

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF OPEN SESSION MEETING**

**February 27-28, 2020**

The Board of Directors of the State Compensation Insurance Fund met on February 27-28, 2020 at the State Fund Pleasanton Office, 5890 Owens Drive (Atlantic and Pacific conference rooms), Pleasanton, California.

**February 27, 2020**

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

The meeting was called to order on February 27, 2020 at 1:30 p.m.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Robin L. Baker; Daniel M. Curtin; Senator Michael J. Machado (Ret.); Jack L. Neureuter; Arthur H. Pulaski; Thomas E. Rankin; Angela Tate; and William M. Zachry.

Absent by prior arrangement: Senator Thomas C. Berryhill (Ret.);

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary and Chief of Internal Affairs Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Executive Analyst Candace W. Fong.

**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**

- 3a. Approval of November 21-22, 2019 Open Meeting Minutes**
- 3b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement**
- 3c. Approval of Investment Policy Statement and Guidelines**
- 3d. Approval of Retirement Resolutions**

Mr. Lanier reported that item 3c "Approval of Investment Policy Statement and Guidelines" on the Consent calendar has been revised. The Investment and Risk Committee made changes to the Investment Policy Statement and Guidelines during their meeting. The Committee directed the staff to keep the original Environment, Social, and Governance (ESG) narrative, pages 1 and 2 of the Investment Policy Statement and Guidelines. All other recommended changes to the policy from the original posting were approved by the Investment and Risk Committee.

Mr. Lanier noted that copies of revised Investment Policy Statement and Guidelines Resolution No.2272 are available at the front table outside of the room.

State Compensation Insurance Fund

Board of Directors – June 16, 2020

Open Agenda Item 3a – Consent Calendar: Approval of February 27-28, 2020 Open Meeting Minutes

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.

MOTION: Mr. Rankin                      SECOND: Mr. Zachry

To approve the Consent Calendar as revised.

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

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

The revised certified Resolution No. 2272 is attached hereto.

#### **AGENDA ITEM 4: STAFFING UPDATE**

Executive Vice President and Chief Administrative Officer Andreas Acker presented an update on staffing. Mr. Acker reported that State Fund ended 4Q 2019 with 4,189 employees, 374 separations, 295 new hires, and 489 promotions. Of the 374 separations, 237 or 63% were due to retirements, 72 were resignations, 35 were transfers to other agencies, and 30 were others (death or dismissals). The overall separation rate was 5.3% and the primary driver was retirements.

Mr. Acker noted that, included in the Board materials, was a report on age and state service as of December 31, 2019. The report showed that 648 Employees (15.47%) were over 55 and have 20 or more years of service and 1,227 employees (29.29%) were over 55 and have 10 or more years of service. Mr. Acker noted that in 2022-2023, he expects there will be an uptick of retirements (300+ employees) based upon the average age at retirement of 60 years old. There will continue to be approximately 240 retirements on average per year until then. Discussion ensued on whether there were any issues with hiring, finding candidates to replace those who leave. Mr. Acker noted that it is only for Data Scientist and Actuary positions.

Mr. Acker reported that, as of December 31, 2019 there was a decrease of 23.2% in the number of hours over the 640-hour cap and a 9.3% decrease in the number of employees over the cap. Mr. Acker noted there was great progress in reducing the leave hours over the 640 cap. State Fund required employees with hours over the cap to have a plan to reduce their leave hours. This is a liability which is important to State Fund to monitor.

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

#### **AGENDA ITEM 5: FINANCIAL AND PRESIDENT'S REPORT**

President and CEO Vernon Steiner provided the following updates:

##### **Underwriting Results**

Mr. Steiner noted that, due to the nature of State Fund's business, the underwriting results are significantly impacted by the dynamics that affect California businesses including economic conditions and market pricing, as well as the effects of the underwriting cycle. State Fund net premiums earned in the amount of \$1.2B were 10.8% lower than those in the prior year, which can be attributed to State Fund's filed rate decrease of 10% effective January 2019, and lower audited premium compared to last year. The most significant factor is actually the lower audited premium as the 2018 year audit premium was unusually high due to delays in 2017 that arose from the implementation of AB 2883.

The State Fund's 2019 Loss ratio was 39% and Loss Adjustment Expense (LAE) ratio was 16.9%. Together these ratios were 43.4% lower than in the prior year due to a combined \$536M reserve

release. The \$400M of the reserve release was from loss reserves and \$126M from loss adjustment expense reserves. The reserve release was a result of both system-wide improvements and several internal initiatives to improve outcomes, including reduction in opioid use by claimants, outcomes-based MPN launched in 2016, specialized claims model launched in 2017, and a sharp focus on paying claims quickly, that has led to improved closure rates. Mr. Steiner acknowledged the hard work of the claims team for helping drive the given results.

The underwriting expense ratio of 39.6% was 4.2 points higher than in the prior year due to lower net premiums written. Overall, the underwriting loss of \$53M was 111.5% higher than in the prior year due to the decrease in reserves for loss and loss adjustment expenses.

The combined ratio of 95.5% was 39.2 points lower than in the prior year driven by loss and loss adjustment expense reserves release of \$536M.

### **Investment and Other Non-Underwriting Results**

Mr. Steiner reported that the net investment income of \$627M was \$4M higher than the prior year. The realized capital gains of \$100M were \$27M higher than the prior year due to sales of stocks during favorable market conditions. Other expenses, mostly representing charge-offs of uncollectible premiums, were \$32M higher than the prior year. This increase was also attributable to the unusually high audited premium in 2018. Overall State Fund ended 4Q 2019 with net income before dividends of \$699M, which was \$513M higher than the prior year mainly due to significant decrease in loss and loss adjustment expense reserves of \$536M.

State Fund declared additional dividends to policyholders of \$55M for policies that incepted August 20, 2019 through December 31, 2019 resulting in a total of \$160M dividends declared for the 2019 calendar year.

The policyholder surplus decreased by \$239M since December 31, 2018. This is mainly due to the reclassification of \$1 billion of restricted surplus to recognize State Fund's share of Pension and Other Post Employment Benefits (OPEB) as liabilities in compliance with Statements of Statutory Accounting Principles (SSAP) No. 5R – "Liabilities, Contingencies and Impairments of Assets". The decrease in surplus was offset by the reserve release of \$536 million and the increase in adjustments to surplus of \$225 million, which was mostly represented by unrealized capital gains.

### **2019 Year-End Review**

Mr. Steiner acknowledged and attributed State Fund's strong financial year to the hard work of State Fund employees. Mr. Steiner highlighted some of the accomplishments in 2019 as follows:

#### **Operations**

- State Fund announced \$160M in dividends in 2019.
- Broader rate reduction - State Fund further reduced rates for 65 class codes with an average additional 38.5% reduction to the base rate.
- State Fund eliminated premium deposits for most new and renewal business.
- Enterprise Risk Management process improved by better aligning it with its strategic objectives.

- Claim inventory reduction plan exceeded expectations with a net reduction of more than 6,000 claims.
- Telehealth services launched which is making it easier for injured workers in rural areas to connect with physicians and get high-quality medical care no matter where they live.

## Technology

- State Fund launched its new online quote and bind system. As of February 21, 2020, State Fund has written more than 1,600 policies worth more than \$6M in premium through the new channel. This has made it easier for small businesses to do business with State Fund. The average time to receive a quote is 7 minutes.
- Chatbot escalation was launched in early 2019 - customers can get quick answers to their questions about claims, medical bill inquiries, and more by chatting online. In a recent week, over 3,000 customers used Chatbot to make 1,600 successful medical bill inquiries, 700 successful electronic EOR requests, and 1,600 successful claims information inquiries. Of all those chats, just 173 (6%) asked to be connected to a live agent. Mr. Steiner noted that this was a great example of using technology to help customers quickly, while using fewer resources, and at the same time meeting their needs in a way they appreciate. 90% of those customers replied in a survey that they were satisfied with the experience.
- UR Connected has been rolled out to 19 provider groups.
- The new and improved safety website, SafeAtWorkCA.com, was launched in early 2019 and it has seen a tremendous growth in traffic over the past year and a significant increase in how much time visitors spend on the site and how many pages they visit.

## Customer Experience

Mr. Steiner noted that State Fund has made significant improvements in the ways it interacts with its customers, and the results are evident across a number of areas for both policyholders and injured workers.

- **Claims** - Mr. Steiner reported that the claims quality surveys continue to improve and he shared a recent survey from an injured worker who gave the Claims adjuster very high marks; at the end of the survey the worker wrote: *“At this point I have no issues or questions; I know the only thing now is just time. Time to get past the surgery on my shoulder. Then to get to the point where I know what I can or can’t do anymore. It’s just time. I have no fear. I’m in good hands and State Fund is here to help me. I know there must be so many injuries on daily basis. I am only one but I don’t feel alone. Thank you for being just a phone call away.”*
- **Policyholders** – Mr. Steiner noted that although State Fund has only a couple of years of data related to customer experience, the Net Promoter Score—a measure of how likely a customer is to recommend an organization they do business with—went up last year by 2 points from the year previous. There is still lots of work to do, but there has been good progress.

## Awards

Mr. Steiner reported that in 2019, State Fund received the following awards/recognitions:

- Named a Top-500 Mid-Sized U.S. Employer by Forbes.

- Won “Best in Show” at the 2019 DevLearn conference for “The Case of the Missing Case” video series.
- Named a Top-125 Training Program by Training Magazine. In 2017, ranked 86; in 2018 ranked 80; and in 2019 ranked 32.
- Named “Employer of the year” by ACSED (Association of CA State Employees with Disabilities).
- Ranked #6 in Supplier Diversity by the Western Regional Minority Supplier Development Council, up from number 16 in the previous year.
- Received a “Best and Brightest in Wellness” award from the National Association of Business Resources.

## **Culture**

Mr. Steiner noted that all the results he mentioned were in many ways tied to the broader improvement in the organization’s culture.

- Engagement scores continue to improve. In 2019, reached the highest level to date (76.6%), which exceeded the Insurance and Finance Industry benchmark, and significantly exceeded the Public Entity benchmark.
- Introduced new Core Values in early 2019 and shared with State Fund team, a video at Executive town halls at 19 different locations throughout the year. The values have really resonated with State Fund team. The core values are: *Be Innovative, Do What’s Right, Respect Everyone, and Show We Care.*
- Launched new Innovation Design Center (IDC) team, reflecting a significant shift in the way State Fund tackles challenges and embraces new technology. The team has helped to drive initiatives around an enterprise-wide chat bot, data aggregation technology for underwriting, and a new customer communication platform. For 2020, the IDC is assigning “innovation business partners” to a variety of State Fund departments to help make innovation a part of their everyday planning and operational efforts.

Lastly, Mr. Steiner noted that since 2012, when SB 863 was passed, State Fund has reduced its average charged rate by 43.9%. The industry as a whole has reduced rates by 19.5%. Mr. Steiner further noted that he and the entire executive team are very proud of the organization’s results, delivered in 2019 and over the past few years, and appreciate the opportunity to lead such a talented group of people.

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

## **AGENDA ITEM 6: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES**

### **6a: GOVERNANCE COMMITTEE**

#### **6ai: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE**

Governance Chair Mr. Rankin reported on the following:

State Fund’s compliance activities are reported in accordance with the seven essential elements of an effective compliance program based on the U.S. Sentencing Guidelines.

The seven essential elements are:

1. Oversight, Accountability & Resources
2. Standards of Conduct, Policies & Procedures
3. Effective Training, Communication and Awareness
4. Consistent Monitoring, Evaluation & Reporting
5. Due Care in Delegating Authority
6. Consistent Promotion & Enforcement
7. Risk Assessment, Response, Continuous Improvement, & Auditing

### **2019 Own Risk and Solvency Report (ORSA)**

The 2019 ORSA report was submitted timely to the California Department of Insurance (CDI) on December 19, 2019.

### **Mandatory Training – Ethics**

State Fund achieved its mandatory compliance rate overall goal of 98% for the following mandatory training:

- a. Security Awareness
- b. Annual Proprietary System Notice and Acknowledgement Form
- c. Preventing Workplace Harassment (Employees/Consultants and Supervisors)
- d. Anti-Fraud

### **Ethics and Privacy Reported Issues**

The total number of ethics reported issues for 4Q 2019 increased by 22% compared to 3Q 2019. The Hotline reporting increased by 62% for the same period. Human Resources (HR) attributed the increase to the “Preventing Harassment Training” deployed to the organization in October 2019.

While a year-to-year comparison shows a decrease in total ethics issues reported by 5% from 2018 (142) to 2019 (135), there was a significant increase in hotline reporting: 40 (2019) vs. 10 (2018). However, HR related issues declined by 12% during the same period. Inappropriate/ Offensive Behavior and EEO remained the categories with the highest number of reports for both years.

## **6b: AUDIT COMMITTEE**

### **6bi: UPDATE ON COMPLETED CLOSED AUDITS**

Audit Chair Mr. Zachry reported on the following activities:

#### **Completed Closed Audits**

Mr. Zachry reported that six projects were reported in the 3Q 2019 in the Closed Session in November 2019. The Internal Audit Department continues to monitor Management’s progress in addressing these issues until Management implements an action plan to mitigate the risk identified. All of the completed project reports were deemed to be proprietary. There were no non-proprietary projects to report in Open Session.

## **Whistleblower Hotline**

All Ethics Hotline reports are investigated. For the 4Q 2019, there were 36 new allegations received. Of the 36 new allegations, 15 did not require investigation and were referred to Manager Services and 11 were referred to the Internal Investigations Unit. Of the 11 allegations, 8 are currently still in progress and 3 have been closed as unsubstantiated. In addition, 21 investigations from prior quarters were closed.

This report is available to the public and posted on State Fund's website.

## **6c: INVESTMENT and RISK COMMITTEE**

### **6ci: BOND TRANSACTIONS AND COMPLIANCE REPORT**

Investment & Risk Committee Chair Senator Machado (Ret.) reported on the following:

The investment transactions and compliance reports for the periods of October 1, 2019 to December 31, 2019 were approved by the Investment and Risk Committee pursuant to its delegated authority. The Investment and Risk Committee also reviewed and approved the revised Investment Policy Statement and Guidelines Resolution No. 2272, which replaces Resolution No. 2216.

Senator Machado noted that the Committee, during Closed Session, heard a report from staff on portfolio performance; a report from Wellington Investment managers regarding their Environmental, Social, and Governance (ESG) posture with regard to the environment; discussion on State Fund's preparedness in response to the coronavirus; an update on the State Fund Information Security Program; a report from the Enterprise Risk Management (ERM) program; there were no significant changes in the overall risk position of State Fund over the 4Q 2019. The Committee was advised that the 2019 Own Risk and Solvency Assessment (ORSA) was filed timely with the Department of Insurance on December 19, 2019, as required by Insurance Code section 935.8.

### **6d: AD HOC SAFETY AND LOSS PREVENTION COMMITTEE**

Chair Robin Baker reported that the Ad Hoc Safety and Loss Prevention Committee met on January 21, 2020 and heard updates from staff on the status of the Loss Prevention strategic plan. The implementation of the Loss Prevention Strategic plan is on track, and the Committee's continuation after 2019, and the role of the Committee should it continue, will be discussed with the Board.

## **AGENDA ITEM 7: CHAIRPERSON'S REPORT**

Mr. Lanier echoed the good news of the President's report on the 2019 accomplishments of State Fund. He acknowledged that State Fund employees drive results for the enterprise to allow reductions in the price of policies, and dividends issued for policyholders. Mr. Lanier noted it is a pleasure to serve on the Board and he acknowledged the hard work of State Fund employees for achieving such great results in 2019.

## **AGENDA ITEM 8: BOARD MEMBER REPORTS**

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

**AGENDA ITEM 9: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 12 THROUGH 23**

Mr. Lanier requested public comment on the appropriateness of Closed Session for agenda items 12 through 23, of which there was none.

**AGENDA ITEM 10: PUBLIC COMMENT**

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

**ADJOURNMENT**

There being no further business, Mr. Lanier adjourned the meeting at 2:15 p.m. to immediately reconvene in Closed Session.

**February 28, 2020**

**AGENDA ITEM 24: CALL TO ORDER AND ROLL CALL**

The meeting reconvened at 11:55 a.m. at the State Fund Pleasanton Office (Atlantic and Pacific conference rooms), Pleasanton, California and the following Members were present: David M. Lanier (Chair); Robin L. Baker; Daniel M. Curtin (joined during item 25); Senator Michael J. Machado (Ret.); Jack L. Neureuter; Arthur H. Pulaski; Thomas E. Rankin; Angela Tate; and William M. Zachry.

Absent by prior arrangement: Senator Thomas Berryhill (Ret.)

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary and Chief of Internal Affairs Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Executive Analyst Candace W. Fong.

**AGENDA ITEM 25: APPROVAL OF EXECUTIVE COMPENSATION**

Mr. Lanier noted that in August 2019, Chief Investment Officer Stephanie Chan passed the third and last Chartered Financial Analyst Exam, the highest distinction in the investment management profession and a globally recognized standard for measuring competence and integrity of financial analysts. At the August 2019 Board meeting, the Board discussed increasing Ms. Chan's salary by \$50,000. The Board ratified the resolution, at the November 2019 meeting as part of the Consent Calendar, which increased Ms. Chan's salary to \$225,000, retroactive to August 20, 2019. Mr. Lanier noted that the Board desires to offer a more competitive market rate salary, and therefore increased Ms. Chan's salary by an additional \$25,000, for a total base salary of \$250,000 effective March 1, 2020.

Mr. Lanier noted that copies of Resolution No. 2273 "Approving Interim Increase to the 2020 Compensation of the Chief Investment Officer" are available at the front table outside of the room.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Zachry

SECOND: Mr. Rankin



To approve interim increase to the 2020 Compensation for the Chief Investment Officer, Resolution No. 2273 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. 2273 is attached hereto.

**AGENDA ITEM 26: PROPOSALS AND SUGGESTIONS FOR MAY 28-29, 2020 AGENDA**

Mr. Lanier requested suggestions for agenda items for the May 28-29, 2020 Board meeting. Ms. Padua noted that the proposed agenda items are for Closed Session.

Mr. Lanier requested other agenda items, of which there were none.

Mr. Lanier requested public comment, of which there was none. He noted that the next Board meeting is scheduled for May 28, 2020 at the State Compensation Insurance Fund Office, Pleasanton, California unless noticed for a new date and time

Mr. Lanier adjourned the meeting at 12:05 p.m.

Respectfully submitted,

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Hilda B. Padua  
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**RESOLUTION APPROVING INTERIM INCREASE TO 2020  
COMPENSATION OF THE CHIEF INVESTMENT OFFICER**

WHEREAS, Insurance Code section 11785(a) authorizes the Board of Directors ("Board") of State Compensation Insurance Fund to appoint and set the salary for certain exempt officer positions including a Chief Investment Officer; and

WHEREAS, the Board approved the appointment of Stephanie K. Chan to serve as the Chief Investment Officer effective April 1, 2018 at a base annual salary of \$150,000; and

WHEREAS, the Board approved an increase to \$175,000 effective as of September 1, 2018 after Ms. Chan passed the second of three Chartered Financial Analyst Exams, measuring knowledge of ethical and professional standards, investment tools, asset classes and portfolio management; and

WHEREAS, the Board approved an increase to \$225,000 effective as of August 20, 2019 after Ms. Chan received her credential as a Chartered Financial Analyst, the highest distinction in the investment management profession and a globally recognized standard for measuring the competence and integrity of financial analysts; and

WHEREAS, the State Fund Board of Directors is vested with full power, authority and jurisdiction over State Fund and may perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over State Fund, as fully and completely as the governing body of a private insurance carrier; and

WHEREAS, the Board desires to offer competitive market rate salaries that allow State Fund to attract and retain talent necessary to efficiently and effectively operate a large scale insurance organization; and

WHEREAS, in recognition of the above, the Board seeks to increase Stephanie K. Chan's 2020 base salary.



**Resolution No. 2273**

NOW, THEREFORE,


IT IS RESOLVED, that the Board of Directors hereby approves a \$25,000 increase in the base annual salary for Stephanie K. Chan for a base annual salary of \$250,000 effective March 1, 2020.

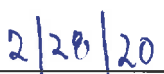
PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 28th day of February, 2020 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Robin L. Baker	Yes
Sen. Tom C. Berryhill (Ret.)	Absent
Daniel M. Curtin	Yes
Sen. Michael J. Machado (Ret.)	Yes
Jack L. Neureuter	Yes
Arthur H. Pulaski	Yes
Thomas E. Rankin	Yes
Angela D. Tate	Yes
William M. Zachry	Yes

*Certification by the Assistant Corporate Secretary*

*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 28, 2020.*

  
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Hilda B. Padua  
Assistant Corporate Secretary

  
\_\_\_\_\_  
Date

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF OPEN SESSION MEETING**

**April 17, 2020**

The Board of Directors of the State Compensation Insurance Fund met on April 17, 2020 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 BoardMeeting@scif.com. Ms. Padua noted that the information was also posted on State Fund website.

The meeting was called to order on April 17, 2020 at 1:10 p.m.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Senator Tom C. Berryhill; Daniel M. Curtin (joined during item 2); Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Jack L. Neureuter (joined during item 2); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; William M. Zachry; Katrina S. Hagen (Ex-officio).

Daniel M. Curtin and Jack L. Neureuter were not present during roll call.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary and Chief of Internal Affairs Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Executive Analyst Candace W. Fong.

Board Chair David Lanier welcomed everyone joining the meeting via telephone/video conference and noted this was the first State Fund Board Virtual meeting. Mr. Lanier then welcomed the new board members, Richard Guggenhime and Alexis Podesta and noted their appointment terms, and Ex-Officio member Katrina Hagen.

Richard Guggenhime was appointed on March 5, 2020 by Governor Gavin Newsom for a term expiring on January 15, 2024. The oath was administered on March 9, 2020 and was submitted to State Fund on the same day. Mr. Guggenhime has been a senior counsel at Perkins Coie since 2016. He is president of the Stanley S. Langendor Foundation, serves on the San Francisco Community Advisory Board of Wells Fargo Bank, and has an extensive background in public service in San Francisco's leading civic organizations. Mr. Guggenhime has served on the city's Parking Authority, Board of Permit Appeals, Fire Commission, and Recreation and Parks Commission; he currently is a member of the City and County of San Francisco Airport Commission.

Alexis Podesta was appointed on January 23, 2020 by Governor Gavin Newsom for a term expiring January 15, 2025. The oath was administered on March 2, 2020 and was submitted to

State Fund on March 6, 2020. Ms. Podesta has served as secretary at the California Business, Consumer Services, and Housing Agency since 2017, where she was undersecretary from 2015 to 2017. Ms. Podesta served in several positions in the Office of Governor Edmund G. Brown Jr. from 2011 to 2015, including as director of external affairs, director of international affairs, and chief of protocol.

Katrina Hagen was appointed Director of the California Department of Industrial Relations (DIR) by Governor Gavin Newsom on March 11, 2020 and is now the Ex-Officio member of the Board. Prior to joining the DIR in 2020, Ms. Hagen served as chief deputy director at the California Department of Tax and Fee Administration since 2017. She was deputy director of operations at the California Department of Human Resources from 2015 to 2017 and chief of human resources at the California Public Employees' Retirement System from 2011 to 2015.

#### **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: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 5 THROUGH 7**

Mr. Lanier requested public comment on the appropriateness of Closed Session for agenda items 5 through 7, of which there was none.

#### **AGENDA ITEM 4: PUBLIC COMMENT**

Mr. Lanier confirmed that no public comment was received.

#### **ADJOURNMENT**

There being no further business, Mr. Lanier adjourned the meeting at 1:15 p.m. to immediately reconvene in Closed Session.

**April 17, 2020**

#### **AGENDA ITEM 8: CALL TO ORDER AND ROLL CALL**

The meeting reconvened at 4:35 p.m. via telephone/video conference (Zoom webinar) and the following Members were present: David M. Lanier (Chair); Senator Tom C. Berryhill; Daniel M. Curtin; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Jack L. Neureuter; Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; William M. Zachry; Katrina S. Hagen (Ex-officio).

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary and Chief of Internal Affairs Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Executive Analyst Candace W. Fong.

**AGENDA ITEM 9: APPROVAL OF PERFORMANCE AWARD**

Mr. Lanier noted that State Fund recognizes the dedication of essential workers throughout California who are unable to perform their essential work duties from home, including State Fund staff working from a State Fund physical office location, without whose commitment State Fund’s mandate to provide insurance to California businesses and benefits to California insured workers would be compromised.

Mr. Lanier, on behalf of the Board, expressed their appreciation through the establishment of a total reserve fund of One Million Two Hundred Thousand Dollars for the purpose of issuing spot awards to individual staff who demonstrate exemplary work performance during the shelter-in-place mandate and/or continue to work from a State Fund physical office location during the COVID-19 crisis thereby ensuring the continuity of State Fund’s operations.

Mr. Lanier noted that the Board resolution approves funding for the COVID-19 performance award pool and establishes that the President or his delegate is authorized to determine the basis, amount and timing for the issuance of spot awards to individual staff.

Ms. Padua displayed on the screen, for Board and public view, Resolution No. 2279 “Approval of COVID-19 Performance Award”. Mr. Lanier requested a Motion and Second.

MOTION: Mr. Zachry                      SECOND: Senator Machado

To approve COVID-19 Performance Award, Resolution No. 2279 as presented.

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

YES: 11                      NO: 0                      Abstain: 0                      Resolution carried.

The certified Resolution No. 2279 is attached hereto.

Mr. Lanier thanked the staff for their hard work and wished everyone to stay safe and healthy.

**AGENDA ITEM 10: PROPOSALS AND SUGGESTIONS FOR MAY 28-29, 2020 AGENDA**

Mr. Lanier requested suggestions for agenda items for the May 28-29, 2020 Board meeting, of which there were none.

Mr. Lanier requested public comment, of which there was none. He noted that the next Board meeting is scheduled for May 28, 2020, location to be determined, unless noticed for a new date and time

Mr. Lanier adjourned the meeting at 4:40 p.m.

Respectfully submitted,

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Hilda B. Padua  
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**APPROVAL OF COVID-19 PERFORMANCE AWARDS**

WHEREAS, the Board of Directors ("Board") of the State Compensation Insurance Fund ("State Fund") has approved performance awards, from time to time, for State Fund staff based upon enterprise performance and individual performance; and

WHEREAS, on March 4, 2020, Governor Newsom proclaimed a State of Emergency to exist in California, to preserve the public health and safety, as a result of the threat of the corona virus disease of 2019 ("COVID-19") pandemic; and

WHEREAS, on March 19, 2020, Governor Newsom issued Executive Order N-33-20 ("the Order") ordering all individuals in the state of California to stay home ("shelter-in-place"), except as needed to maintain the continuity of operations of critical infrastructure sectors, including the Government Facilities and Healthcare and Public Health Sectors, which include the State Compensation Insurance Fund; and

WHEREAS, the majority of State Fund's Workforce transitioned to working remotely from their homes within one week of the shelter-in-place order, due in part to the extraordinary effort of several key staff in the State Fund workforce; and

WHEREAS, some individuals in State Fund's Workforce are required to perform their job duties at State Fund's physical office locations to ensure the continuity of State Fund's operations during the shelter-in-place order, increasing the risk of their exposure to the virus;

WHEREAS, State Fund recognizes the dedication of essential workers throughout California who are unable to perform their essential work duties from home, including State Fund staff working from a State Fund physical office location, without whose commitment State Fund's mandate to provide insurance to California businesses and benefits to California insured workers would be compromised.

WHEREAS, the Board and State Fund would like to express their appreciation through the establishment of a total reserve fund of One Million Two Hundred Thousand Dollars (\$1,200,000.00) for the purpose of issuing spot awards to individual staff who demonstrate exemplary work performance during this shelter-in-place mandate and/or continue to work from a State Fund physical office location during the COVID-19 crisis thereby ensuring the continuity of State Fund's operations.

**NOW, THEREFORE,**

**BE IT RESOLVED** that the Board appreciates the extraordinary effort by individual staff in the State Fund workforce who demonstrate exemplary work performance during this shelter-in-place mandate and/or continue to perform their essential job duties from a State Fund physical office location enabling the continuity of State Fund's operations during the COVID-19 crisis; and

**Resolution No. 2279**  
Approval of COVID-19 Performance Awards

IT IS FURTHER RESOLVED that the Board hereby establishes a total reserve fund of One Million Two Hundred Thousand Dollars (\$1,200,000.00) for the purpose of issuing spot awards to individual staff who demonstrate exemplary work performance during this shelter-in-place mandate and/or perform their essential job duties from a State Fund office to enable the continuity of State Fund's operations during the COVID-19 crisis; and the President of State Fund, or his delegate, is authorized to determine, in a reasonable manner, the basis, amount, and timing for the issuance of spot awards to individual staff.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 17<sup>th</sup> day of April, 2020 by the following vote:


<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	YES
Senator Tom C. Berryhill (Ret.)	YES
Daniel M. Curtin	YES
Richard J. Guggenhime	YES
Senator Michael J. Machado (Ret.)	YES
Jack L. Neureuter	YES
Alexis A. Podesta	YES
Arthur H. Pulaski	YES
Thomas E. Rankin	YES
Angela D. Tate	YES
William M. Zachry	YES

BOARD of DIRECTORS of the STATE COMPENSATION INSURANCE FUND

Certification by the Assistant Corporate Secretary

*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 meeting held April 17, 2020.*

  
\_\_\_\_\_  
Hilda B. Padua, Assistant Corporate Secretary

  
\_\_\_\_\_  
Date