

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

May 21, 2015

The Governance Committee met on May 21, 2015 at the State Fund Corporate Office, 333 Bush Street, 7th floor, 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); 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; Chief Financial Officer Peter Guastamachio; Board Liaison and Interim Corporate Secretary Hilda B. Padua; Counsel and Assistant Corporate Secretary Judith D. Sapper; and Randall Keen of Manatt, Phelps and Phillips.

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 19, 2015 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**
- 3c. Annual Review of State Fund By-Laws**
- 3d. Annual Review of Board Delegated Authority and Approval Levels**
- 3e. Annual Review of Committee Charters**

Mr. Mulryan noted that there is no approval of an action for item 3b, "Board Member Upcoming Speeches, Articles or Webinars". Mr. Mulryan asked whether any Board member had any comments on the items on the Consent Calendar, of which there were none.

MOTION: Mr. Curtin SECOND: Ms. Baker

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 Motion carried.

AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE

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

2015 Conflict of Interest Code

Ms. Simmons reported that State Fund amended its Conflict of Interest Code for new positions that are now considered designated filers, and changes to the organization's structure. The changes were filed with the Fair Political Practices Commission (FPPC) on May 15, 2015 for their review and approval. The final approval and effective date is anticipated within the next 120 days.

2015 Code of Conduct

The 2015 Code of Conduct was published on April 24, 2015 and was available internally and externally to the public through www.statefundca.com. Acknowledgement and training has been delayed until July to account for contract completion with the training vendor.

Statement of Economic Interest (Form 700) Annual Filing Compliance

State Fund achieved 100% compliance by active designated filers. FPPC filing was completed for Board members, the CEO, CIO, and CFO as required by the Government Code. For inactive or separated employees who have not yet filed, Human Resources sends them two notices before referring them to the FPPC.

Compliance Training

For 2015, training has been consolidated where possible for efficiency, including merging privacy and cyber security training, use of the Conflicts of Interest module to satisfy Code of Conduct requirements, and one of the ethics modules for Statement of Economic Interest filers. Upcoming training includes: "Preventing Workplace Harassment" for Manager and Supervisors, "Ethics Orientation for State Officials, Employees, and Consultants" for all designated filers, "Code of Conduct" and "Privacy and Cyber Security" for the entire State Fund workforce and "Anti-Fraud" for integral anti-fraud personnel.

National Data Privacy

This is State Fund's third year of participation in National Privacy Day. This year, Video Consultant Chris Terry of Communications worked with the Governance office to produce a new video titled "*We All Have a Choice to Make*," which highlights the role of each workforce member in safeguarding private information. The video was shown to the Governance Committee members and to the public. Ms. Simmons and the Committee members acknowledged the work of Mr. Terry.

Ethics and Privacy Reports

Human Resources issues and suspected privacy incidents continue as the primary subjects of the reports. Forty-three percent of all concerns were reported via State Fund's independent hotlines, which is consistent with hotline reporting in 3Q 2014. The majority of suspected privacy incidents reported was internal and preventable.

AGENDA ITEM 5: PUBLIC COMMENT ON THE APPROPRIATENESS OF CLOSED SESSION for ITEMS 8-11

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 8:40 a.m.

AGENDA ITEM 13: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:45 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; Chief Financial Officer Peter Guastamachio; Board Liaison and Interim Corporate Secretary Hilda B. Padua; Counsel and Assistant Corporate Secretary Judith D. Sapper; and Randall Keen of Manatt, Phelps and Phillips.

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 AUGUST 18, 2015 AGENDA

Mr. Mulryan requested other suggestions for agenda items for the August 18, 2015 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 18, 2015 at the State Fund 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 11:50 a.m.

Respectfully submitted,

Hilda B. Padua,
Board Liaison and Interim Corporate Secretary