

**STATE COMPENSATION INSURANCE FUND  
GOVERNANCE COMMITTEE**

**MINUTES OF OPEN SESSION MEETING**

**November 14, 2013**

The Governance Committee met on November 14, 2013 at the State Fund Corporate Office, 333 Bush Street, San Francisco, California.

**AGENDA ITEM 1: ROLL CALL**

The meeting was called to order at 8:30 a.m. and the following Members were present: Lawrence E. Mulryan (Chair); Sheryl A. Chalupa; Sen. Michael J. Machado (Ret.); and Thomas E. Rankin.

Absent by prior arrangement: Daniel M. Curtin

There was a quorum.

Also present: President and CEO Thomas E. Rowe; Chief Financial Officer Dan Sevilla; General Counsel and Corporate Secretary Carol R. Newman; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

**AGENDA ITEM 2: ANTITRUST ADMONITION**

Mr. Mulryan 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**

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

MOTION: Mr. Rankin

SECOND: Ms. Chalupa

To approve the Consent Calendar as presented.

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

YES: 4

NO: 0

Motion carried.

**AGENDA ITEM 4: BOARD MEMBER UPCOMING SPEECHES OR ARTICLES**

Ms. Padua noted that the report is included in the Committee meeting materials and requested if there were any questions of which there were none.

## **AGENDA ITEM 5: GOVERNANCE AND COMPLIANCE UPDATE**

Chief of Internal Affairs Dante Robinson reported on the following:

**2013 Code of Conduct and Other Mandatory Training** - scheduled for completion by end of 3Q 2013. The compliance campaign results as of October 16, 2013 include compliance rate of 98.6% for active employees and 91% for consultants. Individual managers are held accountable for referral of non-compliant workforce members.

### **3Q 2013 Reported Ethics/Privacy Issues**

Mr. Robinson reported all Ethics Hotline reports are investigated. During 3Q 2013 there were 112 reports from all sources, which 47% related to suspected privacy or security breaches and 37% related to HR matters. Privacy matters reports decreased by 56%, attributed to awareness messaging and completion of business unit presentations by the Privacy Office. The uptick in HR matters is the result of review of Statements of Economic Interests to resolve potential conflicts of interest.

### **Regulatory Compliance**

In the areas of Regulatory Compliance, there were two new laws related to Privacy:

- SB 46 – extends the definition of personally identifiable information to online credentials
- AB 370 – amends the California Online Privacy Protection Act to require commercial websites to disclose in their privacy policy how they will respond to “Do Not Track” signals from consumers.

In addition, Mr. Robinson reported that “Regulatory Reporting Requirements Report” is a new report from Governance Office, which consolidates reporting requirements of State Fund to federal and state agencies to reasonably assure full regulatory reporting compliance. Currently, State Fund submits 83 reports to 23 different entities. The Governance Office recommends annual submission of the report in the fourth quarter. Annual submission, which provides a comprehensive view of compliance tracking and compliance risk identification.

Lastly, Mr. Robinson noted that Governance Office maintains the library of the California Constitution Article 14 related to workers’ compensation and relevant statutes of Chapter 4 of the Insurance Code, with annotated changes related to State Fund’s governance and authorities.

## **AGENDA ITEM 6: PUBLIC COMMENT ON THE APPROPRIATENESS OF CLOSED SESSION ITEMS 9-13**

Mr. Mulryan requested public comment on the appropriateness of Closed Session agenda items 9-13, of which there was none.

## **AGENDA ITEM 7: PUBLIC COMMENT**

Mr. Mulryan requested further public comment of which there was none. The Governance Committee immediately convened into Closed Session at 8:45 a.m.

#### **AGENDA ITEM 14: CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 10:35 a.m. and the following Members were present: Mr. Mulryan (Chair); Sheryl A. Chalupa; Sen. Michael J. Machado (Ret.), and Thomas E. Rankin.

Absent by prior arrangement: Daniel M. Curtin

There was a quorum.

Also present: President and CEO Thomas E. Rowe; Chief Financial Officer Dan Sevilla; General Counsel and Corporate Secretary Carol R. Newman; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

#### **AGENDA ITEM 15: COMMITTEE MEMBER PRESENTATIONS**

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

#### **AGENDA ITEM 16: PROPOSALS AND SUGGESTIONS FOR FEBRUARY 20, 2014 AGENDA**

Mr. Mulryan requested suggestions for agenda items for the February 20, 2014 Governance Committee meeting other than the standing agenda items, of which there were none.

Mr. Mulryan also requested public comment of which there was none, and he noted that the next Governance Committee meeting is scheduled for February 20, 2014 at State Fund's corporate Office, 333 Bush Street, San Francisco, California unless noticed for a new date and time.

#### **ADJOURNMENT**

There being no further business before the Governance Committee, the meeting adjourned at 10:40 a.m.

Respectfully submitted,

Hilda B. Padua,  
Board Liaison and Asst. Corporate Secretary