

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

May 18-19, 2023

The Board of Directors of the State Compensation Insurance Fund met on May 18-19, 2023 at the State Fund Learning Center, 1010 Vaquero Circle, (Claude Fellows Conference Room), Vacaville, California.

May 18, 2023

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on May 18, 2023 at 3:05 p.m. Board Chair David Lanier welcomed everyone joining the meeting.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Daniel M. Curtin (joined during item 6); Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela S. Wei; William M. Zachry; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: 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

- 3a. Approval of February 17, 2023 Open Meeting Minutes
- 3b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- 3c. Annual Review and Approval of State Fund By-Laws
- 3d. Annual Review and Approval of Audit Committee Charter and Investment and Risk Committee Charters
- 3e. Annual Review and Approval of Board Education and Travel Expense Reimbursement Policy
- 3f. Annual Review and Approval of Board Delegated Authority and Approval Level
- 3g. Annual Review and Approval of Internal Audit Charter and Compliance with International Internal Audit Standards
- 3h. Approval of Retirement Resolutions
- 3i. Approval of Investment Policy Statement and Guidelines

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

Mr. Lanier called for a Motion.

MOTION: Mr. Guggenhime

SECOND: Mr. Pulaski

To approve the Consent Calendar 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.

AGENDA ITEM 4: STATEMENT OF ACTUARIAL OPINION

Mr. Lanier noted that this item is read only, unless there are questions, of which there were none. Mr. Michael DeMattei, FCAS, MAAA of Milliman, State Fund's Appointed Actuary, reported that State Fund's reserves to be reasonable as of December 31, 2022.

AGENDA ITEM 5: FINANCIAL AND PRESIDENT'S REPORT: 1Q 2023

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

AGENDA ITEM 6: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES

6a: GOVERNANCE COMMITTEE

Governance Chair Mr. Rankin reported that the Governance Committee met in-person on May 18, 2023. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: February 16, 2023 Open session meeting minutes; Board Member upcoming speeches, articles or webinars; State Fund By-Laws; Audit Committee and Investment and Risk Committee Charters; Board Education and Travel Expense Reimbursement Policy; Board Delegated Authority and Approval Level; and Internal Audit Activity Charter and Compliance with International Audit Standards.

During the Closed session, the Committee heard an update on Safety and Loss Prevention Strategic Plan; planning for Board Strategic meeting; and strategic discussion of Governance Committee Charter.

6b: AUDIT COMMITTEE

Audit Chair Mr. Zachry reported that the Audit Committee met in-person on May 17, 2023. During the Open session under the Consent Calendar, the Committee reviewed and approved the following: February 13, 2023 Open Meeting Minutes; Audit Committee Charter; and Internal Audit Activity Charter and Compliance with International Audit Standards.

During the Closed Session, the Committee heard an update from outside auditor EY, and an update from staff on Personnel Investigations, update on Pension and OPEB, and Internal Audit activities for 1Q 2023.

6c: INVESTMENT AND RISK COMMITTEE

Investment and Risk Chair Senator Machado reported that the Investment and Risk Committee met in-person on May 18, 2023. During the Open Session under Consent Calendar, the Committee reviewed and approved the following items: February 15, 2023 Open Meeting Minutes; Investment transactions and compliance reports for the period of January 1, 2023 to March 31, 2023, pursuant to its delegated authority; and Investment and Risk Committee Charter; and Investment Policy Statement and Guidelines.

During the Closed session, the Investment and Risk Committee heard a report from Investment managers and reports from staff on: portfolio performance; investment manager's performance, services, and results; ESG investments; update on Alternative Contract process; strategic discussion on Investment Policy Statement and Guidelines (short-term and Long-Term investments); strategic asset alliance study; update on Enterprise Risk Management program; and update on State Fund's Information Security Program.

AGENDA ITEM 7: CHAIRPERSON'S REPORT

Mr. Lanier noted that he has nothing to report.

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 21

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 12 through 21, of which there was none.

AGENDA ITEM 10: 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 3:12 p.m. to immediately reconvene in Closed session.

May 19, 2023

AGENDA ITEM 22: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened on May 19, 2023 at 11:34 a.m., following the conclusion of the Closed session and the following Members were present: David M. Lanier (Chair); Daniel M. Curtin; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela Wei; William M. Zachry; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: 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 23: APPROVAL OF GOVERNANCE COMMITTEE CHARTER

Mr. Lanier reported that this agenda item was deferred to the August 2023 meeting.

AGENDA ITEM 24: PROPOSALS AND SUGGESTIONS FOR AUGUST 2023 AGENDA

Mr. Lanier requested suggestions for agenda items for the August 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.

Mr. Zachry paid tribute to Mike Webb, who was an advisor, writer, and regulator. Mr. Webb passed away in April 2023. Mr. Zachry noted that Mr. Webb's service to the industry spanned more than four decades. Mr. Webb was the font of institutional knowledge and helped shaped multiple workers' comp reforms. Mr. Webb's contributions to the industry will be missed.

Mr. Lanier noted that the next Board meeting is scheduled sometime the week of August 14-18, 2023, to be held at Omni Hotel, San Diego, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 11:36 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary