

BOARD OF DIRECTORS (OPEN)

AGENDA ITEM 17a

ATTACHMENT 17a-III

APPROVAL of OPEN MEETING MINUTES

- July 9-10, 2009
- July 20, 2009
- July 31, 2009
- August 25, 2009

PRESENTED BY:

September 11, 2009

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF OPEN SESSION  
SPECIAL MEETING**

**July 31, 2009**

The Board of Directors of State Compensation Insurance Fund met by teleconference on July 31, 2009. Teleconference locations were:

Teleconference location:  1275 Market Street, 2 <sup>nd</sup> Floor "PAC" Room San Francisco, CA 94103	Teleconference location:  2275 Gateway Oaks Drive, Sacramento Room Sacramento, CA 95833	Teleconference location:  1750 E. 4 <sup>th</sup> Street, 1 <sup>st</sup> Floor Main Conference Room Santa Ana, CA 92705
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The meeting was called to order at approximately 1:30 p.m.

**AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL**

Chair Jeanne Cain called the meeting to order and requested the Secretary to call roll. The following members were present:

Sacramento: Jeanne L. Cain, Chair; Sen Michael J. Machado (Ret); Daniel M. Curtin and Steven Rank.

San Francisco: Thomas Rankin.

Santa Ana: Sheryl A. Chalupa.

Absent: Vincent E. Mudd and Frank E. Quinlan and nonvoting member John C. Duncan.

Also present: President and CEO Janet D. Frank; Corporate Secretary and General Counsel Carol R. Newman; and Ronald B. Turovsky, Esq., of Manatt, Phelps & Phillips, LLP.

**AGENDA ITEM 2: ANTITRUST ADMONITION**

Chair Cain called attention to State Fund's Antitrust Admonition which is included in each member's packet.

**AGENDA ITEM 3: FINDING THAT 10-DAY NOTICE REQUIREMENT WOULD CAUSE SUBSTANTIAL HARDSHIP**

Chair Cain noted that in order to hold a Special Meeting, the Board must find that the 10-day notice requirement under the Bagley-Keene Act would cause a substantial hardship. Chair Cain read a proposed resolution and finding:

WHEREAS, the Governor of California issued Executive Order S-16-08 on December 19, 2008, which ordered the Department of Personnel Administration to adopt a plan to implement a furlough of state employees for two days per month; and

WHEREAS, the Governor of California issued Executive Order S-13-09 on July 1, 2009, which ordered the Department of Personnel Administration to adopt an amended plan to implement a furlough of represented state employees for three days per month, regardless of funding source; and

WHEREAS, the Service Employees International Union (or "SEIU") filed a Petition for a Writ of Mandate in Superior Court in San Francisco on or about June 12, 2009 against the Governor and against Janet Frank as President of the State Compensation Insurance Fund seeking an order from the court that the State Compensation Insurance Fund employees represented by CASE are exempt from the furlough; and

WHEREAS, in response to an ex parte motion filed by SEIU, the court has set a hearing for July 22, 2009 and required parties to file an Answer on July 23, 2009; and

WHEREAS, the delay necessitated by providing notice 10 days prior to a meeting as required by Government Code Section 11125 would not allow the Board of Directors sufficient time to confer with staff and legal counsel prior to the dates established by the court; and

WHEREAS, the Board of Directors has an immediate need to confer with staff and legal counsel on additional pending litigation;

NOW THEREFORE,

It is RESOLVED, that the Board of Directors finds that the delay necessitated by providing notice 10 days prior to a meeting as required by Government Code Section 11125 would cause a substantial hardship on the State Compensation Insurance Fund and its Board of Directors.

Ms. Cain requested public comment, noting there was one speaker card submitted in Sacramento. The speaker was called upon to present. Mr. David Ackroyd introduced himself as an Assistant Claims Manager for State Contracts located in Sacramento and requested State Fund to take an active role in the SEIU litigation in order that all State Fund employees would be exempt from the furlough. He voiced the swiftest and most effective means to resolution would be to have State Fund act on behalf of all employees. Ms. Cain asked for Mr. Ackroyd written comments which he provided. There were no further public comments in Sacramento.

Ms. Cain requested any public comments from San Francisco. Mr. Rankin stated there were no public comments in San Francisco.

Ms. Cain requested any public comments from Santa Ana. Ms. Chalupa stated there was one member of the public that wanted to be heard. Ms. Cain called upon the public member to present his comment. Mr. Vasile Gais introduced himself as Claims Assistant for State Fund in Orange County. Mr. Gais stated he thought the furlough was illegal and wanted to know where the money was going since it wouldn't go back to the General Fund. He also stated that it undermines the purpose of saving money for the State since there would be less money for state income tax.

MOTION: Mr. Curtin                      SECOND: Mr. Rankin

To adopt the proposed resolution and finding.

Roll call vote:

Jeanne L. Cain:	Aye
Sheryl A. Chalupa:	Aye
Daniel M. Curtin:	Aye
Sen. Michael J. Machado:	Aye
Vincent E. Mudd:	Absent
Francis E. Quinlan:	Absent
Steven L. Rank:	Aye
Thomas Rankin:	Aye

The motion carried.

The meeting convened immediately into Closed Session at approximately 2:00 p.m. for a discussion on agenda Item 4.

The Board reconvened into Open Session at approximately 3:15 p.m. Ms. Cain confirmed through a roll call that all locations and Board Members present during the 1:30 roll call were present and no absent Board Members had joined.

**AGENDA ITEM 4: PENDING LITIGATION** Closed session.

**AGENDA ITEM 5: POTENTIAL LITIGATION** Closed session.

**AGENDA ITEM 6: REPORT OF ANY ACTION TAKEN IN CLOSED SESSION**

Chair Cain stated that the Board received a briefing from legal staff regarding the furloughs and the Board provided direction to staff. However, the Board is not prepared to announce their actions today but would do so relatively soon.

**AGENDA ITEM 7: ADJOURNMENT**

There being no further business, Chair Cain adjourned the meeting at approximately 3:25 p.m.

Respectfully submitted,

Carol R. Newman  
Corporate Secretary