

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

May 24, 2018

The Governance Committee met on May 24, 2018 at the State Fund Pleasanton Office, 5890 Owens Drive (Pacific and Atlantic 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: 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 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 February 22, 2018 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**
- 3c. Annual Review and Approval of State Fund By-Laws**
- 3d. Annual Review and Approval of Board Delegated Authority and Approval Levels**
- 3e. Annual Review and Approval of Board Education and Travel Reimbursement Policy**
- 3f. Annual Review and Approval of Committee Charters**
- 3g. Approval of Revised Board and Committee 2018 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 of which there were none.

Mr. Mulryan called for a Motion.

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: 5

NO: 0

Abstain: 0

Motion carried.

AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE

Governance, Compliance & Privacy Manager Lilibeth Jaballas reported on the following:

New Legislation – AB 119 (Committee on Budget) – State Government

Chapter 11.5 is added to the Government Code requiring state agencies to provide unions access to new employee onboarding activities and existing employee contact information. This would allow union representatives to meet with employees during onboarding and require State Fund to provide new employees' work and home contact information. State Fund will work with unions to ensure non-public information is kept confidential and employees will be notified when State Fund shares their work and home contact information with unions.

National Privacy Trends – Breach Notification Laws

All 50 states enacted breach notification laws. South Dakota and Alabama were the last to enact. Breach laws vary by state and include differences in notification range (between 250-1000 affected persons), types of information requiring notification and consumer credit reporting agency notification. The National Association of Insurance Commissioner's Data Security Model Rule if adopted by California would decrease regulator notification from 500 to 250 affected persons.

Ethics & Privacy Hotline Vendor

State Fund changed its independent Ethics & Privacy hotline to Ethix360/InTouch effective March 1, 2018. Communication of this change has been posted in internal and external websites and corporate policies, and flyers were posted in all locations where employee notices are maintained. The vendor was changed due to the contract expiring and a new RFP was sent out and this vendor was chosen based on business needs.

Statement of Economic Interest (Form 700) Annual Filing Compliance

The annual compliance rate for the annual Form 700 filing was 100% for active employees and consultants who are designated filers in the State Fund's Conflict of Interest Code. Statutory annual filing was completed for Board members, Chief Executive Officer, Chief Information Officer and Chief Financial Officer positions.

2018-2019 Compliance Training

State Fund's compliance training program for 2018-2019 is for all employees and consultants. Mandatory training includes Security & Privacy Awareness & Proprietary System Acknowledgement; Ethics, Code of Conduct & Acknowledgement; Workplace Harassment Prevention for supervisors and all employees; and Anti-Fraud. Regular training helps State Fund workforce to be aware of legal, security, privacy and ethical issues which leads to safer business practices and reduction in unnecessary risk.

Ethics and Privacy Reported Issues

There was a slight decline for the total number of hotline calls from 20 in 4Q 2017 to 16 in 1Q 2018. A contributing factor may be the change of hotline reporting vendor effective March 1, 2018. Management referrals and other sources remain constant with 137 in 4Q 2017 to 135 in 1Q 2018.

State Compensation Insurance Fund

Governance Committee – August 15, 2018

Open Agenda Item 3a – Consent Calendar: Approval of May 24, 2018 Open Meeting Minutes

Human Resources-related issues continue to be the most reported category with 109 in 4Q 2017 to 99 in 1Q 2018.

AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 13

Mr. Mulryan requested public comment on the appropriateness of Closed Session for agenda items 8 through 13, 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 8:10 a.m.

AGENDA ITEM 14: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:35 a.m. and the following Members were present: Mr. 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 Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

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 AUGUST 15, 2018 AGENDA

Mr. Mulryan requested suggestions for agenda items for the August 15, 2018 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 August 15, 2018 at the State Fund Office, 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 11:40 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary