

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

February 17, 2023

The Board of Directors of the State Compensation Insurance Fund met on February 17, 2023 via telephone/video conference using Zoom webinar.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

Board Liaison Hilda Padua welcomed everyone who joined the meeting via telephone/video conference. Ms. Padua went over the Housekeeping rules for the meeting, including how to submit Public Comments by sending an email to BoardofDirectors@scif.com. Ms. Padua noted that the information was also posted on the State Fund website and provided in the Notice.

The meeting was called to order on February 17, 2023 at 9:02 a.m.

Board Chair David Lanier welcomed everyone joining the meeting via telephone/video conference.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela S. Wei; William M. Zachry; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: Daniel M. Curtin and Angela D. Tate.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

AGENDA ITEM 2: ANTITRUST ADMONITION

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

AGENDA ITEM 3: CONSENT CALENDAR

- a. Approval of November 15-16, 2022 Open Meeting Minutes
- b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- c. Review and Approval of Revised Governance Charter and State Fund Charters
- d. Approval of Retirement Resolutions
- e. Approval of Amendment to President's Employment Agreement

Ms. Evans requested to abstain from voting on the Consent Calendar item 3a “Approval of November 15-16, 2022 Open Meeting Minutes”. Ms. Evans noted that she was absent from the November 15-16, 2022 meeting.

Mr. Lanier asked whether any Board member had other comments on the items on the Consent Calendar of which there were none.

Mr. Lanier called for a Motion to vote on items 3b, 3c, 3d, and 3e under Consent Calendar.

MOTION: Mr. Zachry SECOND: Ms. Evans

To approve the Consent Calendar agenda items 3b, 3c, 3d, and 3e as presented.

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

YES: 9 NO: 0 Abstain: 0 Motion carried.

Mr. Lanier called for a Motion to vote on item 3a “Approval of November 15-16, 2022 Open Meeting Minutes”.

MOTION: Mr. Rankin SECOND: Mr. Zachry

To approve item 3a “Approval of November 15-16, 2022 Open Meeting Minutes” under the Consent Calendar as presented.

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

YES: 8 NO: 0 Abstain: 1 Motion carried.

Ms. Evans abstained from the vote. She noted she was not present at the November 2022 meeting.

AGENDA ITEM 4: FINANCIAL AND PRESIDENT’S REPORT: 4Q 2022

Mr. Lanier noted that this item is read only, unless there are questions, of which there were none.

AGENDA ITEM 5: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES

5b: AUDIT COMMITTEE

Audit Chair Mr. Zachry reported that the Audit Committee met on February 13, 2023 through Zoom online meeting. During the Open session, the Committee reviewed and approved the November 9, 2022 Open Meeting Minutes.

During the Closed Session, the Committee heard an update from outside auditor EY, and an update from staff on Personnel Investigations and Internal Audit activities for 4Q 2022.

5a: GOVERNANCE COMMITTEE

Governance Chair Mr. Rankin reported that the Governance Committee met on February 16, 2023 through Zoom online meeting. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: November 7, 2022 Open Meeting Minutes; Board Members’

Upcoming Speeches, Articles, or Webinars; Revised Governance Committee Charter and State Fund Charters.

During the Closed session, the Committee heard an update on Safety and Loss Prevention Strategic Plan; Performance Awards; Succession Planning; Long-term Incentive Plan (LTIP); and Exempt Leadership 2022 At-Risk Compensation Differential.

5c: INVESTMENT AND RISK COMMITTEE

Investment and Risk Chair Senator Machado reported that the Investment and Risk Committee met on February 15, 2023 through Zoom online meeting. During the Open Session under Consent Calendar, the Committee reviewed and approved the following items: November 15, 2022 Open Meeting Minutes; and Investment transactions and compliance reports for the period of October 1, 2022 to December 31, 2022, pursuant to its delegated authority.

During the Closed session, the Investment and Risk Committee heard a report from Investment managers and reports from staff on: portfolio performance; asset allocation study; strategic asset alliance study; update on Enterprise Risk Management program; and update on State Fund's Information Security Program.

Lastly, Senator Machado reported that agenda items "Strategic Discussion of Investment Policy Statement and Guidelines and "Approval of Investment Policy Statement and Guidelines Resolution (Short-Term and Long-Term Investments)" were deferred to the May 2023 meeting.

AGENDA ITEM 6: CHAIRPERSON'S REPORT

Mr. Lanier noted that he has nothing to report.

AGENDA ITEM 7: BOARD MEMBER REPORTS

Mr. Lanier asked if there were any Board member reports, of which there were none.

AGENDA ITEM 8: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 11 THROUGH 18

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 11 through 18, of which there was none.

AGENDA ITEM 9: PUBLIC COMMENT

Mr. Lanier requested other public comment, of which there was none.

ADJOURNMENT

There being no further business, Mr. Lanier adjourned the meeting at 9:09 a.m. to immediately reconvene in Closed session.

AGENDA ITEM 19: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened on February 17, 2023 at 12:05 p.m., following the conclusion of the Closed session and the following Members were present: David M. Lanier (Chair); Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela Wei; William M. Zachry;

Absent by prior arrangement: Daniel M. Curtin and Katrina S. Hagen (Ex-officio).

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

Mr. Lanier congratulated Senator Machado on his reappointment to the State Fund Board of Directors for a term through January 1, 2028.

AGENDA ITEM 20: APPROVAL OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL

Mr. Lanier noted that, on November 16, 2022 in Resolution No. 2416, the Board of Directors conditionally approved 2022 performance awards for Exempt employees appointed pursuant to California Insurance Code section 11785 (“exempt employees”); and the annual compensation package for the exempt employees includes an annual base salary, an at-risk differential based upon an annual evaluation of enterprise and individual performance conducted by the Board and, a retention differential for certain exempt positions, as well as a Long Term Incentive. Resolution No. 2416 inadvertently omitted Robert M. Hamilton, Executive Vice President of Corporate Claims, who retired in 2022.

The Board hereby finds that State Fund met its performance goals in 2022; that Robert M. Hamilton achieved all of his 2022 performance objectives; and hereby approves the at-risk compensation component for Mr. Hamilton as identified in the attached Schedule of 2022 compensation for Mr. Hamilton.

Mr. Lanier noted that Resolution No. 2439 “Approval of 2022 At-Risk Compensation for Robert Hamilton” was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Guggenhime

SECOND: Mr. Pulaski

To approve the 2022 At-Risk Compensation for Robert Hamilton, Resolution No. 2439, as presented.

Mr. Lanier asked for public comment, of which there was none. Mr. Lanier called for the vote.

YES: 9 NO: 0 Abstain: 0 Resolution carried.

The certified Resolution No. 2439 is attached hereto.

AGENDA ITEM 21: PROPOSALS AND SUGGESTIONS FOR MAY 2023 AGENDA

Mr. Lanier requested suggestions for agenda items for the May 2023 Board meeting. Ms. Padua noted that all agenda items identified were for Closed session.

Mr. Lanier requested public comment, of which there was none. He noted that the next Board meeting is scheduled sometime the week of May 15-19, 2023 location to be determined, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 12:09 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

APPROVAL OF 2022 AT-RISK COMPENSATION DIFFERENTIAL FOR ROBERT M. HAMILTON

WHEREAS, on November 16, 2022 in Resolution No. 2416, the Board of Directors (“Board”) conditionally approved 2022 performance awards for Exempt employees appointed pursuant to California Insurance Code section 11785 (“exempt employees”); and

WHEREAS, the annual compensation package for the exempt employees includes an annual base salary, an at-risk differential based upon an annual evaluation of enterprise and individual performance conducted by the Board and, a retention differential for certain exempt positions, as well as a Long Term Incentive; and

WHEREAS, Resolution No. 2416 included an attached Schedule of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation, which Schedule inadvertently omitted Robert M. Hamilton, Executive Vice President of Corporate Claims, who retired in 2022; and

WHEREAS, the Board has considered State Fund’s enterprise performance for 2022 which met its enterprise objectives and has completed its performance evaluation for Robert Hamilton for calendar year 2022; and

WHEREAS, the Board seeks to approve Mr. Hamilton’s at-risk compensation as identified in the attached Schedule of 2022 compensation for Mr. Hamilton.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund met its performance goals in 2022; that Robert M. Hamilton achieved all of his 2022 performance objectives; and hereby approves the at-risk compensation component for Mr. Hamilton as identified in the attached Schedule of 2022 compensation for Mr. Hamilton; and

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 17th day of February 2023 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Yes
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie S. Wei	Yes
William M. Zachry	Yes

BOARD of DIRECTORS of the STATE COMPENSATION INSURANCE FUND

I, Hilda B. Padua, Assistant Corporate Secretary for the State Compensation Insurance Fund Board of Directors, hereby certify that the foregoing resolution was adopted by the Board of Directors at their regular meeting held February 17, 2023.



Hilda B. Padua
Assistant Corporate Secretary

2/17/23

Date



SCHEDULE OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL FOR ROBERT HAMILTON

Position	2022 Annual Base Salary	Recommended 2022 At-Risk Compensation Differential	2022 LTIP Program**	Recommended 2023 Base Salary*	Recommended 2023 Annual Recruitment & Retention*
EVP of Corporate Claims (Robert M. Hamilton)	\$333,900	\$67,780	\$33,390	Not applicable (Retired)	Not applicable (Retired)

****2022 LTIP Program is effective January 1, 2022 and paid out over 3 years.**