

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION

JANUARY 7, 2010

The Board of Directors of the State Compensation Insurance Fund met on January 7, 2010 at the State Compensation Insurance Fund, 1275 Market Street, San Francisco, CA, PAC Room.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on January 7, 2010 at 8:25 a.m. and the following Board members were present: Jeanne L. Cain, Chair; Sheryl Chalupa; Donald E. Garcia; Senator Michael J. Machado (Ret); Lawrence E. Mulryan; Thomas E. Rankin; James S. Richardson; and William Zachry. Absent: Daniel M. Curtin; Francis E. Quinlan (by prior arrangement); Steven L. Rank (by prior arrangement) and non-voting member John Duncan (by prior arrangement).

There was a quorum.

Also present: Interim President and CEO Doug Stewart; General Counsel and Corporate Secretary Carol R. Newman and Randall Keen of Manatt, Phelps & Phillips LLP.

AGENDA ITEM 2: ANTITRUST ADMONITION

Ms. Cain called attention to and requested the Board members read State Fund's Antitrust Admonition which is included in each Board member's meeting materials.

AGENDA ITEM 3: PUBLIC COMMENTS ON THE APPROPRIATENESS OF CLOSED SESSIONS ITEMS 6-8 AND 10-14.

Ms. Cain requested public comment of which there was none.

AGENDA ITEM 4: OPENING COMMENTS/AGENDA

Mr. Doug Stewart, Interim President and CEO provided highlights of State Fund's operations and an overview of the agenda.

AGENDA ITEM 5: STATE FUND'S HISTORY

Mr. Harrison Jerome, Chief Operating Officer provided the history of State Fund starting with the constitutional mandate effective in 1914 up through 1995 when the minimum rate law was repealed in favor of open competition. Mr. Neary, Executive Vice President and Chief Actuary, provided the history from 1996 to the present with particular attention to court decisions, workers compensation reform and 2006 loss costs increases impact on State Fund and the workers compensation industry.

Ms. Cain requested any public comment of which there was none. The meeting convened immediately into Closed session and reconvened in Open session at 12:50 p.m. Present were the above listed Board members and Daniel Curtin. Also present was Doug Stewart, Interim President and CEO.

AGENDA ITEM 9: GOVERNANCE AND LEGAL

Ms. Carol Newman, General Counsel and Corporate Secretary, and Randall Keen, of Manatt, Phelps & Phillips LLP presented an overview of Bagley-Keene Open Meeting Act requirements. They also presented on State Fund's Board's form and function; fiduciary duties of care and loyalty and business judgment rule.

Ms. Cain requested any public comment of which there was none. The meeting convened immediately into Closed session and reconvened into Open session at 4:25 p.m. Present were the above listed Board members at the first roll call. Also present was Doug Stewart, Interim President and CEO and Carol Newman, General Counsel and Corporate Secretary.

AGENDA ITEM 15: CLOSING COMMENTS

Ms. Cain thanked the Board members for attending the State Fund operational review. She requested if the new Board members had interest in further governance training concerning conflicts of interest and gifts. There was a consensus for additional governance training on these topics. Ms. Cain directed the Corporate Secretary to place it on the agenda for January 21, 2010. Ms. Cain also indicated as part of the Governance framework, she, as Board Chair, will appoint members to Board Committees to be ratified at the January 21, 2010 Board meeting.

Mr. Doug Stewart, Interim President and CEO provided the closing remarks.

AGENDA ITEM 16: PUBLIC COMMENT

Ms. Cain requested public comment on any matter or issue under the Board's jurisdiction, of which there was none.

ADJOURNMENT

There being no further business, Chair Jeanne Cain adjourned the meeting at 4:40 p.m.

Respectfully submitted,

Carol R. Newman
Corporate Secretary