

OPTIMIZER

PROVIDING STRATEGIC AND PRACTICAL ADVICE - AND MONEY-SAVING TIPS...SINCE 1994

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NOW IN OUR 28th YEAR!

FIRST QUARTER 2020

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Don't Let Covid-19 Crash - Or Trash - Your Annual Meeting: Our Updated And Expanded Advice

Let's put it bluntly: Your company - and you - simply can not afford to let anyone who might potentially be carrying the coronavirus "crash" into your meeting-space this season.

So step one has to be to immediately - and drastically - limit the number of "physical attendees" you will allow: We say to no more than three; the Chairman, the Corporate Secretary or Governance Officer and a skilled "technician" to smoothly stream the audio to the Web. Each one can easily maintain safe and appropriate "distance" from one another - and actually, the Secretary of the Meeting can attend via phone, so you're down to two.

Step-two, of course - and lots of readers still have time to do this - is to draft your Notice of Meeting to make it crystal clear that your "Please Stay Home" message - and your rule to strictly limit attendance to, say, three people - will allow for no-exceptions. (By your meeting date, please note, the vast number of U.S. towns will likely be forbidding unessential travel, and limiting the number of people who can legally "gather" to five people or fewer anyway.)

The good news; these are not draconian steps at all: Your Senior Officers, Directors, outside Auditors, Inspectors of Election - and, so far at least, any shareholder proponents you may have - have been perfectly happy to attend and speak their parts via a conference call. And all of them are, or ought to be, fully able to perform their prescribed duties with a reasonable degree of perfection. (Do read further down for some important tips to be sure this happens.)

Even better news; while converting to a "Virtual-Only Meeting" is very much the gold standard - one that allows all shareholders to "attend" and to ask a reasonable number of reasonable questions - and to VOTE in real-time, over the Internet - **it is perfectly OK, under the current circumstances, to remind people of the importance**

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of voting - but not necessarily to enable online voting in order to host a “Virtual Meeting,” given the time constraints, and the likely shortage of capacity on the part of key service suppliers as demand continues to grow.

Let's turn now to the very important subject of not allowing Covid-19 to TRASH your annual meeting - by minimizing the importance of the event, whether by accident or by design - or by “cheapening” the experience - by severely shortening and rushing the agenda, for example - or by having it marred by technical glitches or outright snafus due to a hasty, slapdash planning and delivery process on your part, or that of your key service suppliers.

HERE ARE SOME PRACTICAL TIPS - AND BEST PRACTICES TO OBSERVE THIS YEAR - STARTING FROM THE TOP-OF-THE-HOUSE ON DOWN:

- All the most senior officers (“The C-Suite”) and ALL DIRECTORS should be required to attend the Virtual Meeting via a conference call...unless there are truly exceptional circumstances that would prevent one or more of them from dialing in.
- Each Director and C-Suite Officer should be introduced, and should acknowledge their attendance by saying “Good morning” or “Pleased to be here.”
- Ideally, a nice color-photo of each person should appear on the screen as they are introduced. Another Best Practice: post photos, bios and a brief statement from each director on your meeting website - BEFORE the meeting officially begins, and certainly as one of several useful links that can be provided for folks who may view the meeting later on.
- All virtual attendees need to be carefully prepped on how and when to mute and unmute their phones - and to work from a quiet space - and, above all, to keep their phones on mute, except when it is their turn to speak. (Read the horror story that popped Out Of Our In-Box, elsewhere in this issue.)
- Your outside auditors will be thrilled, we are sure, to participate solely by phone. (We did a quick poll of five of our Inspectors of Election, who’d covered over 200 meetings in total over the past five years, and not one of them could recall a single question directed to the outside auditors during this time! Not to say it doesn’t happen, of course, but who could really object to a telephonic response? And what a time and money saver!)
- You should take special care with a Virtual Only Meeting - where nothing is visible to the naked eye - to appoint Inspectors of Election who are truly Independent - not insiders, retirees or reps from your proxy solicitors - and people who have written procedures to “inspect” - and to do additional due diligence if any results are “close” - and who can stand up for themselves and their reported results if challenged.
- So far this season, shareholder proponents have been happy to present their proposals remotely - and, while it is nice to give them a choice of sending a pre-recorded presentation or maybe even a video clip if your streaming technology permits - proponents have been perfectly fine to date to simply call-in at the appointed time.

SOME ADVICE ON CREATING A USEFUL - AND A REWARDING EXPERIENCE FOR ATTENDEES:

Over the past 10 or 12 years, when so-called Virtual Meetings first came into use, we've been saying the same thing: "Listening to - and watching the average virtual meeting is like watching paint dry."

The vast majority of Virtual-Only Meetings that have been held to date have been held by smaller and often newer companies, where there were no controversial issues on the ballot, or in the press. So the paint often dries in ten minutes or less - and, most often, there are no online votes - and no questions at all.

But if your company has a large retail-investor population, a history of in-person attendance at your meetings - or if there have been "performance issues" - or if you have been much in the press - or if the Covid-19 epidemic is likely to have a major impact on your company going forward - you will be very wise to work a bit harder on your meeting preparation and delivery.

Please, we urge you, try your best this year to show respect for your shareholders - and to do your very best to create a useful - and interesting - and rewarding event.

Here are a few practical tips:

- Invite your shareholders to tune into the meeting 15 minutes or so in advance, where they can view the Agenda, Rules of Conduct - maybe a "Meet the Board Presentation" - and where they can click to type in a question in advance if they would like to. (*More about this later.*)
- A spoken "welcome to the shareholder meeting" with an overview of the site, and the proceedings to come would be a very nice touch...and certainly it doesn't take rocket science to do.
- Consider playing some soft but upbeat music in the background, so we won't wander away or fall asleep... Pick up the pace and the volume (but slightly please) as you get closer to the meeting time. Try to make us THINK that something interesting will be coming...and then deliver on it!
- Consider having the Chairman open the meeting - then to introduce a brief but upbeat and informative audio-video clip. (*See our updated advice on Meeting Etiquette, in this issue.*)
- Consider having one or two other short video clips, featuring other speakers - to add variety - and items of interest - to the meeting.
- PLEASE don't rely solely on PowerPoint slides as the only visual elements to your Meeting. In many cases they actually take away for the impact of your Chairman's message - and your corporate message as a whole.

OUR ADVICE ON TAKING SHAREHOLDER QUESTIONS DURING THE MEETING

- Companies that will have a Virtual-Only Meeting MUST be able to take questions from meeting attendees.
- It is equally important, we say, to allow for a reasonably robust Q&A period at ALL Virtual Meetings, just as one must do at in-person meetings.
- This, understandably, gives a lot of issuers and Meeting Chairmen "the jitters" - since it is hard to run a meeting and monitor questions that are being hand-typed in real time by shareholders and displayed on the Chairman's computer screen. So here's our advice on what to do:

- The formal question-period should begin AFTER the official business of the meeting is concluded and the preliminary results have been announced.
- Collecting questions in advance of the meeting - whether on the pre-meeting screen or even better, over the Investor Web-page for a week or two before the meeting as well - is a very good way to get a feel for likely investor questions - and to get a good jump on them.
- We think it is a best practice to allow guests to listen in, but questions asked during the meeting should properly come from shareholders only. (If your service provider's technology does not allow you to positively identify shareholders, just ask questioners to identify themselves and rely on the honor system this year, we'd say)
- The best providers of VSM services offer guidance, coaching sessions and rehearsals on how a designated Meeting Manager can and should review and tee-up questions for the Chairman to answer.
- What is the Best Practice for taking shareholder questions at a VSM? The **Broadridge White Paper on Best Practices for VSMs** - that was written with a great deal of input from institutional investors, who are very concerned about procedures here - suggests that questions be collected in advance, and during the webcast, where attendees can type in their questions in real-time - AND via a toll-free number that will place callers in a queue that will allow questions to be answered on a first-come-first-served basis.
- The white paper recommends that the Chair alternate between questions submitted in advance, questions 'from the floor' of an in-person or Hybrid Meeting, those that have been typed in - and those in a phone-queue. (This year, however, many companies that are concerned with implementing so many technical bells and whistles under tight time-deadlines are allowing typed-in questions only.)
- Special care should be taken to anticipate - and certainly to seed-in, and be sure to answer some "hard questions." Many virtual meeting attendees are somewhat "suspicious" about virtual meetings - and many are on "high alert" for instances where management - which does indeed have chances to cherry-pick questions - may intentionally "deep-six" the tough ones.
- There is a self-regulating force at work here that issuers need to be aware of and that should keep most companies on a good path: The fact that shareholders who ask (and sometimes "plant") some tough, but proper questions - can - and will - and very noisily - go public with their complaints if they feel that shareholder questions were improperly cut short - or worse, censored out.
- What is a "reasonable time period to allow for questions at VSMs? We think that 1/2 hour is a "reasonable" amount of time to allocate - and in the vast majority of cases this will be more than enough time...
- Please note, however, that even though your Rules of Conduct may prescribe a fixed period of time, there is no good reason to rigidly enforce a "hard-stop" on a Webcast. So here's a word to the wise: If your company has had "issues" of any kind, you might be well advised to plan for a somewhat longer Q&A period, rather than to have any of your investors allege that you purposefully shortened the discussion period to "duck" important issues.
- An important Best Practice, we think: Make sure to mention that ALL questions received - AND the answers - will be posted on the Investor Page as soon as possible. It is OK - and actually a best practice - to indicate that there were multiple questions on a subject, and to combine related topics into a single answer.

An Important Update On Shareholder Meeting Readiness From Key Suppliers: Good News...the Best Providers Are Ready, Willing And Able To Face The Many Challenges Posed By Covid-19 Throughout The 2020 Meeting Season

If your company achieved a quorum last year - and was able to pass all or most of the items on the agenda, as most companies were - the OPTIMIZER feel certain that you will be able to do the same this season - with the right game plan, and with the right service providers, of course.

BROADRIDGE, the largest provider of Shareholder-Meeting Services - and Virtual Meeting Services too - by far - jumped out of the gate on March 26th with a conference call, open to all public companies, and with all their senior management team on the line - to cover their current state of readiness across the board. Good news indeed!

Bob Schifellite, President of the Investor Services Division, began by expressing their “Confidence in our ability to serve you” throughout the crisis and noting, very importantly, that Broadridge has been deemed an “Essential, Critical Infrastructure business” with “Essential Critical Infrastructure Employees,” by the U.S. government and in Ontario, Canada.

Especially important for issuers to note, 95% of all votes recorded by Broadridge through August 2019 were processed electronically - via instructions initiated by voters themselves - using voting platforms designed for institutional investors and custodians - as well as platforms for ordinary individual investors voting by internet, telephone or mobile devices.

Currently, Broadridge has operational facilities in seven separate locations; two in the greater NY area, one in Kansas City and in Texas, California, Connecticut - and one in Canada. Very important to note, only 5% of all items “delivered” to voters are “full packages” these days - with the vast majority of the deliveries - and the votes represented - being delivered electronically.

As to the relatively few number of votes returned via the mail these days - typically less than 5% of all votes cast - Broadridge has the ability to prioritize each incoming item by scanning the meeting date - and the shares - from multiple locations.

In addition, all of the client-services staff are currently working from home - with no changes at all that are apparent to us, we’d note, except for a heightened sense of urgency all around.

Broadridge is expecting the number of Virtual Meetings to grow from about 350 in 2019 to at least 1300 by season-end 2020. Currently, many of the busiest days in May - most of them Tuesdays, Wednesdays and Thursdays - are becoming fully booked-up. But many clients have been open to changing their meeting times - and days - to less busy ones in order to have Virtual-Only meetings.

COMPUTERSHARE, the country’s largest transfer agent, and keeper of registered shareholder records by a large margin, weighed in on March 27th with a conference call of its own, offering similar reassurances:

“We are operating well,” Jennifer Warren, the CEO of Computershare’s North American Issuer Services business told listeners. Prior opposition to Virtual Meetings has “eased” in light of the coronavirus pandemic, institutional investors are being much more “lenient” about meeting details, and ideas about “Best Practices” are “loosening” - at least for this season.

We very much liked their tips: to “Mitigate technological risk” - to “Brand it up” - “Design for impact” and to “Control the Q&A” (though please see the *OPTIMIZER*’s own tips, and be careful not to “over-control” the Q&A) and to “Manage the After-Meeting activities.”

Computershare is geared to support audio-only meetings this season - with slides - but that should not really prevent companies from using additional service providers for video clips, or to facilitate phoned-in questions if a client company wants to have them. CPU offers strong meeting-management support for its own offerings, including a Meeting Manager Walk-Through, a rehearsal/practice session and full staff support on the meeting day...and said that currently, they can set up a Virtual Meeting in one to two days.

Learn From The Best: Check Out The Starbucks Webcast For A VSM How-To “Playbook”

With an impressive “all hands on deck” effort, Starbucks Corporation held its first-ever virtual only shareholder meeting on March 20th, mobilizing quickly to address the looming impact of COVID-19 on its 2020 annual meeting...a “big event”, where over 4,000 partners (employees) and shareholders were expected to attend in person again this year, and where Starbucks provides food, musical entertainment, goodie bags and more as part of their typical meeting experience.

Starbucks began thoroughly researching options in late February as cases grew in the Seattle area, starting with reviews of Washington state law, their own company bylaws, and consultations with peer companies including Microsoft which had recently conducted a virtual meeting. They also worked with outside counsel and Broadridge to draft an appropriate notice where they clearly stated that they were moving to a virtual format due to the Coronavirus.

Communication to shareholders was concise, making sure to check all of the regulatory boxes, and was sent to all shareholders via email and written notice:

“To the Shareholders of STARBUCKS CORPORATION:

Due to the emerging public health impact of the coronavirus outbreak (COVID-19) and to support the health and well-being of our partners and shareholders, NOTICE IS HEREBY GIVEN that the location of the Annual Meeting of Shareholders of Starbucks Corporation (the “Company”) has been changed. As previously announced, the Annual Meeting will be held on Wednesday, March 18, 2020 at 10:00 A.M., Pacific Time. In light of public health concerns regarding the coronavirus outbreak, the Annual Meeting will be held in a virtual meeting format only. You will not be able to attend the Annual Meeting physically.”

The 54 minute virtual annual meeting webcast on March 20th was mighty impressive, and served as part “marketing event” and part formal business meeting, in a format that sets the standard in our view, of how to run a successful virtual only annual meeting. Starbucks typically webcasts their annual meeting so there was some experience here. Shareholders on the VSM participated by entering in their control number on the webcast link which allowed them to vote and ask questions, and guests could watch the webcast but could not ask questions.

The webcast began with a fast-paced “highlight reel” of media clips featuring customers, partners and financial analysts, showcasing Starbucks’ accomplishments in 2019. The meeting transitioned nicely to a thoughtful (pre-recorded) welcome message from President and CEO Kevin Johnson who acknowledged the Board of Directors, all of whom joined the meeting remotely.

At the twenty-one minute mark there was a “virtual hand-off” from Mr. Johnson to the General Counsel and Corporate Secretary Rachel Gonzalez to conduct the official business of the meeting (also pre-recorded). The meeting script covered all of the required bases and Ms. Gonzalez referenced the list of registered shareholders that was made available to registered shareholders via the “Shareholder List” link on the webcast page.

The meeting was promptly called to order with a quorum present, the Inspector of Election was introduced, and the proposals under consideration were announced (4 total) including a shareholder proposal that was presented by the shareholder proponent who dialed in on a call that was managed by Broadridge, which ran the virtual meeting platform. The Board of Directors was introduced as part of the “election of directors” proposal, with a photo of each Director shown on the webcast...a very nice personal touch we thought. The polls were closed for voting, the preliminary results were announced by the Secretary, and the official portion of the meeting was adjourned...all in rapid succession, and exactly the way an annual meeting should run.

After a brief pause, Starbucks then conducted a live Q&A through the Broadridge platform with a panel of company execs on the webcast to answer shareholder questions...another nice touch, and another “best practice” for holding a successful virtual only meeting.

[CLICK HERE](#) to see the entire Starbucks Virtual Meeting and learn from their how-to playbook.

Postpone Your Meeting? Only In The Direst Circumstances, We Advise

In mid-March, the fifth largest U.S. Transfer Agent advised all its customers to postpone their annual meetings until July 15, 2020 or later, if possible - implying that SEC guidance on how to do so was somehow a 'best practice' that public companies should follow.

We see no reason whatsoever for a company to postpone its annual meeting - unless the company itself becomes overwhelmed during the crisis. And, in addition to noting potential costs for setting new record dates, and re-mailing materials, and potential hostile attempts by dissident groups to seize control of unwary companies, we would note especially that it is a very simple matter to transmit the necessary shareholder records to service providers who are ready, willing and able - and will be only too eager to mail the necessary materials and tabulate the votes, as we go to press.

As described earlier in this issue, the first-tier service providers are forging ahead confidently - and strongly - to provide annual meeting services very much as usual - thanks to their extensive contingency planning, de-centralized workplaces and to the high degree of automation that permits the vast majority of their employees to work from home.

We would also urge any readers contemplating a postponement to review the excellent March 18 article from **Cleary Gottlieb, "Coronavirus & Postponing/Adjourning Annual Meetings"** - and we would note, that while the article minimizes the likelihood of repercussions from postponements under the present circumstances, their guidance refers specifically to non-hostile situations...the absence of which is not always a safe assumption for a company to make. In our Inspector of Election business, we have seen about a dozen instances in the past 10 years where court-ordered meetings were used by dissidents against unwary companies...to seize control entirely.

Readers: Be Prepared For A Shortage Of Notaries!

A seemingly small point, but readers will indeed be wise to get their critical meeting documents (mainly the Oath of the Inspector) notarized well in advance this year.

Few if any hotel-notaries to count on this year...and fewer of your own staffers in the office, much less "at the meeting" these days. And, we predict, at most meetings this year, the Inspector(s) of Election will be attending "virtually."

As early as February, many banks - which were our own usual go-to places for notaries - began to reduce the number of branches in operation, shorten their hours - and many are requiring that you call for an appointment to get any documents notarized - and to wait your turn outside. (Ouch! Prepare for interminable times "on hold" and on line.)

So be sure to check with your IOE - to assure that their notarized Oath will be on file in advance...We also know of a few companies that like to have the Final Report notarized, but we say, no need - as long as the Final Report is signed by the person who took the notarized Oath, and the signatures match.

If you are really in a pinch, we say it's OK to have the Oath "Witnessed" - as one would with a will: Signed by disinterested parties who will sign that they viewed the signers' photo ID and signature and watched them sign, then printed their names and addresses...But always best to go the standard route.

Directors Face Big Challenges Re: “Virtual Meetings”

One thing seems sure to us this season as we wrestle with shareholder meetings in the face of Covid-19: Shareholder meetings will never be the same again.

Many companies - mostly smaller ones, with blessedly few “issues” - and few or no shareholder proposals - will likely stick to Virtual-Only Meetings going forward. They are amazingly cost-and-time-effective. And, where most folks are concerned, there will be no harm; no foul whatsoever in continuing with them.

Larger and more prominent companies - and especially those with strong institutional investor ownership - and with strong consumer ownership and interest as well - will have to make a carefully considered decision next year, as to whether or not to revert to in-person meetings, which many activist investors are already insisting they commit to doing.

In the Broadridge white paper on Best Practices for Virtual Meetings, institutional investors made it clear that they expect Directors to be directly involved with these decisions - and to make them only after a careful consideration of the overall conditions at the company itself, the overall industry environment - and the nature of any shareholder proposals that may be on the ballot.

Many large companies - and especially those in consumer industries - will certainly WANT to go back to their traditional mode of encouraging investor involvement and attendance.

But the biggest challenge that corporate directors face, we think, is how to make “Virtual Participation” in meetings of every sort more rewarding - and more useful - and how to overcome the many shortcomings that merely “dialing in” and “listening in” pose in the minds of those who seriously strive for good corporate governance.

Your editors have served on a total of seven boards - at two for-profits and five non-profits. And we have each seen a few cases where - at some of the Board Meetings at least - “dialing in” worked “OK.” These were mostly very “routine meetings” - where the participants all knew one another well, and met frequently in-person at other, more substantive meetings.

But when there are very substantive issues on the agenda, there is simply no substitute for in-person attendance. In our experience, the inability to see the people speaking, and to see their *body language*, and often to hear them *clearly*, and to catch the *tone of voice accurately* - can lead to serious misunderstandings. Half or more of the dialogue can get lost when people ‘talk over’ one another. An intended joke or an ironic statement can sound like a negative or even a belittling comment. The bigger the board is, and the bigger the issues under discussion are, the bigger the problems are with “virtual attendance.”

This year’s meeting season will give corporate managers - and directors - fresh new experiences with technologies that have the potential to save huge amounts of travel time and money - while contributing to the ability of corporate boards to effectively engage with each other - and with investors....**IF** the technology is indeed up to the tasks at hand. We believe that many U.S. companies are already using excellent, and robust technologies for their earnings calls, which could, in theory, be adopted for Board and Annual Shareholder Meetings with relative ease.

Readers: We would like to hear from you on this subject - especially if you have experiences with technological platforms that are particularly good - or not so good.

Some Timely Reminders On Meeting Etiquette - At In-person And Virtual Meetings

Way back in 2013 we published ["A Little Primer on Annual Meeting Etiquette: Our Top Ten Tips on Meeting Manners, Plus One to Think On"](#) - noting that "We've never done so from the perspective of meeting-attendees...And, after all, that's what etiquette is all about, no? Being conscious of what our guests like to have...and delivering it."

This year, with so many companies adopting Virtual Meetings, it occurred to us that this subject is, perhaps, more important than ever to think about - especially in the absence of the usual "meeting amenities" and person-to-person interactions that so many shareholders have come to expect.

So here are our revised top-tips - with the added "Virtual Meeting Notes" in red....

1. Always remember that meeting attendees are not only your guests, they are indeed "owners of the business" – and expect to be treated accordingly. When they are, they will be happy, and polite, and will think well of you and your company. When they are not – or if they witness, **or hear** what seems to them as a major breach of etiquette, **or disregard for their status as owners**, – they will be - and have a right to be - rather miffed, to say the least.
2. Accordingly, be sure to set a welcoming tone - from the very first encounter your guest will have with you and your staff until the very end: A neat and attractive venue helps hugely. This - along with welcoming signage, **a "welcoming message" at Virtual Meetings** and a truly welcoming staff - are essentials for setting the right tone...from your guests' perspective.
3. Here's another important thing to remember: A lot of us shareholders are kind of old...So we appreciate things like big and prominent signage, good lighting, comfortable seating, handicap entrances and facilities, A-V programs **and slides** that we can **clearly** see and hear...and again, welcoming and helpful staff. (We'd also promised several friends from internet chat rooms that we'd mention the need to think harder about "special accommodations" for people with visual and hearing impairments, and mobility issues - which many leading companies are indeed thinking about, and acting on these days.)
4. Having light refreshments is a must **for in-person meetings** in our book...something that more and more companies seem to overlook, or try to get away without these days...as a way of hustling us out as fast as possible...And don't think we're fooled here either! We don't need anything real fancy. In fact, too-lavish a spread often sends warning signals to share owners. But having tea, coffee, juice, soft drinks and something light to eat is one of the top 'welcoming signals' a host can send. (The best refreshment idea we've ever seen in our 40+ years of meeting-going was at the old BellSouth, where they served Girl Scout cookies. What could possibly be nicer...or more "proper" in every way at a shareholder meeting? And mighty reasonable too, cost-wise.) **This year, of course, if you DO have an in-person element to your meeting, be sure that everything on offer is pre-packaged and "available for pick-up" by attendees themselves.**
5. We've long reminded readers about the many benefits of having officers and directors and business managers and official "hosts" available (with their names and roles or titles on readily-readable and distinctive badges) during at least part of the coffee-hour: Not only does this set a very open and welcoming tone – it often enables potentially hot issues to be addressed and defused ahead of time, and can provide answers to questions that would otherwise prolong the official meeting unnecessarily. **See our tips elsewhere in this issue for having a "Meet the Board" segment - available before the Virtual Meeting begins, and afterward as well.**
6. As with any other social occasion, attendees like to know the "rules of the road" – and what to expect. So we like to see a written agenda – and written rules of conduct too – and, of course, we expect that all attendees including the hosts – will faithfully abide by them. Our favored procedure is to have the Agenda and Rules personally handed to guests when they arrive, with a friendly suggestion that they review them before the meeting starts: Good etiquette, we say, as opposed to plopping them on the seats...Plus it increases the likelihood that people will read them...Plus, it's one of the best meeting-security measures around, as long as you are ready to enforce the rules after "fair warning" to rule breakers: What could possibly be a worse

breach of etiquette, we'd ask, than letting some loudmouth - or worse yet an unruly mob - take control of the meeting? For Virtual Meetings, our advice is to post all of these materials on the Meeting Website - and make them available for review 15 minutes before the meeting starts...and afterwards, on the company Investor Page as well.

7. Apropos, and perhaps the most important rule of meeting etiquette – and our top safety tip too – is our longstanding dictate that the chairman must always be in charge: All questioners must wait to be recognized by the chair, and to properly identify themselves as being shareholders or proxy-holders with a right to speak. All questions must be directed to and disposed of by the meeting chair, who is solely responsible for deciding whether a question is “in order” at that point, and who should answer it...and when. Please see our tips elsewhere in this issue on Best Practices to handle incoming questions in a well-organized and scrupulously fair manner.
8. One of our pet peeves at annual meetings –and something that comes across as incredibly rude and disrespectful to attentive and well-mannered shareholder attendees – and maybe to officers and directors too – is when slam- bam introductions of officers and directors are made - and where, typically, the introductions are ungraciously acknowledged to boot: At in-person meetings - and at meetings that will be streamed live and that can also be re-played on the Company Website, Directors should be expected to stand up straight and face the audience when they are introduced...And to smile, and acknowledge the audience by holding up a hand, or with a little wave, so we can see them – and to remain standing until all directors are introduced and applauded. Same for officers that rate an intro. What bad form to see directors barely rise from their chair, then hunch down and turn quickly around - which happens at the majority of meeting we attend, sad to say. And what a bad message it sends - as if they're embarrassed to be there, or have something to fear if they stand up, and out from the crowd. At Virtual Meetings, all Directors should also be expected to attend, via a telephone hookup - and should say “Good morning” or “Happy to be here” - both as a courtesy and to document their attendance. Directors need to be carefully instructed to place their phones on mute as soon as they have finished speaking to avoid background noise and, heaven forbid, other noises that are not suitable for the audience as a whole to hear. A quick P.S. as to whether directors should face the audience, rather than the chair: The best answer ever came from former Verizon Chairman Ivan Seidenberg, who told a questioner, “The Directors are doing their most important job: Watching ME... to make sure I don't flub anything.” Case closed.
9. Another item that companies increasingly overlook these days in order to show us the door asap; your editors strongly believe that proper etiquette at a shareholder meeting requires a brief overview of the prior year, and a brief review of the important issues ahead...and the expected outcomes; (a) since it IS a “meeting of shareholders” and (b) to properly set the stage for the items to be voted upon. The current Covid-19 pandemic makes it more important than ever, we think, to give Meeting attendees an overview of the likely impact on company operations going forward. The new “slam-bam approach” - which many Virtual Meeting planners are often tempted to adopt - to race like sixty, to finish the meeting as soon as humanly possible - is literally the height of rudeness to attendees in our etiquette book. We also think that “proper meeting etiquette” requires that the official “business of the meeting” be disposed of FIRST – with a general Q&A period to follow the closing of the polls and the official “adjournment” of the annual meeting until next year.
10. A very important set of issues in our etiquette book is that the hosts should be highly respectful of our time: Never, ever use Robert's Rules of Order at a shareholder meeting: It is decidedly NOT a parliamentary proceeding and, as mentioned, the chairman must always be fully in charge. No “movings and secondings” please. Everything is already in the written materials - and most of the votes are already in. Make sure your rules of conduct are fair – and reasonable ones to all reasonable attendees. Shareholders hate it when speakers hog the floor, and try to opine on every single thing. Having reasonable time limits for each section of the meeting, and for each speaker, are simply “good form” - and properly respectful of our valuable time. At Virtual Meetings, it's worth noting again that Chairmen must pay special attention to allowing attendees to ask questions and must appear to be - and actually be - scrupulously fair in taking questions that are indeed “prescreened by management.” See our practical tips - and warnings about potential backlash - in this issue's article about VSMs.

Something to think on: What about a parting gift?

In the old days, a gift (or gifts in the case of many consumer products companies) was de rigueur at shareholder meetings. Then, a few boorishly grabby shareholders – coupled with the new-era desire to make the meetings as quick and as boring as possible so we wouldn't come at all – and then to shoo us out as soon as possible if we DID show up – caused the traditional “goodie bags” to go out of favor.

What does our own etiquette book have to say about this? First, no one should feel obligated to give a guest a parting gift – and none should be expected. But, on the other hand, shareholders ARE our owners – so a sample of our company's wares is not only an especially gracious touch - it's educational - and maybe even “promotional”. And face it, everyone loves a freebie.

But the best reason for considering a parting gift is that the chair literally holds the meeting in his or her hands if there's a goodie-bag in the offering: We guarantee that everyone will bolt for the door the second the farewell goodie is mentioned and the gift-desk officially opens up.

This year, we'd strongly urge companies to consider a “parting gift” - in the form of a \$1 donation to charity for each and every individual account that votes its proxy in time for the meeting, as Bank of America and IBM have been doing. BofA has seen the number of votes cast by individual investors rise by 50% over three years as a result, which added roughly 5% to its quorum - of mostly favorable-to-management votes....

We'd also suggest that companies consider sending a simple thank-you note - or email - to retail owners who cast their votes....far easier - and much cheaper than paying proxy solicitors to chase down votes in a pinch!

Elsewhere On The Supplier Scene: Computershare Makes A Mega-money Acquisition:

Computershare Limited, in a March 2 press release, announced “its acquisition of the business and assets of **Corporate Creations Enterprises LLC** (“Corporate Creations”), a trusted provider of registered agent and related filing services to more than 14,000 public and private companies” - for an eye-popping \$142 million - making them, they say, “one of the largest U.S. providers of registered agent services.”

“Who are these people at Corporate Creations Enterprises?” we asked ourselves, never having heard of them before...”But wow! They have to be the happiest and most surprised people on earth, to get a valuation like this one!”

The U.S. registered agent business has been dominated for years by two deeply entrenched providers, **CSC** - which is privately held - and **CT Corporation**, which is owned by Dutch company **Wolters Kluwer**. While there are at least a dozen smaller providers, Computershare and Corporate Creations among them, we estimate that the two biggest firms enjoy roughly half-each of nearly 90% of all the money registered agents make here in this notoriously “sticky” business...plus they generate a lot more money from a variety of other, semi-related functions that neither Computershare or Corporate Creations are seriously involved in..

“Corporate Creations’ registered agent expertise, accomplished team, extensive servicing capabilities, and nearly 30 years of experience – combined with Computershare’s global scale and technology investment – will expand Computershare’s ability to offer an intuitive, scalable and transparent suite of legal entity compliance services to their extensive portfolio of public and private clients around the world,” the press release said. “We’ve heard loud and clear from our issuer clients that they want a more compelling entity compliance offering than what is in the market today.” [First we have heard such a thing, but time will tell.] “This is an important step forward in disrupting the status quo and delivering on our mission of making entity compliance easier and more efficient,” said Andrew Moore, president of Governance Services at Computershare.

We wish our friends at Computershare all the best with this, but for now, we are somewhat skeptical that the deal will earn-out the lofty purchase price over the next five or ten years...But hey...as one reader observed, “Clearly, they have very deep pockets.” In any event, we love “disruption” and it will surely be fun to watch!

Out Of Our In-box - Noisy Directors At VSMs...

Your editor-in-chief was pleased to be a panelist on two webinars on Covid-19 and Annual Shareholder Meetings, presented in late March by the Society for Corporate Governance, where an attendee followed up by email with a question:

Q: We've always had all our Directors in the room during the annual meeting, and actually it has not gone that well. The virtual meeting went well, but we could not keep the Directors from clinking coffee cups, shuffling papers and otherwise making noise that was picked up over the speakers. Please share with me your thoughts on this matter.

A: *LOVED your comments about past in-person attendance by directors - and the fidgeting and other distracting noises the mics picked up ...which is surely not what listeners expect to hear from directors. (There are just as many faux pas when directors call in to the meeting - and forget to put their phones on mute, while the dog barks, kids cry and sometimes they take a bathroom break and bring their un-muted phones along. Double-ouch!) So a great lesson here, I'd say, in "Annual Meeting Etiquette" - where there is an older article on our web site that we will update with this in mind. Directors need to be carefully trained - and closely monitored - to be sure their microphones and home-phones are placed on MUTE when they are done speaking.*

WOW! A Major "CORRECTION" In Transfer Agent Market Share

In a February 19th press release, announcing a joint venture on employee-plan recordkeeping with Vanguard, EQ made a major correction to the number of U.S. shareholder records it currently maintains: "EQ U.S.A. is responsible for nearly 5 million shareholders in the U.S.A and 23 million globally" the release said - down from the 7 million number it - and we - had been reporting previously.

This amounts to a **MAJOR correction** in the market share numbers we published in our last issue - and some further, **major shrinkage** in the universe of U.S. registered shareholder accounts. (It is similar, we'd note, to the major "good housekeeping" correction that Computershare made, not long after its acquisition of the BoNY-Mellon stock transfer business.)

HERE IS OUR LATEST CHART, FOLLOWING THE EQ PRESS RELEASE:

TRANSFER AGENT MARKET SHARE			
Ranked by shareholder records maintained (millions)			
AGENT	AS OF YEAR-END 2017	AS OF YEAR-END 2019	AS OF 1-1-2020
COMPUTERSHARE	16.6mm (51%)	16.6mm (53.5%)	16.6mm (58.5%)
EQ (Formerly Wells Fargo)	7.7mm (24%)	7.3mm (23.5%)	4.7mm (16.5%)
AST	3.7mm (11%)	3.6mm (11.6%)	3.6mm (12.7%)
BROADRIDGE	1.6mm (5%)	.750m (2.4%)	.750m (2.6%)
ALL OTHERS	2.9mm (9%)	2.74mm (8.9%)	9.6mm (9.6%)
TOTALS:	32.5mm	31mm	28.4mm

Source: Transfer Agent TA-2 filings, with adjustments for "secular roll-off" by the Shareholder Service OPTIMIZER

People:

Long-term members of the **Society for Corporate Governance** will, we know, remember **Lynn Byrne**, the beloved wife of your editor-in-chief's long-time mentor, the late **Bob Byrne** of "Old Manny Hanny days." She passed away in late March, we are sad to report, just shy of her 88th birthday. Over 20+ years - in the 1960s through the 1980's - Lynn never missed a Society Annual Conference, where she was a renowned "hostess with the mostest" - and always incredibly fun to be with.



Brad DuPree, a long-term and much-liked salesperson at **Wells Fargo Shareowner Services** and, briefly, at newish owner **EQ**, has been named Director - Business Development at proxy solicitor and advisor **Morrow Sodali**....adding to the number of industry veterans they have been steadily adding to their team over the past year.

It is with a very heavy heart that we note the untimely passing of **Aubrye Harris-Foote**, who was lost tragically in an automobile related accident in California on March 14th. For 12 years, Aubrye, a long-term **NIRI** member in Orange County California, and a former **NIRI Chapter President**, was a key member of the **CTH LLC Inspector of Elections Team**. She was highly respected by her clients and loved by all her colleagues. Most importantly, Aubrye was a wonderful and dedicated mother to her 8 year old daughter Brielle Foote. As a single mother, Aubrye supported Brielle's love for dance and sacrificed many things in her personal and professional life to make sure Brielle followed her passion. Aubrye's family and friends have set up a **GoFundMe** page to support Brielle and her continued involvement in dance.



Here's the link if you are moved to donate: <https://www.gofundme.com/f/1xgboytmde>

A Bit Of History For Depressing And Volatile Times

If you are house-bound, like most of us these days - and also watching the stock markets with trepidation if not outright fear and loathing - here is an inspirational and very instructional read, we think, from the **OPTIMIZER's History** section:

Harry Poulakakis, the founder of the renowned **Harry's of Hanover Square**, tells how he came from Greece in the 1950s - just in time to see the suddenly burgeoning stock market hit a major bump...then to recover mightily in the '50s and '60s...continue to run up steadily until the big and frightening crash of 1987....then recover again until the big and scary drop in 2008, when individual investors sold out in droves...and where, sadly, they failed to participate in the bull market that ran until the 2020 Covid-19 pandemic. But the most important investment lessons to be learned from Harry, we think, come from his advice on customer service.

[Read More Here](#)

Regulatory Notes And Comment:

We are suspending our coverage of regulatory developments in this issue, mainly because regulators have much bigger fish to fry to try and mitigate the effects of Covid-19, and are mostly 'going easy' on new rules and regs. And on old ones too...

EXCEPT...we want to warn that the State of Delaware has reportedly targeted and sent letters to 100 public companies which, they claim, appear to be "out of compliance." If your company gets such a letter, you need to spring into action immediately. If you are not sure of what to do or who to call for help, don't hesitate to contact us.