

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF OPEN SESSION MEETING**

July 8-9, 2014

The Board of Directors of the State Compensation Insurance Fund met on July 8 and 9, 2014, at the Claremont Hotel, Berkeley, California.

July 8, 2014

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

The meeting was called to order on July 8, 2014 at 6:05 p.m. and the following were present: Sheryl A. Chalupa, Chair; Christine Baker; Marvin Kropke; Sen. Michael J. Machado (Ret.); Lawrence Mulryan; Jack Neureuter; Thomas E. Rankin; and Scott K. Reid.

Absent by prior arrangement: Robin Baker, Daniel M. Curtin and William M. Zachry.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; Acting Chief Financial Officer and Chief Investment Officer Peter Guastamachio; General Counsel Carol Newman; Chief Risk Officer Ken Van Laar; Chief Information Officer Marjorie Hutchings (joined item 5); Chief of Internal Affairs Dante Robinson; Sr. Vice President and Chief Administrative Officer Andreas Acker; Sr. Vice President of Public Affairs Jennifer Vargen; Executive Vice President of Field Operations Darlyn Regan; Board Liaison and Interim Corporate Secretary Hilda Padua; and Christi Black-Davis of Edelman.

The following Senior Leaders were invited to attend the Board Continuing Education: Chief Actuary Kate Smith; Risk Management Program Manager Randy Hogan; Field Operations Program Manager Douglas Ziemer; Claims Medical Director Michelle Weatherson; Safety & Health Program Manager Lauren Mayfield; Chief Medical Officer Dinesh Govindarao; IT Network Operations Manager Raymon Torino (joined item 5); Special Investigation Unit Program Manager Luis Duran; Treasury and Investments Program Manager Stephanie Chan; Sr. Vice President of Finance Ethel Wang; Executive Consultant Rick Law; Senior Marketing Advisor Tanya Stocker; and VP of Financial Planning and Analysis Alvin Cheung.

**AGENDA ITEM 2: ANTITRUST ADMONITION**

Ms. Chalupa 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 4 through 7.**

There was no public present. Ms. Chalupa requested public comment on the appropriateness of closed session for items 4 through 7 of which there was none.

Ms. Chalupa adjourned the meeting at 6:10 p.m. to immediately reconvene in Closed Session.

**July 9, 2014**

The Board of Directors of State Compensation Insurance Fund continued their Open Session on July 9, 2014 at the Claremont Hotel, 41 Tunnel Road, Berkeley, California.

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

The Board reconvened into open session at 3:40 p.m. The following members were present: Sheryl A. Chalupa, Chair; Robin Baker; Christine Baker; Lawrence Mulryan; Jack Neureuter; Steven L. Rank; Thomas E. Rankin; Scott K. Reid; and William M. Zachry.

Absent by prior arrangement: Daniel M. Curtin; Marvin Kropke; and Senator Michael J. Machado.

**AGENDA ITEM 9: APPROVAL OF EXECUTIVE APPOINTMENTS AND COMPENSATION**

Ms. Chalupa noted that the Board voted to appoint Vernon L. Steiner as the new President and Chief Executive officer at the Board's closed session meeting, which was held on May 22-23, 2014. The Board also voted to re-appoint Carol Newman as General Counsel at that meeting.

Ms. Chalupa read the Resolution. Ms. Chalupa requested further discussion, of which there was none.

Ms. Chalupa requested a motion and a second.

MOTION: Mr. Neureuter

SECOND: Mr. Zachry

To approve Resolution #2022 "Approval of Executive Appointment and Compensation" attached hereto.

YES: 8

NO: 0

Motion carried.

**AGENDA ITEM 12: SUMMARY OF DIRECTOR EDUCATION**

This item was held.

Ms. Chalupa thanked the Senior Leadership who joined the Board for the Continuing Education. Ms. Chalupa welcomed suggestions and feedbacks from the Board, Executives and Senior Leadership for further Board development and topics to be considered for future Board Continuing Education.

There being no further business, Ms. Chalupa adjourned the meeting at 3:45 p.m.

Respectfully submitted,

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Hilda Padua  
Board Liaison and Interim Corporate Secretary



**Resolution #2022**

**BOARD OF DIRECTORS**

**STATE COMPENSATION INSURANCE FUND**

**RESOLUTION OF THE BOARD OF DIRECTORS OF STATE COMPENSATION  
INSURANCE FUND APPROVAL OF EXECUTIVE APPOINTMENTS AND COMPENSATION  
(APPROVED: Board of Directors: July 9, 2014)**

WHEREAS, California Insurance Code section 11785 authorizes the Board of Directors of the State Compensation Insurance Fund to appoint a President and a General Counsel, and to set the salary for those positions; and

WHEREAS, the Board of Directors of the State Compensation Insurance Fund has appointed Vernon Lee Steiner as President and Chief Executive Officer of the State Compensation Insurance Fund, and has re-appointed Carol R. Newman as General Counsel of the State Compensation Insurance Fund.

NOW, THEREFORE,

It is RESOLVED, that the Board of Directors hereby approves the following compensation package for Vernon Lee Steiner: an annual salary of \$450,000, with potential additional at-risk compensation equal to 30% of base salary; an annual recruitment and retention amount of \$18,000; a recruitment differential of \$270,000 to be paid in three payments (\$75,000 on September 30, 2014, \$135,000 on June 30, 2015, and \$60,000 on March 30, 2016), which amount must be repaid if he leaves employment with State Fund within two years of commencement of employment; and

FURTHER RESOLVED, that the Board of Directors hereby approves the following compensation package for Carol R. Newman: an annual salary of \$360,000, with potential additional at-risk compensation equal to 20% of base salary; an annual recruitment and retention amount of \$35,000; and a recruitment differential of \$100,000 to be paid in equal payments of \$50,000 in March 2015 and March 2016, which amount must be repaid if she leaves employment with State Fund within two years of her re-appointment.