

**STATE COMPENSATION INSURANCE FUND
AUDIT COMMITTEE**

MINUTES OF OPEN SESSION MEETING

March 1, 2017

The Audit Committee met on March 1, 2017 at the State Fund Vacaville Office, 1010 Vaquero Circle (Learning Center), Vacaville, California.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 1:30 p.m. and the following Members were present: Scott K. Reid (Chair); Sheryl A. Chalupa; Steven L. Rank; and William M. Zachry.

Absent: Senator Michael J. Machado (Ret.).

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Chief of Internal Affairs Dante Robinson; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

Mr. Reid noted that it is his first meeting as Audit Committee Chair and thanked Ms. Chalupa for all of her services as Audit Committee Chair in the past couple of years.

AGENDA ITEM 2: ANTITRUST ADMONITION

Mr. Reid called attention to and requested confirmation that the Audit Committee members read State Fund's Antitrust Admonition, which is included in each Committee member's meeting materials.

AGENDA ITEM 3: APPROVAL OF NOVEMBER 16, 2016 OPEN MEETING MINUTES

MOTION: Mr. Zachry

SECOND: Ms. Chalupa

To approve the November 16, 2016 Open Meeting Minutes.

Mr. Reid requested public comment of which there was none. Mr. Reid called for the vote.

YES: 4

NO: 0

Abstain: 0

Motion carried.

AGENDA ITEM 4: COMPLETED CLOSED AUDITS

Mr. Reid noted that this item is read only, unless questions. Mr. Reid asked Chief of Internal Affairs Mr. Robinson if there was any new information from the time the report was published. Mr. Robinson noted that the report is current and there are no changes.

AGENDA ITEM 5: WHISTLEBLOWER HOTLINE

Mr. Reid noted that this item is read only, unless questions. He asked Executive Vice President and Chief Administrative Officer Andreas Acker and Senior HR Manager Rory Nichols if there was any new information from the time the report was published. Mr. Acker noted that the report is current and there are no changes.

AGENDA ITEM 6: DATA ANALYTICS OVERVIEW

Mr. Reid noted that due to unforeseen circumstances, the presenter for this topic was unavailable. Mr. Reid requested that this item be deferred to the next Audit Committee meeting scheduled on May 17, 2017.

AGENDA ITEM 7: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 10 THROUGH 17

Mr. Reid requested public comment on the appropriateness of Closed Session Agenda Items 10 through 17, of which there was none.

AGENDA ITEM 8: PUBLIC COMMENT

Mr. Reid requested other public comment, of which there was none. The Audit Committee immediately convened into Closed Session at 1:35 p.m.

AGENDA ITEM 18: CALL TO ORDER AND ROLL CALL

The meeting reconvened at 5:25 p.m. following the conclusion of the Closed Session and the following Members were present: Scott K. Reid (Chair); Sheryl A. Chalupa; Sen. Michael J. Machado (Ret.); Steven L. Rank; and William M. Zachry.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Chief of Internal Affairs Dante Robinson; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 19: COMMITTEE MEMBER PRESENTATIONS

Mr. Reid requested presentations from the Committee members, of which there were none.

AGENDA ITEM 20: PROPOSALS AND SUGGESTIONS FOR MAY 17, 2017 AGENDA

Mr. Reid requested suggestions for agenda items for the May 17, 2017 Audit Committee meeting other than the standing agenda items. Mr. Zachry requested to add on the Board agenda "Fraud in post-employment applications". Mr. Reid requested additional suggestions for agenda items, of which there were none.

Mr. Reid requested public comment, of which there was none, and he noted that the next Audit Committee meeting is scheduled for May 17, 2017 at State Compensation Insurance Fund, 333 Bush Street, San Francisco, California unless noticed for a new date and time.

ADJOURNMENT

There being no further business before the Audit Committee, the meeting adjourned at 5:30 p.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary