

PICO HOLDINGS INC /NEW
Form DEF 14A
March 21, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

PICO HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

PICO HOLDINGS, INC.
7979 Ivanhoe Avenue, Suite 300
La Jolla, California 92037

March 21, 2017

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders to be held on Thursday, May 4, 2017 at 9:00 am (PDT) at the Peppermill Resort Reno, Valley View Suite, 2707 South Virginia Street, Reno, Nevada 89502.

Under the United States Securities and Exchange Commission rules that allow companies to furnish proxy materials to shareholders over the Internet, we have elected to deliver our proxy materials to our shareholders via this medium. The new delivery process will allow us to provide shareholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On March 21, 2017, we intend to mail to our shareholders a Notice of Internet Availability of Proxy Materials which contains instructions on how to access our proxy statement and our Annual Report to Shareholders. The Notice of Internet Availability of Proxy Materials also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail.

The matters to be acted upon are described in the Notice of Annual Meeting and proxy statement.

Only shareholders of record, as of the close of business on March 10, 2017, are entitled to receive notice of, to attend in person, and to vote on matters to be presented at, the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote and submit your proxy by the Internet, telephone or mail (if you have requested and received a paper copy of the proxy materials by mail) in order to ensure the presence of a quorum. If you attend the meeting in person, you will, of course, have the right to revoke the proxy and vote your shares at that time. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

We look forward to the Annual Meeting of Shareholders and thank you for your support.

/s/ Maxim C.W. Webb
Maxim C.W. Webb

President, Chief Executive Officer, and Chairman

PICO HOLDINGS, INC.
7979 Ivanhoe Avenue, Suite 300
La Jolla, California 92037

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

PICO Holdings, Inc.'s (the "Company") 2017 Annual Meeting of Shareholders will be held at the Peppermill Resort Reno, Valley View Suite, 2707 South Virginia Street, Reno, Nevada 89502 on Thursday, May 4, 2017 at 9:00 am (PDT) for the following purposes:

1. **ELECTION OF DIRECTORS.** To elect as directors the five nominees named in the proxy statement, Gregory Bylinsky, Andrew F. Cates, Daniel B. Silvers, Eric H. Speron, and Maxim C.W Webb to serve for one year until the Annual Meeting of Shareholders in 2018 and until their respective successors have been duly elected and qualified.
2. **ADVISORY VOTE TO APPROVE THE COMBINATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER POSITIONS.** To vote, on an advisory basis, to approve the combination of the Chairman of the Board of Directors and Chief Executive Officer positions.
3. **ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION.** To vote, on an advisory basis, to approve the compensation of the Company's named executive officers, as disclosed in this proxy statement.
4. **ADVISORY VOTE TO APPROVE FREQUENCY OF ADVISORY VOTING ON EXECUTIVE COMPENSATION.** To vote, on an advisory basis, on the frequency of advisory voting on the compensation paid to the Company's named executive officers.
5. **RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.** To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2017.
6. **DELAWARE REINCORPORATION.** To vote on reincorporating the Company from California to Delaware.
7. **ADJOURNMENT AUTHORIZATION.** To vote on authorization to adjourn the Annual Meeting.
8. To transact such other business as may be properly brought before the meeting and any adjournment of the meeting.

Our Board of Directors (the "Board") recommends a vote for Items 1, 2, 3, 5, 6 and 7 and for annual advisory voting on the compensation paid to the Company's named executive officers in Proposal 4. Any action may be taken on the foregoing matters at the Annual Meeting of Shareholders on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned or postponed.

The Board of Directors fixed the close of business on March 10, 2017 as the record date for this Annual Meeting. Only shareholders of record of our common stock at the close of business on that date are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum.

Registered holders may vote:

1. By Internet: go to www.proxyvote.com;
2. By toll-free telephone: call 1-800-690-6903; or
3. By mail (if you received a paper copy of the proxy materials by mail): mark, sign, date and promptly mail the proxy card in the postage-paid envelope.

Beneficial Shareholders. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you receive from the holder of record to vote your shares.

Any proxy may be revoked by the submission of a later dated proxy or a written notice of revocation before close of voting at the Annual Meeting of Shareholders.

By Order of the Board of Directors,
/s/ Maxim C.W. Webb

Dated: March 21, 2017 Maxim C.W. Webb
President, Chief Executive Officer and Chairman

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
SHAREHOLDER MEETING TO BE HELD ON THURSDAY, MAY 4, 2017

This proxy statement and the 2016 Annual Report are available at www.proxyvote.com

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PICO HOLDINGS, INC.
7979 Ivanhoe Avenue, Suite 300
La Jolla, California 92037

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 4, 2017

PICO Holdings, Inc.'s Board of Directors is soliciting proxies for the 2017 Annual Meeting of Shareholders. This proxy statement contains information about the items you will vote on at the Annual Meeting. This proxy statement and the form of proxy will be made available to shareholders on the Internet on or about March 21, 2017. The meeting will be held at 9:00 am (PDT) on Thursday, May 4, 2017, at the Peppermill Resort Reno, Valley View Suite, 2707 South Virginia Street, Reno, Nevada 89502.

The following matters will be considered at the Annual Meeting of Shareholders:

1. To elect as directors the five nominees named herein, Gregory Bylinsky, Andrew F. Cates, Daniel B. Silvers, Eric H. Speron, and Maxim C.W. Webb to serve for one year until the Annual Meeting of Shareholders in 2018 and until their respective successors have been duly elected and qualified.
2. To vote, on an advisory basis, to approve the combination of the Chairman of the Board of Directors and Chief Executive Officer positions.
3. To vote, on an advisory basis, to approve the compensation of the Company's named executive officers, as disclosed in this proxy statement.
4. To vote, on an advisory basis, on the frequency of advisory voting on the compensation paid to the Company's named executive officers.
5. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2017.
6. To vote on reincorporating the Company from California to Delaware (the "Reincorporation").
7. To vote on authorization to adjourn the Annual Meeting.
8. To transact such other business as may be properly brought before the meeting and any adjournment of the meeting.

Our principal executive office is located at 7979 Ivanhoe Avenue, Suite 300, La Jolla, California 92037, and our telephone number is (888) 389-3222.

HOW TO ATTEND THE ANNUAL MEETING

This meeting will be held at 9:00 am (PDT) on Thursday, May 4, 2017, at the Peppermill Resort Reno, Valley View Suite, 2707 South Virginia Street, Reno, Nevada 89502. Directions to the Annual Meeting are posted on our website under "Events & Presentations" at <http://investors.picoholdings.com> (the information on our website is not incorporated by reference into this proxy statement).

SOLICITATION AND VOTING

Internet Availability of Annual Meeting Materials and Annual Report

We are making this proxy statement and our 2016 Annual Report to Shareholders, including our Annual Report on Form 10-K, for the year ended December 31, 2016 (which is not a part of our proxy soliciting materials), available to our shareholders electronically via the Internet. On March 21, 2017, we intend to mail to our shareholders entitled to vote a Notice of Internet Availability of Proxy Materials directing shareholders to a web site where they can access

our proxy statement and annual report and view instructions on how to vote via the Internet or by phone.

If you only received a Notice of Internet Availability of Proxy Materials and would like to receive an email copy or a paper copy of our proxy materials along with a proxy card, one can be requested by following the directions in your Notice of Internet Availability of Proxy Materials and requesting a copy by calling 1-800-579-1639, by Internet at www.proxyvote.com, or by sending us a written request at:

7979 Ivanhoe Avenue, Suite 300
La Jolla, California 92037
Attention: Corporate Secretary

The Annual Report to Shareholders, including our Annual Report on Form 10-K for the year ended December 31, 2016 (which is not a part of our proxy solicitation materials), will be mailed with this proxy statement to those shareholders that request a copy of the proxy materials. For those shareholders that received the Notice of Internet Availability of Proxy Materials, this proxy statement and our annual report (including our Annual Report on Form 10-K, and the exhibits filed with it) are available at our website at www.proxyvote.com. Upon request by any shareholder using the instructions described above, we will promptly furnish a proxy card along with a copy of our proxy statement and Annual Report on Form 10-K for the year ended December 31, 2016. We encourage shareholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of the Annual Meeting of Shareholders.

Shareholders Sharing the Same Address

We have adopted a procedure called “householding,” which has been approved by the United States Securities and Exchange Commission (“SEC”). Under this procedure, we will deliver only one copy of our Notice of Internet Availability of Proxy Materials, and for those shareholders that request a paper copy of proxy materials by mail, one copy of our Annual Report to Shareholders and this proxy statement, to multiple shareholders who share the same address (if they appear to be members of the same family), unless we have received contrary instructions from an affected shareholder. Shareholders who participate in householding will continue to receive separate proxy cards if they received a paper copy of proxy materials in the mail. This procedure reduces our printing costs, mailing costs and fees. If you are a registered stockholder and would like to have separate copies of the Notice of Internet Availability or proxy materials mailed to you in the future, you must submit a request to opt out of householding in writing to Morrow Sodali LLC (“Morrow”), at 470 West Avenue, Stamford, CT 06902, or call to 1-800-322-2885, and we will cease householding all such documents within 30 days. If you are a beneficial stockholder, information regarding householding of proxy materials should have been forwarded to you by your bank or broker. Registered stockholders are those stockholders who maintain shares under their own names. Beneficial stockholders are those stockholders who have their shares deposited with a bank or brokerage firm.

Voting Information

Record Date. The record date for our Annual Meeting of Shareholders is March 10, 2017. On the record date, there were 23,072,403 shares of our common stock outstanding.

Voting Your Proxy. Only shareholders of record as of the close of business on the record date, March 10, 2017, are entitled to vote. Each share of common stock entitles the holder to one vote on all matters brought before the Annual Meeting. Shares held by our subsidiaries will not be voted at the Annual Meeting. Shareholders whose shares are registered in their own names may vote (1) in person at the Annual Meeting, (2) via the Internet at www.proxyvote.com, (3) by telephone at 1-800-690-6903 or (4) if you have requested and received a paper copy of the proxy materials by mail, by returning a proxy card before the Annual Meeting. If you would like to vote via the Internet or by telephone, your vote must be received by 11:59 p.m. Eastern Time on May 3, 2017 to be counted.

Proxies will be voted as instructed by the shareholder or shareholders granting the proxy. Unless contrary instructions are specified, if you complete and submit (and do not revoke) your proxy or voting instructions prior to the Annual Meeting, the shares of our common stock represented by the proxy will be voted (1) FOR the election of each of the five director candidates nominated by our Board of Directors; (2) FOR the approval of the advisory resolution approving the combination of the Chairman of the Board and Chief Executive Officer positions, (3) FOR the approval of the advisory resolution approving the compensation of the Company’s named executive officers, as disclosed in this proxy statement; (4) FOR annual advisory voting on the compensation paid to the Company’s named executive

officers; (5)FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; (6) FOR the approval of reincorporating the Company from California to Delaware, as discussed in this proxy statement; (7) FOR the approval of authorization to adjourn the Annual Meeting; and (7) in accordance with the best judgment of the named proxies on any other matters properly brought before the Annual Meeting.

Cumulative Voting. In voting for the election of directors, all shareholders have cumulative voting rights if at least one shareholder gives notice, whether at the Annual Meeting or prior to the voting, of the shareholder's intention to cumulate votes. If cumulative voting is permitted in the election of directors, the proxy holders will have discretion as to the manner in which votes represented by the proxy are to be cumulated, unless the proxy indicates the manner in which such votes are to be cumulated. Accordingly, each shareholder may cumulate such voting power and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares held by the shareholder, or distribute such shareholder's votes on the same principle among two or more candidates, as such shareholder sees fit. If you are a shareholder of record and choose to cumulate your votes, you will need to submit a proxy card and make an explicit statement of your intent to cumulate your votes by so indicating in writing on the proxy card.

We will not accept any notice to cumulate by the Internet or telephone. If you hold shares beneficially through a broker, trustee or other nominee and wish to cumulate votes, you should contact your broker, trustee or nominee.

Cumulative voting applies only to the election of directors. For all other matters, each share of common stock outstanding as of the close of business on March 10, 2017, the record date for the Annual Meeting of Shareholders, is entitled to one vote. If you vote by proxy card and sign your card with no further instructions, Maxim C.W. Webb and John T. Perri, as proxy holders, may cumulate and cast your votes in favor of the election of some or all of the applicable nominees in their sole discretion, except that none of your votes will be cast for any nominee as to whom you vote against or abstain from voting.

Revoking Your Proxy. Shareholders may revoke their proxy for each matter to be voted on at the Annual Meeting by attending the Annual Meeting in person and voting (simply attending the meeting will not, by itself, revoke your proxy), or by granting a subsequent proxy via the Internet, by telephone, by mail, or by delivering instructions to our Corporate Secretary before the Annual Meeting of Shareholders. If you hold shares through a bank or brokerage firm, you may revoke any prior voting instructions by contacting that firm in advance of the close of polling for each matter to be voted on at the Annual Meeting of Shareholders.

Vote Required, Abstentions and Broker Non-Votes. The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote at the Annual Meeting, which shall include all shares voted electronically via the Internet, or by telephone, is required to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and "broker non-votes" are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting of Shareholders. A broker non-vote occurs when a broker, bank or other shareholder of record, in nominee name or otherwise, exercising fiduciary powers (typically referred to as being held in "street name") submits a proxy for the Annual Meeting, but does not vote on a particular proposal because that holder does not have discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote those shares on routine matters, but not on non-routine matters. All matters, except the proposal to ratify Deloitte & Touche LLP as our independent registered public accounting firm for 2017, are considered non-routine matters under the rules that govern brokers, and therefore brokers will have discretion to vote the shares without the beneficial owner's instructions on that proposal only.

If a quorum is present, the five nominees for election as directors in proposal number 1 receiving the highest number of votes will be elected. Approval of the advisory resolution approving the combination of the Chairman of the Board of Directors and Chief Executive Officer positions in proposal number 2, approval of the advisory resolution approving our executive compensation in proposal number 3, the ratification of the appointment of Deloitte & Touche LLP in proposal number 5, and the approval of authorization to adjourn the Annual Meeting in proposal number 7 requires the affirmative vote of the majority of the shares represented at the Annual Meeting and entitled to vote on

such matter. For proposal 4, the frequency receiving the highest number of affirmative votes of the shares represented at the Annual Meeting and entitled to vote on such matter will be considered the frequency preferred by the stockholders. Approval of the reincorporation of the Company from California to Delaware in proposal number 6 requires the affirmative vote of a majority of our outstanding shares.

Abstentions will be treated as votes “against” proposals 2, 3, 5, 6, and 7. Broker non-votes are not counted as votes for or against any of the proposals and are not considered votes cast, and will therefore have no effect on the outcome of the vote on any of the proposals, except for proposal 6, which requires the affirmative vote of a majority of our outstanding shares, and therefore broker non-votes will have the same effect as “against” votes.

Proxies and ballots will be received and tabulated by Broadridge Financial Solutions, Inc., which is also the inspector of elections for the Annual Meeting. Except for contested proxy solicitations or as required by law, proxy cards and voting tabulations that identify shareholders are kept confidential.

Expenses of Solicitation. We will bear the expense of assembling, preparing, printing, mailing and distributing the notices and these proxy materials, any additional soliciting materials furnished to shareholders, and soliciting votes. Proxies will be solicited by mail, telephone, personal contact, and electronic means and may also be solicited by directors, officers or employees (who will receive no additional compensation for their services in such solicitation) in person, by the Internet, by telephone or by facsimile transmission, without additional remuneration. We will compensate only independent third-party agents that are not affiliated with us but who solicit proxies. We have retained Morrow to act as a proxy solicitor in conjunction with the Annual Meeting, and we have agreed to pay them \$10,000 plus reasonable out of pocket expenses, for proxy solicitation services. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy materials to their principals and to request authority for the execution of proxies and we may reimburse those persons for their expenses incurred in connection with these activities. Your cooperation in promptly voting your shares and submitting your proxy by the Internet or telephone, or by completing and returning the proxy card (if you received your proxy materials in the mail), will help to avoid additional expense.

Voting Results. We will announce preliminary results at the Annual Meeting and final results on a Form 8-K to be filed with the SEC within four business days after the meeting. If final results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an amended 8-K to publish the final results.

CORPORATE GOVERNANCE

Director Independence

Our Board of Directors has determined that Michael J. Machado, Raymond V. Marino II, Daniel B. Silvers, Howard B. Brownstein, Andrew F. Cates, and Eric H. Speron were independent directors within the meaning set forth under applicable rules of the NASDAQ Stock Market. Maxim C.W. Webb was not an independent director under those standards. Mr. Webb is an employee of our Company. The independent directors have regularly scheduled executive session meetings at which only the independent directors are present. During 2016, executive sessions were led by Mr. Marino, who was an independent director and served as Chairman of the Board prior to his resignation as Chairman of the Board in December 2016. In December 2016, Mr. Silvers, an independent director, was appointed Lead Independent Director and has led executive sessions following his appointment. An executive session is held in conjunction with each regularly scheduled quarterly meeting and other sessions may be called by the Lead Independent Director in his own discretion or at the request of our Board of Directors.

Board Leadership Structure

The Corporate Governance and Nominating Committee is responsible for reviewing and making recommendations to our Board of Directors regarding the board's leadership structure. The role of the Chairman is to manage the affairs of our Board of Directors, including ensuring that our Board of Directors is organized properly, functions effectively, and meets its obligations and responsibilities. The Chairman also develops agendas and presides at all meetings of our Board of Directors and shareholders. The Corporate Governance and Nominating Committee believes that combining the positions of Chief Executive Officer and Chairman helps to ensure that the Board of Directors and management act with a common purpose. In the Corporate Governance and Nominating Committee's view, separating the positions of Chief Executive Officer and Chairman has the potential to interfere with good and timely decision-making with respect to our current business plan or weaken our ability to develop and implement strategy. Instead, the Corporate Governance and Nominating Committee believes that combining the positions of Chief Executive Officer and Chairman provides a single, clear chain of command to execute our strategic initiatives and business plan. In addition, the Corporate Governance and Nominating Committee believes that a combined Chief Executive Officer/Chairman is

better positioned to act as a bridge between management and the Board of Directors, facilitating the regular flow of information to a small number of independent Board members. The Corporate Governance and Nominating Committee also believes that it is advantageous to have a Chairman with an extensive history with and knowledge of the Company (as is the case with the Company's Chief Executive Officer) as compared to an independent Chairman who may not have the same level of experience with the Company.

The Board of Directors appointed Mr. Silvers as the Lead Independent Director to help reinforce the independence of the Board of Directors as a whole. The position of Lead Independent Director has been structured to serve as an effective balance to a combined Chief Executive Officer/Chairman: the Lead Independent Director is empowered to, among other duties and responsibilities, approve agendas and meeting schedules for regular Board of Directors meetings, preside over Board of Directors meetings in the absence of the Chairman, preside over and establish the agendas for meetings of the independent directors, act as liaison between the Chairman and the independent directors, approve information sent to the Board of Directors, preside over any portions of Board of Directors meetings at which the evaluation or compensation of the Chief Executive Officer is presented or discussed and, upon request, act as a liaison to shareholders. In addition, it is the responsibility of the Lead Independent Director to coordinate between the Board of Directors and management with regard to the determination and implementation of responses to any problematic risk management issues. As a result, the Board of Directors believes that the Lead Independent Director can help ensure the effective independent functioning of the Board of Directors in its oversight responsibilities. In addition, the Board of Directors believes that the Lead Independent Director is better positioned to build a consensus among directors and to serve as a conduit between the other independent directors and the Chairman, for example, by facilitating the inclusion on meeting agendas of matters of concern to the independent directors. In light of the Chief Executive Officer's extensive history with and knowledge of the Company, and because the Lead Independent Director is empowered to play a significant role in the Board of Directors' leadership and in reinforcing the independence of the Board of Directors, we believe that it is advantageous for the Company to combine the positions of Chief Executive Officer and Chairman.

In order to ensure that our shareholders are able to express their respective views as to the appropriateness of the combination of the Chairman and Chief Executive Officer positions, we are presenting Proposal 2 set forth in this proxy statement at the Annual Meeting to give our shareholders the opportunity to approve or not approve, on a non-binding advisory basis, the combination of the Chairman and Chief Executive Officer positions.

Role of the Board of Directors in Risk Oversight

Our Board of Directors as a group is responsible for all risk oversight of our Company and, as such, has full access to management so that it can maintain open and continuous communication that ensures that the risks associated with the various aspects of our Company are appropriately identified and addressed. In addition, each of our committees oversees a portion of the Company's risk framework and controls. Our Compensation Committee reviews the risks associated with compensation incentives.

Our Audit Committee oversees the risks associated with (a) our financial statements, financial and liquidity risk exposures, including any material and pending legal proceedings and significant transactions, (b) fraud, (c) security of and risks related to information technology systems and procedures, and (d) related party transactions and actual and potential conflicts of interests. Our Corporate Governance and Nominating Committee oversees the policies and procedures related to director and management succession and transition.

In carrying out each of their responsibilities in overseeing the Company's policies with respect to risk, the committees discuss the issues with internal personnel and third parties that they deem appropriate. After such review and discussions, the committees evaluate and report to our full Board of Directors each of their respective findings and recommendations. Our Board of Directors is ultimately responsible for the adoption of any such recommendations.

The Company's leadership structure compliments our Board of Directors' risk oversight function. The role of Lead Independent Director promotes effective consideration of matters presenting significant risks by management and directors. Our Board of Directors' role of risk oversight has not specifically affected its leadership structure. Our Board of Directors regularly reviews its leadership structure and evaluates whether it is functioning effectively.

Committees of the Board of Directors

Our Board of Directors has three standing committees: an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee, all of which are composed solely of independent directors. The committees operate pursuant to written charters, which are available on our website under “Corporate Governance” at <http://investors.picoholdings.com> (the information on our website is not incorporated by reference into this proxy statement).