

**STATE COMPENSATION INSURANCE FUND
AUDIT COMMITTEE**

MINUTES OF OPEN SESSION MEETING

February 13, 2019

The Audit Committee met on February 13, 2019 at the State Fund Pleasanton Office, 5890 Owens Drive (Atlantic and Pacific rooms), Pleasanton, California.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 3:35 p.m. Mr. Zachry welcomed Board Chair David Lanier to the Audit Committee.

Ms. Padua took roll and the following Members were present: William M. Zachry (Acting Chair); David M. Lanier; and 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 of Internal Affairs Dante Robinson; Chief Financial Officer Peter Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 2: ANTITRUST ADMONITION

Mr. Zachry 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 14, 2018 OPEN MEETING MINUTES

Mr. Zachry asked whether any Committee member had any comments, of which there were none.

Mr. Zachry called for a Motion.

MOTION: Sen. Machado

SECOND: Mr. Lanier

To approve the November 14, 2018 Open Meeting Minutes as presented.

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

YES: 3

NO: 0

Abstain: 0

Motion carried.

AGENDA ITEM 4: COMPLETED CLOSED AUDITS

Mr. Zachry noted that this item is read only, unless questions. Mr. Zachry 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 was current and there were no changes.

AGENDA ITEM 5: WHISTLEBLOWER HOTLINE

Mr. Zachry noted that this item is read only, unless questions. He asked Executive Vice President and Chief Administrative Officer Andreas Acker and Vice President of HR Connect Patrick Gage if there was any new information from the time the report was published. Mr. Acker and Mr. Gage noted that the report was current and there were no changes.

AGENDA ITEM 6: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 9 THROUGH 11

Mr. Zachry requested public comment on the appropriateness of Closed Session Agenda Items 9 through 11, of which there was none.

AGENDA ITEM 7: PUBLIC COMMENT

Mr. Zachry requested other public comment, of which there was none. The Audit Committee immediately convened into Closed Session at 3:40 p.m.

AGENDA ITEM 12: CALL TO ORDER AND ROLL CALL

The meeting reconvened at 4:40 p.m. following the conclusion of the Closed Session and the following Members were present: William M. Zachry (Acting Chair); David M. Lanier; and Sen. 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 of Internal Affairs Dante Robinson; Chief Financial Officer Peter Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 13: COMMITTEE MEMBER PRESENTATIONS

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

AGENDA ITEM 14: PROPOSALS AND SUGGESTIONS FOR MAY 22 , 2019 AGENDA

Mr. Zachry requested suggestions for agenda items for the May 22, 2019 Audit Committee meeting other than the standing agenda items, of which there were none.

Mr. Zachry made an observation that Internal Audit and the external auditors have software to use more analytics to identify issues to review before they become problems.

Mr. Zachry requested public comment, of which there was none, and he noted that the next Audit Committee meeting is scheduled for May 22, 2019 at the State Fund Office, Pleasanton, California unless noticed for a new date and time.

ADJOURNMENT

There being no further business before the Audit Committee, the meeting adjourned at 4:45 p.m.

Respectfully submitted,

Hilda B. Padua, Board Liaison and Assistant Corporate Secretary