

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

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

**April 24, 2024 – 9:00 a.m.**

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

**ROLL CALL**

PRESENT: Cooper, Gladstern, Jones, Silberstein

ABSENT: Poole

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

No Committee members requested to teleconference.

**MINUTES**

It was M/S Silberstein/Gladstern to approve the October 25, 2023 Governance Committee Meeting Minutes as submitted. The motion passed by a vote of 4-0 as follows:

AYES: Cooper, Gladstern, Jones, Silberstein

NOES: None

ABSTAIN: None

ABSENT: Poole

**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

action may be taken by the Committee concerning a non-agenda item. Members of the Committee may (1) briefly respond to statements made or questions posed by persons addressing the Committee, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

## **B. NEW BUSINESS**

### 1. Proxy Voting

#### a. Proxy Voting Reports

Proxy voting records of public equity managers for December 31, 2023

Retirement Administrator Jeff Wickman presented proxy voting records of MCERA equity managers for the third and fourth quarters of 2023. Trustee Silberstein expressed appreciation to staff for providing the proxy reports. He observed that Fidelity Institutional Asset Management (FIAM) proxy votes reflect the changes requested by the Committee to have the information presented in alphabetical order by company with the reasons for votes against management.

#### 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

Mr. Wickman presented proxy reports on executive compensation and related statistics for the Dimensional Fund Advisors (DFA) and State Street Global Advisors (SSGA) ISS accounts for the 4<sup>th</sup> quarter of 2023 and the 1<sup>st</sup> quarter of 2024. Chair Cooper thanked staff for the comprehensive proxy reporting. Trustee Silberstein observed that an important part of corporate governance is that the majority of directors are independent of the company. He pointed out that MCERA's new policy on Say on Pay with ISS is to vote against CEO compensation packages that are more than 100 times the pay of the median worker.

Mr. Wickman highlighted the ISS summary report on Say on Pay proxy votes that shows since the new policy went into place, MCERA voted no approximately 54% of the time. Trustee Silberstein noted MCERA voted no on 76% of DFA Say on Pay matters. For State Street Say on Pay matters, MCERA voted no 78% of the time. He said examples of no votes included CEO's receiving 1,000 or 2,000 times more than the median worker.

Trustee Gladstern noted there were interesting shareholder resolutions. Trustee Silberstein added that MCERA voted no on 4 out of 9 shareholder resolutions at Microsoft because of the belief management was already addressing the issues. Trustee Silberstein pointed out there are more shareholder resolutions than in the past.

### 2. Governance Risk Report – Institutional Shareholder Services (ISS) – Jack Ferdon

Review and discuss the ISS quarterly Risk Assessment Report

Jack Ferdon, Senior Associate in Client Services with Institutional Shareholder Services, discussed the Governance Risk Report for the fourth quarter of 2023. Mr. Ferdon observed two companies on the report, Oracle and Palo Alto Networks, received a poor governance score as a result of compensation and governance issues. He said the most interesting shareholder proposal during the quarter was a request that Microsoft provide information related to the impacts of artificial intelligence. In one proxy contest MCERA voted with the dissident who did not succeed. Mr. Wickman presented a list identifying which of MCERA investment managers had holdings in the companies on the ISS Governance Risk report for Q4 2023.

Turning to the Governance Risk Report for the first quarter of 2024, Mr. Ferdon highlighted TransDigm Group as rating poorly due to governance issues. The Management Summary shows there were instances where MCERA did not vote its proxies, which was due to trade restrictions that would have been triggered so the ISS system automatically suspended the voting of those proxies. Mr. Ferdon noted that a shareholder proposal asking about the impact of artificial intelligence on Apple received 37% of votes which is a high percentage for a shareholder proposal.

3. Existing Policies – Standard Review with Proposed Updates

a. Trustee and Staff Travel Expense Policy (ACTION)

Consider possible recommendation to Board on updates to policy

Mr. Wickman presented updates to the Trustee and Staff Travel Expense Policy clarifying that all SACRS and CalAPRS educational programs are excluded from those educational programs with overnight lodging that are limited to no more than three per year. Also, the gift limit in the policy was increased to match the current state guideline of \$590.

It was M/S Jones/Silberstein to recommend that the Board approve updates to the Trustee and Staff Travel Expense Policy as submitted. The motion passed by a vote of 4-0 as follows:

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

b. Policy Regarding Adoption of Actuarial Economic Assumptions (ACTION)

Consider possible recommendation to Board on updates to policy

The update to the Policy Regarding Adoption of Actuarial Economic Assumptions changes the effective date of economic assumptions to the June 30, 2023 Actuarial Valuation to match the most recent completed actuarial valuation adopted by the Board in February 2024.

It was M/S Jones/Silberstein to recommend that the Board approve the update to the Policy Regarding Adoption of Actuarial Economic Assumptions as submitted. The motion passed by a vote of 4-0 as follows:

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

c. Conflict of Interest Code (ACTION)

Consider possible recommendation to Board on updates to code

Updates to the Conflict of Interest Code increase the gift limit from \$520 to \$590.

It was M/S Silberstein/Gladstern to recommend that the Board approve updates to the Conflict of Interest Code as submitted. The motion passed by a vote of 4-0 as follows:

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

d. Actuarial Funding Policy (ACTION)

Consider possible recommendation to Board on updates to policy

Updates to the Actuarial Funding Policy reduce amortization periods by one year and update the calendar year from 2022 to 2023.

It was M/S Jones/Gladstern to recommend that the Board approve updates to the Actuarial Funding Policy as submitted. The motion passed by a vote of 4-0 as follows:

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

e. Class Action Securities Litigation Policy (ACTION)

Consider possible recommendation to Board on updates to policy

Mr. Wickman said updates to the Class Action Securities Litigation Policy align the policy with existing practice which is to report to the Board only those securities litigations that MCERA is taking an active role in. Trustee Silberstein requested that the policy be amended to require that securities litigation settlement payments received by MCERA be reported to the Board on a quarterly basis.

It was M/S Jones/Silberstein to recommend that the Board approve updates to the Class Action Securities Litigation Policy as amended per the discussion above. The motion passed by a vote of 4-0 as follows:

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

f. Policy Regarding Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances (ACTION)

Consider possible recommendation to Board on updates to policy

Mr. Wickman explained that updates to the Policy Regarding Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances provide for revised mortality assumptions that were included in the Experience Study adopted by the Board in February 2024.

It was M/S Jones/Silberstein to recommend that the Board approve updates to the Policy Regarding Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances as submitted. The motion passed by a vote of 4-0 as follows:

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

4. Existing Policies – Standard Review without Proposed Updates

It was M/S Gladstern/Jones to recommend that the Board accept the review of the policies listed as Agenda Items B.4.a-i below. The motion passed by a vote of 4-0 as follows:

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

- a. Accessibility of Records Policy (ACTION)  
Conduct standard policy review
- b. Budget Policy and Adoption Process (ACTION)  
Conduct standard policy review
- c. Disability Retirement and Survivor Benefits Applications Policy (ACTION)  
Conduct standard policy review
- d. Election and Duties of Board of Retirement Officers Policy (ACTION)  
Conduct standard policy review
- e. Investment Code of Conduct and Insider Trading Policy (ACTION)  
Conduct standard policy review
- f. Placement Agent Payment Disclosure Resolution and Policy (ACTION)  
Conduct standard policy review
- g. Reciprocal Members' Final Compensation Determinations Policy (ACTION)  
Conduct standard policy review

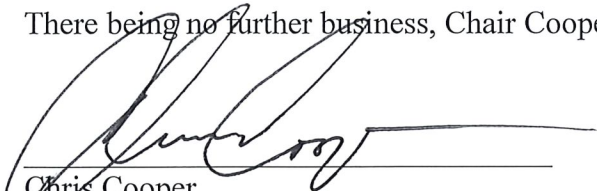
h. Retirement Administrator Annual Performance Evaluation Policy (ACTION)  
Conduct standard policy review

i. Senior Management Contingency Plan Policy (ACTION)  
Conduct standard policy review

5. Next Committee Meeting  
Consider and discuss agenda items for future meetings

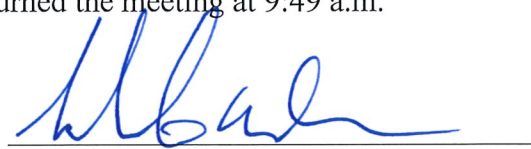
No discussion.

There being no further business, Chair Cooper adjourned the meeting at 9:49 a.m.



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Chris Cooper  
Governance Committee Chair



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Attest: Jeff Wickman  
Retirement Administrator