

**STATE COMPENSATION INSURANCE FUND  
GOVERNANCE COMMITTEE**

**MINUTES OF OPEN SESSION MEETING**

**November 17, 2016**

The Governance Committee met on November 17, 2016 at the State Fund Corporate Office, 333 Bush Street, 7<sup>th</sup> floor, San Francisco, 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: Lawrence E. Mulryan (Chair); Robin L. Baker; Sheryl A. Chalupa; Daniel M. Curtin; and Thomas E. Rankin.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

**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**

- 3a. Approval of July 19, 2016 and July 27, 2016 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**
- 3c. Review and Approval of 2017 Board and Committee Meeting Schedule and Location**
- 3d. Review and Approval of 2017 Board and Committee Agenda Items**

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

Mr. Mulryan asked whether any Committee member had any comments on the items on the Consent Calendar. Board Liaison and Assistant Corporate Secretary Hilda Padua noted that the Audit Committee met on November 16, 2016 and had a revision on their 2017 Annual Audit Committee Agenda. Under Cyber Security, the Audit Committee requested to add another presentation for the August 2017 meeting.

Mr. Mulryan called for a Motion.

MOTION: Mr. Rankin

SECOND: Ms. Baker

To approve the Consent Calendar with the noted changes from the Audit Committee under item 3d “Review and Approval of 2017 Board and Committee Agenda Items.”

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

YES: 5      NO: 0      Abstain: 0      Motion carried.

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

Governance, Compliance & Privacy Program Manager Barbara Simmons reported on the following:

##### **New Privacy and Public Records Laws Effective January 1, 2017**

- AB 228 – The bill amended the California Civil Code to add a privacy incident notification requirement when encrypted personal information may have been acquired by unauthorized persons and the encryption key or security credentials are disclosed which allows data access.
- AB 1671 – The bill amended the California Penal Code to add fines per instance for violating call recording consent requirements.
- AB 2843 – The bill amended the California Government Code to exempt from public records employee personal cell phone numbers and birthdates and limit access to emergency contact information.

##### **State Fund Charter – Regulatory Compliance Overview**

The State Fund Charter is annually reviewed and it was expanded to include California statutes in addition to the Insurance Code which specifically include or exclude, or mention State Fund.

##### **Material Revisions to Policies Supporting Code of Conduct**

- Complaint Reporting and Anti-Retaliation – The policy was revised to clarify the definition of “Use of Official Authority or Influence” to include promising or giving benefits and/or taking, threatening or directing personnel actions.
- Business Ethics – The policy’s purpose statement was re-defined to reflect State Fund’s values and ethical culture, honesty, legal compliance and responsibility.
- Statement of Economic Interests – The policy was revised to add a public accountability requirement for transparency, and clarified the Financial Interest gift provision.

The staff recommended that the Governance Committee approve and endorse proposed changes to these policies as presented and recommend them to the Board for approval.

Mr. Mulryan called for a Motion.

MOTION: Mr. Rankin

SECOND: Mr. Curtin

To approve and recommend to the Board for approval of the proposed changes to the Complaint Reporting and Anti-Retaliation, Business Ethics, and Statement of Economic Interests policies, which support the Code of Conduct, as presented.

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

YES: 5      NO: 0      Abstain: 0      Motion carried.

## **Compliance**

- New contingent worker compliance training – The on-boarding compliance training requirement for new contingent workers is in place with oversight by Enterprise Procurement. Non-compliant contingent worker access is disabled if training is not completed within the required time frame. There was discussion of the amount of time to complete the training.
- Ethics/Privacy Hotline – The contact volume has declined by 31% from 2015 to 2016 in 2Q and 3Q. The decrease can be attributed to messaging and the quality assurance work of business units to prevent privacy incidents. Management referral reports have increased by 42% from 2015 to 2016 for the same two quarters. Ms. Simmons noted that periodic awareness messaging about the availability of State Fund's hotlines will be sent to the organization.
- Ms. Simmons showed an excerpt from the *Know the Code* video State Fund created for Ethics and Compliance Week.

## **AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 12**

Mr. Mulryan requested public comment on the appropriateness of Closed Session for agenda items 8 through 12, of which there was none.

## **AGENDA ITEM 6: PUBLIC COMMENT**

Mr. Mulryan requested further public comment, of which there was none. The Governance Committee immediately convened into Closed Session at 8:15 a.m.

## **AGENDA ITEM 13: CALL TO ORDER AND ROLL CALL**

The meeting was called to order at 10:55 a.m. and the following Members were present: Mr. Mulryan (Chair); Robin L. Baker; Sheryl A. Chalupa; Daniel M. Curtin (joined at item 14); and Thomas E. Rankin.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

**AGENDA ITEM 14: COMMITTEE MEMBER PRESENTATIONS**

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

**AGENDA ITEM 15: PROPOSALS AND SUGGESTIONS FOR MARCH 2, 2017 AGENDA**

Mr. Mulryan requested other suggestions for agenda items for the March 2, 2017 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 March 2, 2017 at the State Fund Vacaville, California Office unless noticed for a new date and time.

**ADJOURNMENT**

There being no further business before the Governance Committee, the meeting adjourned at 11:00 a.m.

Respectfully submitted,

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Hilda B. Padua  
Board Liaison and Assistant Corporate Secretary