

**STATE COMPENSATION INSURANCE FUND  
GOVERNANCE COMMITTEE**

**MINUTES OF OPEN SESSION MEETING**

**February 27, 2020**

The Governance Committee met on February 27, 2020 at the State Fund Pleasanton Office, 5890 Owens Drive (Atlantic and Pacific rooms), Pleasanton, California.

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

The meeting was called to order at 8:00 a.m. and the following Members were present: Thomas E. Rankin (Chair); Robin L. Baker; Daniel M. Curtin; Jack L. Neureuter; and David M. Lanier.

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

**AGENDA ITEM 3: CONSENT CALENDAR**

- 3a. Approval of November 21, 2019 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**

Mr. Rankin noted that there is no approval of action for item 3b, "Board Member Upcoming Speeches, Articles or Webinars."

Mr. Rankin asked whether any Committee member had any comments on the items on the Consent Calendar of which there were none.

Mr. Rankin called for a Motion.

MOTION: Ms. Baker

SECOND: Mr. Neureuter

To approve the Consent Calendar as presented.

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

YES: 5

NO: 0

Abstain: 0

Motion carried.

## **AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE**

Governance, Compliance & Privacy Assistant Manager Lilibeth Jaballas 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 US 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% (36) compared to 3Q (28) 2019. The Hotline reporting increased by 62% (5 from 3Q to 13 in 4Q 2019) for the same period. Human Resources (HR) attributed the increase to the "Preventing Harassment Training" deployed to the organization in October 2019.

While year to year comparison shows a decrease in total ethics report 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% in the same period. Inappropriate/Offensive Behavior and EEO remained the highest categories for both years.

Discussion ensued on the reporting process. Mr. Steiner noted that all reported cases are investigated. Mr. Steiner also noted that the Equal Employment Opportunity Officer reports to him directly and provides him a monthly update on reported cases/complaints. Overall, there is no known trends on the reporting.

**AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 10**

Mr. Rankin requested public comment on the appropriateness of Closed Session for agenda items 8 through 10, of which there was none.

**AGENDA ITEM 6: PUBLIC COMMENT**

Mr. Rankin requested further public comment, of which there was none. The Governance Committee immediately convened into Closed Session at 8:10 a.m.

**AGENDA ITEM 11: CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 11:25 a.m. and the following Members were present: Thomas E. Rankin (Chair); Robin L. Baker; Daniel M. Curtin; Jack L. Neureuter; and David M. Lanier.

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 12: COMMITTEE MEMBER PRESENTATIONS**

Mr. Rankin requested presentations from the Committee members, of which there were none.

**AGENDA ITEM 13: PROPOSALS AND SUGGESTIONS FOR MAY 28, 2020 AGENDA**

Mr. Rankin requested suggestions for agenda items for the May 28, 2020 Governance Committee meeting other than the standing agenda items. Ms. Lariviere noted that the proposed agenda items are for Closed Session. Mr. Rankin further requested additional agenda items, of which there were none.

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

**ADJOURNMENT**

There being no further business before the Governance Committee, the meeting adjourned at 11:30 a.m.

Respectfully submitted,

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Hilda B. Padua  
Board Liaison and Assistant Corporate Secretary