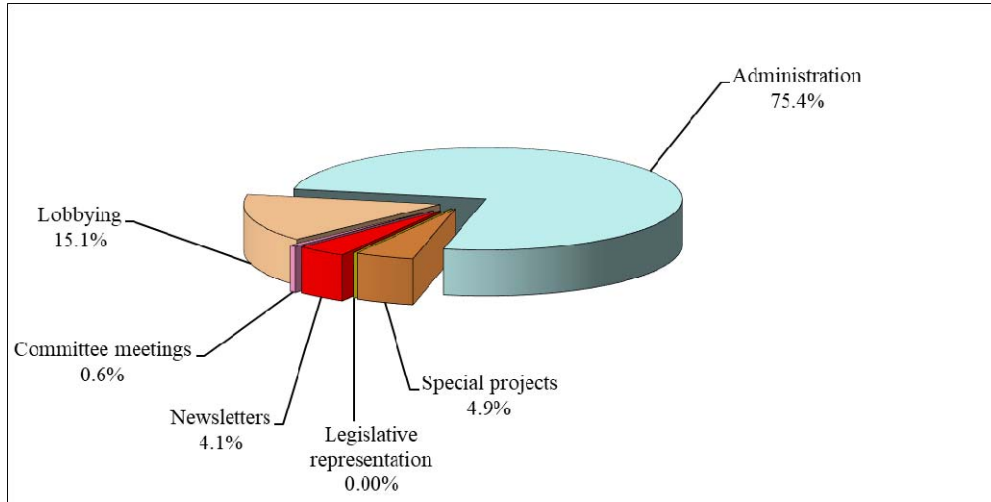


CONFERENCE CASH DISBURSEMENTS

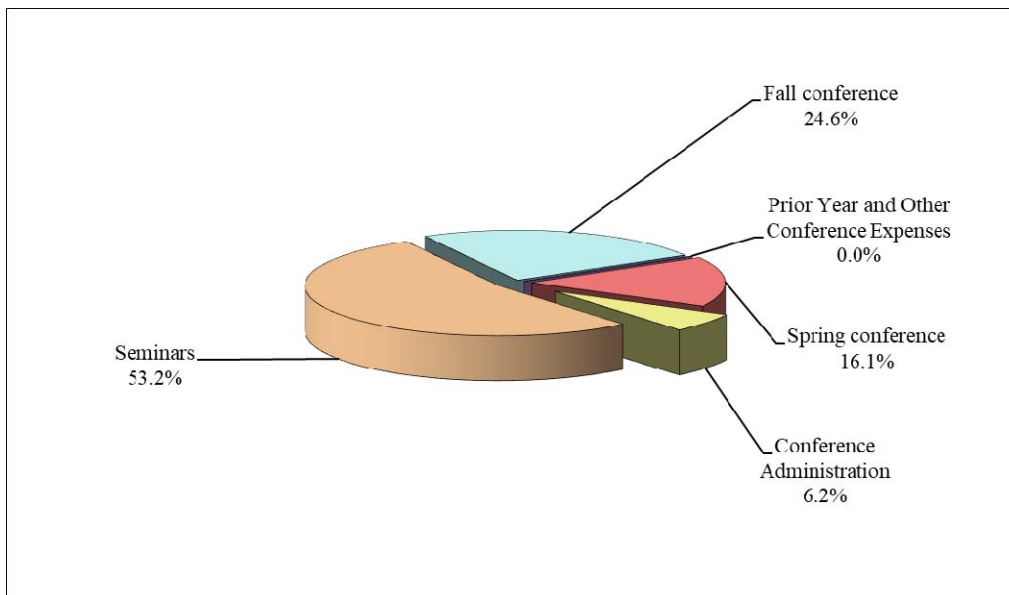


E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
GRAPHICAL PRESENTATION OF CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ADMINISTRATION CASH DISBURSEMENTS



CONFERENCE CASH DISBURSEMENTS



E.3
STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS
CONFERENCE SUMMARY REPORT

	Spring 2022	Fall 2021	Spring 2021 Held Via Virtual Conference	Fall 2020 Held Via Virtual Conference	Spring 2020 Canceled/Held Via Webinar	Fall 2019 Monterey	Spring 2019 Lake Tahoe	Fall 2018 Indian Wells
	<u>Rancho Mirage</u>	<u>Hollywood</u>						
Cash receipts								
Conference	\$ 534,549	\$ 503,150	\$ 116,115	\$ 102,380	\$ -	\$ 639,270	\$ 592,590	\$ 591,530
Total cash receipts	<u>534,549</u>	<u>503,150</u>	<u>116,115</u>	<u>102,380</u>	<u>-</u>	<u>639,270</u>	<u>592,590</u>	<u>591,530</u>
Cash disbursements								
Hotel and meals	20,225	329,775	-	-	-	267,961	195,278	312,670
Audio and visual	114,145	86,293	38,975	46,888	-	56,477	57,731	52,180
Program materials	33,115	39,374	2,500	3,049	-	20,381	42,342	32,086
Program Speakers	41,750	55,915	11,290	38,125	-	63,172	39,784	74,458
Conference Administration	21,335	15,923	3,830	2,668	-	12,131	28,354	22,738
Total cash disbursements	<u>230,571</u>	<u>527,279</u>	<u>56,595</u>	<u>90,730</u>	<u>-</u>	<u>420,122</u>	<u>363,489</u>	<u>494,132</u>
Net cash provided by conference	<u>\$ 303,978</u>	<u>\$ (24,129)</u>	<u>\$ 59,520</u>	<u>\$ 11,650</u>	<u>\$ -</u>	<u>\$ 219,148</u>	<u>\$ 229,101</u>	<u>\$ 97,398</u>
Total attendees	<u>577</u>	<u>540</u>	<u>443</u>	<u>363</u>	<u>N/A</u>	<u>647</u>	<u>590</u>	<u>588</u>



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
INDEPENDENT AUDITOR'S REPORT

Board of Directors
 State Association of County Retirement Systems
 Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of State Association of County Retirement Systems (SACRS), as of and for the years ended June 30, 2022 and 2021 the related notes to the financial statement, which collectively comprise the State Association of County Retirement Systems' basic financial statement, and have issued our report thereon dated December 20, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered SACRS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
 Certified Public Accountants
 December 20, 2022

**8. SACRS Education Committee Report – No Action**

JJ Popowich, Los Angeles CERA, SACRS Education Committee Chair

- A. SACRS Annual Spring 2023 Conference Evaluations/Feedback



No printed materials for this item

**9. SACRS Program Committee Report – No Action**

David MacDonald, Contra Costa CERA, SACRS Program Committee Chair

A. SACRS Annual Spring 2023 Conference Report



No printed materials for this item

**10. SACRS Affiliate Committee Report – No Action**

Joanne Svendsgaard, Millennium, SACRS Affiliate Committee Chair

A. Affiliate Committee report/verbal update



No printed materials for this item

**11. SACRS Bylaws Committee Report – No Action**

Barbara Hannah, San Bernardino CERA, SACRS Bylaws Committee Chair

- A. Bylaws Committee report/verbal update



No printed materials for this item

**12. SACRS Spring Conference Breakout Reports – No Action**

A representative from each breakout will give a report on their breakouts from Wednesday, May 10th.

- A. Administrator Breakout
- B. Affiliate Breakout
- C. Attorney Breakout
- D. Disability/Operations & Benefits Combo Breakout
- E. Internal Auditors Breakout
- F. Investment Officer Breakout
- G. Safety Trustee Breakout
- H. General Trustee Breakout



No printed materials for this item

**13. Adjournment**

Next scheduled SACRS Business Meeting will be held Friday, November 10, 2023, at the Omni Rancho Las Palmas Resort & Spa in Rancho Mirage, CA.

E.4 Future Meetings

This is a discussion with no backup.

**F.1
MCERA
Conference and Training Calendar
May 2023**

Cooper	Gladstern	Gullett	Jones	Klein	Martinovich	Murphy	Poole	Shaw	Silberstein	Vasquez	Werby	Wickman	Hardesty	Bakerink	Dunning	Date	Approved	Sponsor	Program	Location
																5/2-4/2023	**	DFA	Annual Institutional Symposium	Austin, TX
																5/5/2023	*	CalAPRS	Trustees' Round Table	Virtual
★				★		★					★					5/9-12/2023	*	SACRS	Spring Conference	San Diego, CA
																5/21-24/2023	*	NCPERS	Annual Conference	New Orleans, LA
																5/23-25/2023	*	Callan	Introduction to Investments	Virtual
															★	5/26/2023	*	CalAPRS	Attorneys Round Table	Virtual
																6/12-14/2023	*	CalAPRS	Management Academy 2	Pasadena, CA
																6/20/2023	*	CalAPRS	Administrative Assistants Round Table	Virtual
																6/22/2023	*	CalAPRS	Benefits Round Table	Virtual
																6/23/2023	*	CalAPRS	Administrators' Round Table	Virtual
																7/16-19/2023	*	SACRS	Public Pension Investment Management Program	UC Berkeley, Oakland, CA
																7/17-19/2023	*	CalAPRS	Management Academy 3	Pasadena, CA
																8/28-31/2023	*	CalAPRS	Principles of Pension Governance for Trustees	Malibu, CA
															★	9/8/2023	*	CalAPRS	Attorneys Round Table	Virtual
																9/11-13/2023	*	CII	Fall Conference	Long Beach, CA
																9/12/2023	*	CalAPRS	Accountants Round Table	Virtual

F.1

Cooper	Gladstern	Gullett	Jones	Klein	Martinovich	Murphy	Poole	Shaw	Silberstein	Vasquez	Werby	Wickman	Hardesty	Bakerink	Dunning	Date	Approved	Sponsor	Program	Location
																9/19/2023	*	CalAPRS	Administrative Assistants Round Table	Virtual
																9/26-28/2023	*	Callan	Introduction to Investments	Virtual
																9/27-29/2023	*	CalAPRS	Administrators' Institute	Carmel, CA
																10/6/2023	*	CalAPRS	Information Technology Round Table	Virtual
																10/13/2023	*	CalAPRS	Legal Support Round Table	TBD
																10/17/2023	*	CalAPRS	Compliance Round Table	Virtual
																10/27/2023	*	CalAPRS	Trustees Round Table	Virtual
																11/1-3/2023	*	CalAPRS	Intermediate Course in Retirement Plan Administration	Burbank, CA
																11/7-10/2023	*	SACRS	Fall Conference	Rancho Mirage, CA
																11/30/2023	*	CalAPRS	Investments Round Table	Virtual
																12/1/2023	*	CalAPRS	Benefits Round Table	Virtual
																12/6-8/2023	*	CalAPRS	Advanced Course in Retirement Plan Administration	Burbank, CA
Note that the DFA Symposium overlaps with the Board's May 3, 2023, meeting.																				

*Pre-approved events: CalAPRS; Callan; CII; Nossaman LLP; NCPERS; SACRS – ** Board-approved events – **New event or attendee**

CALLAN

Callan College
<http://www.callan.com/education/college>
 Callan investment Institute
<http://www.callan.com/education/cii/conferences.asp>

NCPERS
 SACRS
 CSDA

National Conference of Public Employee Retirement Systems
 State Association of County Retirement Systems
<http://www.sacrs.org>
 California Special Districts Association

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CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, MAY 3, 2023

APRIL 2023

RETURN OF CONTRIBUTIONS			
Alandis Hampton-Pratt	Refund of contributions (termination)	\$	47,944.89
Sovin Keans	Refund of contributions (termination)	\$	3,549.24
Abraham Negash	Refund of contributions (termination)	\$	1,226.49
Megan Wintermute	Refund of contributions (termination)	\$	13,062.77
Victoria Seils	Partial refund of contributions (correction)	\$	359.00
Zachary Yadao	Refund of contributions (termination)	\$	4,356.70

BUYBACKS			
Michael Eaton		\$	870.16
Scott Klunk		\$	5,713.52

NEW RETIREES	
Eithne Bullick	County of Marin - Community Development
Jerry Burger	County of Marin - Public Works
Brian Burkhard	County of Marin - Fire
Bridgette Choate	County of Marin - Community Development
Jolie Clark	County of Marin - Health & Human Services
Joseph F. Doherty	Novato Fire
Richard Dunckel	County of Marin - Health & Human Services
Timothy Farrell	County of Marin - Probation
Stephen Ferrario	City of San Rafael
Kenneth Forkes	Novato Fire
Martin Graff	County of Marin - Health & Human Services
James Hickey	County of Marin - Sheriff/Coroner
Nancy Hillman	County of Marin - Probation
Sheila Lichtblau	County of Marin - County Counsel
Jack Liebster	County of Marin - Community Development
Kerry Livingston	County of Marin - Library
Irene Mariani	Marin Superior Court
James Marino	County of Marin - Public Works
Lori Marziano	County of Marin - Probation
Ann O'Hagan	County of Marin - Assessor-Recorder-County Clerk
William Passmore	County of Marin - Sheriff/Coroner
Eli Peck	Novato Fire
Juanita Stender	County of Marin - Health & Human Services
Jennifer Tong	County of Marin - District Attorney
Rosalind Tuthill	County of Marin - Health & Human Services

DECEASED RETIREES	
Dolores Almanzo	County of Marin - Finance
Darryl Anderson	Southern Marin Fire
Lena DeJoy	County of Marin - Citizens Service Office
Merritt Hewitt	City of San Rafael
Janet McCombs	County of Marin - Probation
William Palmayesa	Marin Superior Court - Beneficiary
Grace Schmidt	County of Marin - Board of Supervisors
Norma Skinner	County of Marin - Beneficiary
Joshua Thomas	County of Marin - District Attorney