



DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE

Review Board Delegated Authority and Approval Levels

Vera De Martini, Assistant Chief Counsel

Summary of Proposed Changes to
State Compensation Insurance Fund
Delegated Authority and Approval Levels

Adopted November 13, 2009
[Proposed] Revisions To Be Approved:
Board of Directors August 16, 2012
Governance Committee August 16, 2012

The following summarizes the proposed revisions to the State Compensation Insurance Fund ("State Fund") Resolution of Delegated Authority and Approval Levels, to be adopted by State Fund's Board of Directors as the Amended Delegated Authority and Approval Levels. Section and paragraph references are to the numbered paragraphs in the Resolution of Delegated Authority.

<u>Paragraph Number</u>	<u>Summary of Proposed Changes</u>
	There are no recommended changes to the Resolution of Delegated Authority and Approval Levels.



DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE

Issue or Matter	Proposed Delegation			
	Audit Committee	Governance Committee	Investment Committee	No Delegation – Remains with the Board
Key operational matters				X
Overall financial status and issues				X
Legal issues affecting State Fund, the Board of Directors or officers				X
Legislative issues specific to or affecting State Fund				X
Marketing plan				X
Information Technology strategic plans				X
PRESIDENT ADVISES THE BOARD/COMMITTEES ON ISSUES OR MATTERS DISCRETIONARY BOARD ACTION				
Human resources issues (currently reported to Gov Comm)		X		
Internal audits (currently reported to Audit Comm)	X			

PRESIDENT SEEKS BOARD/COMMITTEE ADVICE AND RATIFICATION OF ACTIONS PURSUANT TO DELEGATION OF AUTHORITY				
Issue or Matter	Proposed Delegation			
	Audit Committee	Governance Committee	Investment Committee	No Delegation – Remains with the Board
Appointment and setting of salaries of chief financial officer, chief operating officer, chief information technology officer, chief investment officer, chief risk officer, and general counsel (currently reviewed by Gov Comm)		X		
Investment decisions (currently reviewed by Inv Comm)			X	
Major corporate policy initiatives				X
BOARD OF DIRECTORS APPROVES ACTIONS				

**UNLESS SPECIFICALLY DELEGATED TO THE BOARD COMMITTEES
COMMITTEES MAY BRING ACTION TO THE BOARD**

Issue or Matter	Proposed Delegation			
	Audit Committee	Governance Committee	Investment Committee	No Delegation – Remains with the Board
Appointment of the President/Chief Executive Officer				X
Approval of the strategic plan				X
Approval of the annual budget				X
Adoption/amendment of investment and cash management policies (currently delegated to Inv Comm)			X	
Dividend declarations				X
Acquisition and sale of real estate, and major lease transactions in excess of \$35M				X
Selection of external auditor (currently responsibility of Audit Comm)	X			
Approval of audit engagement fee (currently responsibility of Audit Comm)	X			
Approval of annual audit plan, major changes to the plan, and the annual update of the biennial audit plan (currently responsibility of Audit Comm)	X			
Adoption and approval of changes to State Fund's by-laws and committee charters				X
Conflict of Interest Code, Enterprise Risk Management Plan, Code of Ethics, Code of Conduct, other compliance policies		X		
Adoption of rate decisions				X
Selection of appointed actuary				X
Selection of investment managers			X	
Procurement contracts with aggregate value in excess of \$25M (contracts with a lesser value may still require the advice and consent of the Board or Committees pursuant to another topic listed herein)		X		
Banking management*				X

*consider for Investment Committee with amended charter



DISCUSSION DOCUMENT FOR GOVERNANCE COMMITTEE

Resolution No. 886 - **Approved: November 13, 2009**

BOARD OF DIRECTORS
STATE COMPENSATION INSURANCE FUND

RESOLUTION OF DELEGATED AUTHORITY

WHEREAS, the Board of Directors desires to reaffirm its authorization and direction to the President of State Compensation Insurance Fund ("State Fund") to take or to cause to be taken all such actions necessary or desirable in connection with the administration, management, and conduct of the business and affairs of State Fund;

NOW, THEREFORE, BE IT RESOLVED:

That the Board of Directors hereby affirms its delegation to the President of State Fund, subject to conditions that the Board may from time to time prescribe, the powers, functions, and duties conferred by law on the Board of Directors in connection with the administration, management, and conduct of the business and affairs of State Fund. The President may exercise those powers and functions and perform those duties with the same force and effect as the Board of Directors. The President shall continue to regularly advise the Board of Directors on the business and affairs of State Fund, including but not limited to the following topics:

- Key operational matters
- Financial status and issues
- Legal issues affecting State Fund, the Board of Directors or officers
- Legislative issues specific to or affecting State Fund
- Marketing plan
- Information Technology strategic plans
- Human resources issues
- Internal audits

BE IT FURTHER RESOLVED that, notwithstanding the foregoing, the President shall continue to obtain the advice of the Board of Directors, and present to the Board of Directors for its ratification of actions taken pursuant to the Board of Directors' delegated authority on the following topics:

- Appointment of the chief financial officer, chief operating officer, chief information technology officer, chief investment officer, chief risk officer, and general counsel, and the setting of their salaries
- Investment decisions
- Major corporate policy initiatives

Resolution No. 886
Resolution of Delegated Authority

BE IT FURTHER RESOLVED that, notwithstanding the foregoing, the Board of Directors shall make all final decisions on the following topics, unless otherwise specifically delegated by the Board of Directors:

- Selection and appointment of the President/Chief Executive Officer*
- Approval of the strategic plan
- Selection of State Fund's public accountants**
- Approval of the annual budget
- Adoption and amendment of investment and cash management policies
- Dividend declarations*
- Acquisition and sale of real estate, and major lease transactions
- Selection of an external auditor (currently delegated to the Audit Committee)
- Approval of audit engagement fees
- Approval of the annual audit plan, major changes to the plan, and the annual update of the biennial audit plan
- Adoption of, and approval of changes to, State Fund's by-laws, Conflict of Interest Code,*** Enterprise Risk Management Plan, Code of Ethics, Code of Conduct, charters of the committees of the Board of Directors, and/or other compliance policies and guidelines required by law**
- Adoption of rate decisions
- Selection of appointed actuary**
- Selection of investment advisors
- Procurement contracts with a total aggregate value in excess of \$25,000,000; contracts with a lesser value may still require the advice and consent of the Board of Directors pursuant to any of the other topics listed herein
- Banking management

* Required by laws specific to State Fund

** Required by laws applicable to insurance companies generally in California

*** Required by laws applicable to state agencies in California

I, Carol R. Newman, Corporate Secretary for State Compensation Insurance Fund Board of Directors, hereby certify that the foregoing resolution was adopted by the Board of Directors at their regular meeting held November 13, 2009.

Carol R. Newman
Corporate Secretary

Date