Re: File Number S7-22-19: SEC Review of the Proxy Process

1/22/2020

Ms. Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Secretary Countryman:

I represent the Peace Officers Research Association of California (PORAC), an organization comprised of over 930 associations throughout the state of California with over 75,000 public safety members. We are the largest statewide organization in the nation. I've seen firsthand how blatant political gamesmanship can lower investments returns which in turn increase costs to county and municipal governments along with employees. In addition, it also reduces the livelihood of employees and governments ability to adequately serve their citizens due to the additional stress on their respective budgets.

That is why I'm writing to the SEC—to urge the oversight and possible reformation of proxy advisory firms. These firms have historically had conflicts of interests wherein views of political activists on issues have affected the financial recommendations provided to shareholders like the California Public Employees' Retirement System.

Since these firms also offer consulting services to companies, they can be inherently biased toward recommending policies in the best interest of consulting clients, not the stakeholders. And that's only the beginning, as proxy advisors are under no current obligation to provide accurate information or past reporting history. Some have even gone as far as to demand a fee to correct inaccurate reports. They also use automatic voting, specialty reports, and resubmitted shareholder proposals, all of which undermine their fiduciary obligations.

For years now, police departments growth and hiring opportunities have been curtailed by the California Public Employees' Retirement System investment stagnation. The system now has only 70% of what it would need to fund the pensions for current and future retirees. With this stagnation and its inability to surpass their investment rate of return, it continues to increase the burden on their members. A 2017 report from Wilshire Associates estimates that CalPERS lost $7.9 billion in potential earnings because of its divestment choices.

Former CalPERS Chief Operating Investment Officer Wylie Tollette said, "To use the CalPERS portfolio as the political football can be damaging to the interests of the state and the taxpayers, because ultimately the taxpayer ends up footing the bill for the benefits." As defined contribution plans (401k's) have shown are complete and utter failure for retirement security in the United States, it is imperative that all pensions systems strive to reach 100% funding status.

Thank you for taking action to reform this problematic industry.

Very Truly Yours,
BOARD OF DIRECTORS
Peace Officers Research Association of California

Brian R. Marvel
President

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