

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

August 27, 2020

The Board of Directors of the State Compensation Insurance Fund met on August 27-28, 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 BoardofDirectors@scif.com. Ms. Padua noted that the information was also posted on the State Fund website.

The meeting was called to order on August 27, 2020 at 1:05 p.m.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Senator Tom C. Berryhill (Ret.); 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; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: William M. Zachry

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; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

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

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 June 16, 2020 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 Resolution
- 3d. Approval of Retirement Resolutions
- 3e. Ratification of Extension of President's Employment Agreement

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. Neureuter

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: 10

NO: 0

Abstain: 0

Motion carried.

AGENDA ITEM 4: FINANCIAL REPORT

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

5a: GOVERNANCE COMMITTEE

Governance Chair Mr. Rankin reported that the Governance Committee met on August 13, 2020 through Zoom online meeting. During the Open session under Consent Calendar, the Committee reviewed and approved the May 28, 2020 Open Meeting Minutes and Board Member Upcoming Speeches, Articles, or Webinars.

During the Closed session, the Committee heard a report on personnel matters, executive compensation, and performance award.

5b: AUDIT COMMITTEE

General Counsel and Corporate Secretary Margie Lariviere provided the Audit Committee Chair report on behalf of Mr. William Zachry.

Ms. Lariviere reported that the Audit Committee met on August 14, 2020 through Zoom online meeting. During the Open session, under the Consent calendar, the Committee reviewed and approved the May 27, 2020 Open Meeting minutes. Ms. Lariviere noted that there were no other reports during the Open session. During the Closed session, the Committee heard an update from staff on Personnel Investigations, and Internal Audit activities, and approved the revised 2020 Internal Audit plan.

5c: INVESTMENT and RISK COMMITTEE

Investment and Risk Committee Chair Senator Machado reported that the Investment and Risk Committee met on August 10, 2020 through Zoom online meeting. During the Open session, the investment transactions and compliance reports, for the period of April 1, 2020 to June 30, 2020, 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. The Investment Policy Statement and Guidelines Resolution was revised to change the Environmental, Social, and

Governance (ESG) narratives as well as to incorporate the ESG goals and attributes and ESG characteristics and limitations.

During the Closed session, the Investment and Risk Committee heard a report from staff on portfolio performance; an update on State Fund's Information Security Program; and, a report from the Enterprise Risk Management program. The Committee also heard a report from staff on the State Fund's current Corporate Insurance Program, and approved the renewal of the expiring policies at terms most favorable to State Fund.

AGENDA ITEM 6: CHAIRPERSON'S REPORT

Mr. Lanier thanked the Committee Chairs for the great job they have done, considering the unique challenges of running a virtual meeting through Zoom.

Mr. Lanier again thanked every member of the State Fund team for their hard work, support, and adaptability during this difficult and challenging time. State Fund transitioned to a work-from-home (WFH) environment and has done well supporting each other and its customers. Mr. Lanier noted he will have more information to share during the Open session on Friday, August 28, 2020.

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 for agenda items 11 through 18, of which there was none.

AGENDA ITEM 9: PUBLIC COMMENT

Mr. Lanier confirmed that no public comment was received.

ADJOURNMENT

There being no further business, Mr. Lanier adjourned the meeting at 1:10 p.m. to immediately reconvene in Closed session.

August 28, 2020

AGENDA ITEM 19: CALL TO ORDER AND ROLL CALL

The Open session meeting reconvened at 1:20 p.m. via telephone/video conference (Zoom webinar) and the following Members were present: David M. Lanier (Chair); Senator Tom C. Berryhill (Ret.); Daniel M. Curtin; Richard J. Guggenlime; Senator Michael J. Machado (Ret.); Jack L. Neureuter; Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; and William M. Zachry.

Absent by prior arrangement: 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; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

AGENDA ITEM 20: APPROVAL OF PERFORMANCE AWARD

Mr. Lanier noted that in 2013, the Board introduced performance awards to strengthen State Fund's ability to successfully compete with the market for talent by creating a tool that recognizes and rewards performance. The performance awards are tied to enterprise results as well as to individual performance/contribution, and are an appropriate investment in building and sustaining a performance culture that delivers value to State Fund customers.

Mr. Lanier further noted that on March 19, 2020, in response to the Governor's order, the majority of State Fund's workforce transitioned to working remotely from their homes within one week of the shelter-in-place order and State Fund's performance during the COVID-19 pandemic has been outstanding, including meeting all objectives through June 2020; accelerating the payment of the 2019 Dividend; creating and administering the \$100M COVID-19 Safety Funds available to policyholders, maintaining quality and service while shifting 4,000 employees to remote work; maintaining and improving financial strength through ongoing claim quality improvements and exceptional investment portfolio management.

Based on State Fund's performance, the Board approved 50% of the target for the 2020 performance year to be paid in September 2020 (or as soon thereafter as is practical after the Board's approval); funding not to exceed \$9.9M, which is approximately 5% of \$198.4M, the annual salary spent for the first half of 2020, to be administered by management to staff, supervisors and managers, senior leaders, and non-exempt executives.

Mr. Lanier noted that Resolution No. 2299 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Zachry

SECOND: Mr. Neureuter

To approve Mid-Year 2020 Performance Awards, Resolution No. 2299 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. 2299 is attached hereto.

Mr. Lanier congratulated and thanked the staff for their hard work and for achieving such positive mid-year results.

AGENDA ITEM 21: APPROVAL OF EXECUTIVE COMPENSATION

Mr. Lanier noted that at the November 2019 and February 2020 Board meetings, the compensation review for Mr. Dante Robinson was deferred until after his one-year performance with his current position as Executive Vice President of Insurance Services.

The Board reviewed and approved a Retention and Recruitment (R&R) Differential for Mr. Dante Robinson.

Mr. Lanier noted that Resolution No. 2300 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Rankin SECOND: Mr. Neureuter

To approve Retention and Recruitment (R&D) Differential of \$10,500 per year for Mr. Dante Robinson, Resolution No. 2300 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. 2300 is attached hereto.

AGENDA ITEM 22: PROPOSALS AND SUGGESTIONS FOR NOVEMBER 19-20, 2020
AGENDA

Mr. Lanier requested suggestions for agenda items for the November 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 November 19, 2020, location to be determined, unless noticed for a new date and time

Mr. Lanier adjourned the meeting at 1:25 p.m.

Respectfully submitted,



Hilda B. Padua
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

OPEN AGENDA ITEM 20 – APPROVAL OF PERFORMANCE AWARD

APPROVAL OF MID-YEAR 2020 PERFORMANCE AWARDS

WHEREAS, the Board has approved a Performance Awards program for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives, with the total size of the award pool subject to the Board’s discretion, based on 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; and

WHEREAS, State Fund’s performance during the COVID-19 pandemic has been outstanding, including meeting all objectives through June of 2020, accelerating the payment of the 2019 Dividend, creating and administering the \$100M COVID Safety Funds available to all policyholders, maintaining quality and service while shifting 4,000 employees to remote work, maintaining and improving financial strength through ongoing claim quality improvements and exceptional investment portfolio management, and (subject to the board’s approval) declaring a dividend for 2020 policyholders whose policies inception prior to August 28th, 2020; and

WHEREAS, based on State Fund’s performance, the Board is approving 50% of the target for the 2020 performance year to be paid in September (or as soon thereafter is practical after the Board’s approval); and

WHEREAS, the total pool available for the mid-year payout would be \$9.9 million dollars, which is approximately 5% of annual salary spent for the first half of 2020 at \$198.4 million dollars; and

WHEREAS, the Board now seeks to establish and approve the total size of the mid-year 2020 performance award pool for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives; and

Resolution No. 2299
Approval of Mid-Year 2020
Performance Awards

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund's enterprise performance through the COVID-19 pandemic has been exemplary, and includes meeting all objectives through June of 2020, accelerating the payment of the 2019 Dividend, creating and administering the \$100M COVID Safety Funds available to all policyholders, maintaining quality and service while shifting 4,000 employees to remote work, maintaining and improving financial strength through ongoing claim quality improvements and exceptional investment portfolio management, and declaring a dividend for 2020 policyholders whose policies incepted prior to August 28th, 2020; and hereby approves a 2020 mid-year performance award pool in the amount of \$9.9 million based on approximately 5% of the \$198.4 million dollars in salary spent for the first half of 2020, to be administered by management for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives; and

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

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Sen. Tom C. Berryhill (Ret.)	Yes
Daniel M. Curtin	Yes
Richard J. Guggenhime	Yes
Sen. 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 August 28, 2020



Hilda B. Padua, Assistant Corporate Secretary

8/28/20

Date



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

OPEN AGENDA ITEM 21 – APPROVAL OF EXECUTIVE COMPENSATION

**RESOLUTION APPROVING RETENTION AND RECRUITMENT
DIFFERENTIAL FOR DANTE W. ROBINSON**

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 Senior Vice President of Insurance Services; 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, for purposes of executive development, Dante W. Robinson transitioned from Chief of Internal Affairs to Senior Vice President of Insurance Services for a one-year period effective July 1, 2019, which interim position was extended to December 31, 2020; and

WHEREAS, Dante W. Robinson did not receive a salary increase in the November 2019 approval cycle based on his limited time period performing duties in his transition role; and

WHEREAS, Dante W. Robinson has ably met the goals and objectives of Senior Vice President of Insurance Services; and

WHEREAS, in recognition of the development of Dante W. Robinson, the Board desires to provide Mr. Robinson with a retention and recruitment differential of \$10,500 per year less applicable state and federal withholdings effective July 1, 2020, such retention and recruitment differential shall not be used in determining or calculating pension benefits.

NOW, THEREFORE,

IT IS RESOLVED, that the Board of Directors hereby approves awarding to Dante W. Robinson a retention and recruitment differential of \$10,500 per year less applicable state and federal withholdings effective July 1, 2020, such retention and recruitment differential shall not be used in determining or calculating pension benefits.

Resolution No. 2300
Resolution Approving Retention
and Recruitment Differential for
Dante Robinson

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

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Sen. Tom C. Berryhill (Ret.)	Yes
Daniel M. Curtin	Yes
Richard J. Guggenhime	Yes
Sen. 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 August 28, 2020



Hilda B. Padua, Assistant Corporate Secretary

8/28/20

Date