

BOARD OF DIRECTORS (OPEN)

AGENDA ITEM 15a

ATTACHMENT 15a-II

APPROVAL of OCTOBER 19 and 21, 2009 OPEN MEETING MINUTES

PRESENTED BY:

November 13, 2009

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

OCTOBER 19-21, 2009

The Board of Directors of State Compensation Insurance Fund met beginning on October 19, 2009 at the Grand Hyatt Hotel at 345 Stockton Street, San Francisco, California.

OCTOBER 19, 2009

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on October 19, 2009 at 2:40 p.m. and the following were present: Ms. Jeanne Cain, Chair; Sen. Michael J. Machado (Ret.); Vincent E. Mudd; Steven L. Rank and Thomas Rankin. Absent: Ms. Sheryl A. Chalupa (due to illness); Mr. Daniel Curtin and Mr. Francis E. Quinlan (due to weather delays) and non-voting member John C. Duncan.

There was a quorum.

Also present: President and CEO Janet D. Frank; General Counsel and Corporate Secretary Carol R. Newman; and Chief Information Technology Officer Shaun J. Coyne.

AGENDA ITEM 2: ANTITRUST ADMONITION

Ms. Cain called attention to and requested the Board members read State Fund's Antitrust Admonition which is included in each Board member's meeting materials.

AGENDA ITEM 3: RATIFICATION OF PRESIDENT FRANK'S DELEGATED ACTIONS

Ms. Cain led introductions by and between Mr. Coyne and the Board Members. Ms. Frank provided background information on Mr. Coyne and reported he started in the position as State Fund's Chief Information Technology Officer on September 21, 2009. Ms. Cain asked for public comment of which there was none and she then asked for a Motion:

Motion: Mr. Rankin Second: Sen. Machado (Ret.)

To ratify the appointment of Mr. Shaun J. Coyne as Chief Information Technology Officer until such time as he resigns or is removed from this position.

AYES: 5 NOES: 0. Motion carried.

Ms. Cain requested Ms. Newman to report out on the other delegated authority. Ms. Newman requested that this agenda item be deferred until November. Ms. Cain noted the deferral of this agenda item until the November Board Meeting.

**AGENDA ITEM 4: PUBLIC COMMENT ON THE APPROPRIATENES OF
CLOSED SESSION FOR ITEMS 5 and 6.**

Ms Cain requested any speaker cards or public comment of which there was none. The meeting convened immediately into Closed Session and reconvened at 1:45 p.m. on October 21, 2009 into Open Session.

AGENDA ITEM 5: STRATEGIC PLANNING Closed Session

**AGENDA ITEM 6: APPOINTMENT OF INTERIM PRESIDENT AND CEO AND
EXECUTIVE COMPENSATION** Closed Session

OCTOBER 21, 2009

AGENDA ITEM 7: CALL TO ORDER AND ROLL CALL

The meeting was called to order on October 21, 2009 at 1:45 p.m. and the following were present: Ms. Jeanne Cain, Chair; Mr. Daniel Curtin; Sen. Michael J. Machado (Ret.); Vincent E. Mudd; Steven L. Rank; Thomas Rankin and non-voting member John C. Duncan. Absent: Ms. Sheryl A. Chalupa (due to illness); and Mr. Francis E. Quinlan.

There was a quorum.

Also present: General Counsel and Corporate Secretary Carol R. Newman.

AGENDA ITEM 8: RESOLUTION OF APPRECIATION –JANET D. FRANK

Ms. Cain reported on the Resolution of Appreciation from the Board to Ms. Frank for her leadership and dedication to service at State Fund which has been executed by all the Board Members present at the Closed Session. Ms. Cain requested public comment of which there was none. Ms. Cain moved and Mr. Rank seconded the following resolution:

Resolution No. 881

BOARD OF DIRECTORS
STATE COMPENSATION INSURANCE FUND
IN APPRECIATION

Whereas, the Board of Directors of the State Compensation Insurance Fund, of the State of California, has been officially advised of the resignation, effective October 21, 2009, of

JANET D. FRANK
President and Chief Executive Officer

Whereas, Jan Frank joined State Fund to provide crucial leadership during a critical period unique in State Fund's history, and

Whereas, Jan brought a new level of professionalism to the organization, building an Executive Team that blended high-level industry expertise from the private sector with the seasoned experience of the existing management staff, and

Whereas, Jan worked tirelessly to restore State Fund's image with policyholders and brokers as well as Legislators and other officials of the State of California, and

Whereas, Jan successfully ushered in a new era of operational transparency and improved corporate governance at State Fund, and

Whereas, Jan's superior work ethic, integrity, and dedication have earned her the respect and affection of State Fund employees and management alike, as well as the admiration of the industry at large, therefore be it

Resolved, by the Board of Directors of the State Compensation Insurance Fund, in regular meeting held in San Francisco on October 21, 2009, that we extend to Janet D. Frank our gratitude and affection, our best wishes for many years of good health and happiness, and our appreciation for her dedication to duty in advancing the best interests of State Fund, its policyholders, and their employees.

BOARD OF DIRECTORS OF THE STATE COMPENSATION INSURANCE FUND

AYES: 6 NOES: 0 Resolution adopted.

AGENDA ITEM 9: ANNOUNCEMENT OF INTERIM PRESIDENT AND CEO:

Ms. Cain reported that the Board has selected Mr. Douglas V. Stewart as Interim President and CEO effective October 23, 2009 until such time as he resigns or is removed from this position. Ms. Cain asked for public comment of which there was none.

AGENDA ITEM 10: DELEGATED AUTHORITY TO INTERIM PRESIDENT AND CEO

Ms. Cain introduced this agenda item by explaining there were a number of resolutions that were necessary in order to provide Board direction and authority for Mr. Douglas V. Stewart in his role as Interim President and CEO. The first matter requires the Board to remove Ms. Frank from the statutory bond and authorize Mr. D. Stewart to be placed on the statutory bond effective October 23, 2009. Ms. Cain asked for any public comment of which there was none. Sen. Machado (Ret.) moved and Mr. Mudd seconded the following resolution:

Resolution No. 882

BOARD OF DIRECTORS
STATE COMPENSATION INSURANCE FUND

RESOLUTION AUTHORIZING THE CANCELLATION OF EXISTING OFFICIAL BOND
AND APPROVAL OF A NEW OFFICIAL BOND ISSUED IN THE NAME OF DOUGLAS
STEWART

WHEREAS, California Insurance Code section 11786 requires the President of the State Compensation Insurance Fund to qualify for office by giving an official bond approved by the Board of Directors in the sum of fifty thousand dollars (\$50,000), which approval shall be by written endorsement on the bond.

NOW, THEREFORE,

It is RESOLVED, that the Board of Directors approves the cancellation of the existing Public Official Bond No. 57BEV0353 issued by The Hartford to Janet D. Frank, effective October 23, 2009; and

FURTHER RESOLVED, that the Board of Directors approves a new bond to be issued on or about October 23, 2009 in the name of Douglas Stewart selected by the Board of Directors on this same date; and

FURTHER RESOLVED, that the Board's approval shall be by written endorsement thereon as specified in California Insurance Code section 11786; and

FURTHER RESOLVED, that the interim President be, and hereby is, authorized and directed to execute and deliver on behalf of the Board of Directors any such agreements, instruments, certificates and other documents, to effectuate the Board's written endorsement on the bond, and to take all such further actions as the interim President may deem necessary or appropriate in order to implement the foregoing Resolutions.

AYES: 6 NOES: 0 Resolution adopted.

Ms. Cain then reported on the need to change bank signatory authority to remove Ms. Frank and authorize the President or Chief Financial Officer with banking authority. Ms. Cain asked for any public comment of which there was none. Sen. Machado (Ret.) moved and Mr. Curtin seconded the following resolution:

Resolution No. 883

BOARD OF DIRECTORS
STATE COMPENSATION INSURANCE FUND

BANKING RESOLUTION

WHEREAS, the Board of Directors of the State Compensation Insurance Fund (hereinafter referred to as State Fund), in accordance with Section 11800 of the Insurance Code, may deposit in financial institutions authorized by law to receive deposits of public moneys all moneys in excess of current requirements and not otherwise invested; and

WHEREAS, the Board of Directors may delegate to the President or Chief Financial Officer, and in their absence, either the Chief Investment Officer or Fiscal and Investment Services Manager, its authority to establish banking relationships on behalf of State Fund; and

WHEREAS, such delegation of banking authority is necessary for the timely conduct and management of State Fund's business;

NOW, THEREFORE, BE IT RESOLVED, THAT:

The President or the Chief Financial Officer be, and hereby are, authorized to:

A. Designate any bank, trust company or other similar financial institution authorized by law to receive deposits of public moneys as a depository of the funds of State Fund, including, without limitation, cash and cash equivalents;

B. Open, keep, and close general and special bank accounts, including general deposit accounts and working fund accounts, with any such depository;

C. Cause to be deposited in such accounts with any such depository, from time to time, such funds, including, without limitation, cash and cash equivalents, of State Fund as the President or Chief Financial Officer deems necessary or advisable, and to designate or change the designation of the officer or officers and agent or agents of State Fund who will be authorized to make such deposits and to endorse checks, drafts or other instruments for such deposits;

D. Authorize the use of facsimile signatures for the signing or countersigning of checks, drafts, or other orders for the payment of money, and to enter into such agreements as banks and trust companies customarily require as a condition for permitting the use of facsimile signatures;

E. Make such general and special rules and regulations with respect to such accounts as the President or the Chief Financial Officer may deem necessary or advisable; and

F. Complete, execute and/or certify any customary printed bank signature card forms in order to conveniently exercise the authority granted by this resolution, and any resolutions printed thereon shall be deemed thereby adopted as a part hereof.

RESOLVED FURTHER, that any form resolutions required by any such depository, which resolutions relate to the establishment of such accounts and the authorization of signatories with respect thereto and substantially incorporate the authorizations contained in these Resolutions be, and they hereby are, adopted and approved.

RESOLVED FURTHER, that any such depository, when a copy of these Resolutions, certified by an officer of State Fund, shall have been delivered to it, shall be entitled to rely thereon for all purposes until it shall have received written notice of the revocation or amendment of these resolutions by the Board.

RESOLVED FURTHER, that any actions taken by the President or Chief Financial Officer prior to the date of the foregoing Resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed, and approved as the acts and deeds of State Fund.

RESOLVED FURTHER, that the President or Chief Financial Officer be, and hereby are, authorized and directed to execute and deliver on behalf of State Fund such agreements, instruments, certificates and other documents, to make such filings with regulatory agencies and to take all such further actions as each such person may deem necessary or appropriate in order to implement the foregoing Resolutions.

RESOLVED FURTHER, that the President or Chief Financial Officer shall present a yearly report to the Board of Directors detailing State Fund's banking

relationships; this report shall further identify all in-force signatory authorities granted to State Fund personnel for the conduct of its banking business.

AYES: 6 NOES: 0 Resolution adopted.

Ms. Cain then reported on the need to change the facsimile signatures for the Bank of America and Union Bank by removing Ms. Frank and replacing the facsimile signature with either Mr. Jay H. Stewart or Ms. Leslie E. Dawe. The staff recommended this change in order to save money on the facsimile plates and to reduce the risk of not having an authorized facsimile signature. Ms. Cain asked for any public comment of which there was none. Sen. Machado (Ret.) moved and Mr. Curtin seconded the following resolution:

Resolution No. 884

BOARD OF DIRECTORS
STATE COMPENSATION INSURANCE FUND

RESOLUTION OF THE BOARD OF DIRECTORS OF STATE COMPENSATION
INSURANCE FUND APPROVING FACSIMILE SIGNATURES—BANK OF AMERICA

WHEREAS, pursuant to Section 11800 of the Insurance Code, the Board of Directors (the "Board") of the State Compensation Insurance Fund ("State Fund"), may deposit all moneys in excess of current requirements and not otherwise invested in financial institutions authorized by law to receive deposits of public moneys; and

WHEREAS, the Board desires to authorize the use of facsimile signatures for the signing or countersigning of certain checks, drafts, or other orders for the payment of money on behalf of State Fund, and to enter into such agreements as Bank of America, N.A., including any and all affiliate and subsidiary banks (collectively, "Bank of America"), customarily requires as a condition for permitting the use of facsimile signatures.

NOW, THEREFORE, BE IT RESOLVED, THAT:

Bank of America, in its capacity as a designated depository of State Fund, be and it is hereby requested, authorized and directed to honor all checks, drafts or other orders for the payment of money drawn in State Fund's name on its several accounts, including, without limitation, those drawn to the individual order of any person or persons whose names appear thereon as signer or signers thereof, when bearing or purporting to bear the facsimile signature of either of the following:

J. H. Stewart
or
L. E. Dawe

FURTHER RESOLVED, that Bank of America shall be entitled to honor and to charge State Fund reasonable processing fees for all such checks, drafts or other orders for the payment of money, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the bank signature card forms on file

and/or facsimile specimens from time to time filed with Bank of America by the Chief Financial Officer or the Fiscal and Investment Services Manager of State Fund; and

FURTHER RESOLVED, that all previous authorizations for the signing and honoring of checks, drafts or other orders for the payment of money drawn on State Fund's accounts at Bank of America are hereby continued in full force and effect as amplified hereby; and

FURTHER RESOLVED, that State Fund's Chief Financial Officer and/or the Fiscal and Investment Services Manager be, and hereby are, authorized and directed to complete, execute and/or certify any customary printed bank signature card forms and/or other facsimile specimens filed or required to be filed with Bank of America in order conveniently to exercise the authority granted by this resolution.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the State Compensation Insurance Fund held on this 21st day of October, 2009 by the following vote:

AYES: 6 NOES: 0 Resolution adopted.

Resolution No. 885

BOARD OF DIRECTORS
STATE COMPENSATION INSURANCE FUND

RESOLUTION OF THE BOARD OF DIRECTORS OF STATE COMPENSATION
INSURANCE FUND APPROVING FACSIMILE SIGNATURES—UNION BANK

WHEREAS, pursuant to Section 11800 of the Insurance Code, the Board of Directors (the "Board") of the State Compensation Insurance Fund ("State Fund") may deposit all moneys in excess of current requirements and not otherwise invested in financial institutions authorized by law to receive deposits of public moneys; and

WHEREAS, the Board desires to authorize the use of facsimile signatures for the signing or countersigning of certain checks, drafts, or other orders for the payment of money on behalf of State Fund, and to enter into such agreements as Union Bank, including any and all affiliate and subsidiary banks (collectively, "UB"), customarily requires as a condition for permitting the use of facsimile signatures.

NOW, THEREFORE, BE IT RESOLVED, that UB, in its capacity as designated depository of State Fund, be and it is hereby requested, authorized and directed to honor all checks, drafts or other orders for the payment of money drawn in State Fund's name on its several accounts, including, without limitation, those drawn to the individual order of any person or persons whose names appear thereon as authorized signer or signers thereof, when bearing or purporting to bear the facsimile signature of either of the following:

J. H. Stewart
or
L. E. Dawe

FURTHER RESOLVED, that UB shall be entitled to honor and to charge State Fund reasonable processing fees for all such checks, drafts or other orders for the

payment of money, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the bank signature card forms on file and/or facsimile specimens from time to time filed by State Fund's Chief Financial Officer or the Fiscal and Investment Services Manager of State Fund; and

FURTHER RESOLVED, that all previous authorizations for the signing and honoring of checks, drafts or other orders for the payment of money drawn on State Fund's accounts at UB are hereby continued in full force and effect as amplified hereby; and

FURTHER RESOLVED, that State Fund's Chief Financial Officer and/or the Fiscal and Investment Services Manager be, and hereby are, authorized and directed to complete, execute and/or certify any customary printed bank signature card forms and/or other facsimile specimens filed or required to be filed with UB in order conveniently to exercise the authority granted by this resolution.

AYES: 6 NOES: 0 Resolution adopted.

AGENDA ITEM 10: PUBLIC COMMENT

Ms. Cain asked if there were any speaker cards or public comment of which there were none.

ADJOURNMENT

There being no further business, Ms. Cain moved and Mr. Curtin seconded adjournment of the meeting at 2:00 p.m.

The next regularly scheduled Board meeting will begin on Thursday, November 12, 2009 at 4:00 p.m. at the Milton Marks Conference Center, 455 Golden Gate Avenue, San Francisco and will resume there at 8:30 a.m. on November 13, 2009 with the Open Session to begin at or about 12:30 p.m.

Respectfully submitted,

Carol R. Newman
Corporate Secretary