GOVERNANCE COMMITTEE MEETING (OPEN)

AGENDA ITEM 9

ATTACHMENT 9-I

MINUTES OF JULY 8, 2010 OPEN GOVERNANCE COMMITTEE MEETING

PRESENTED BY: Jeanne Cain

September 9, 2010

STATE COMPENSATION INSURANCE FUND GOVERNANCE COMMITTEE

MINUTES OF OPEN SESSION MEETING

JULY 8, 2010

The Governance Committee met on July 8, 2010 in the Milton Marks Conference Center, State Building, 455 Golden Gate Ave, San Francisco, California.

AGENDA ITEM 1: ROLL CALL

The meeting was called to order at 10:00 a.m. and the following Members were present: Jeanne Cain, Chair; Sheryl Chalupa; Daniel M. Curtin; and Alternate Lawrence E. Mulryan.

Also present: Interim President and CEO Doug Stewart; General Counsel and Corporate Secretary Carol R. Newman; and Deputy Chief Counsel and Assistant Corporate Secretary Judith D. Sapper.

There was a quorum.

AGENDA ITEM 2: PUBLIC COMMENT ON THE APPROPRIATENESS OF CLOSED SESSION ITEMS 4-7.

Ms. Cain requested public comment of which there was none. The Governance Committee immediately convened into Closed Session.

AGENDA ITEM 8: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:30 a.m. following the conclusion of the Closed Session and the following Members were present: Jeanne Cain, Chair; Sheryl Chalupa; Daniel Curtin (joined the meeting at Agenda Item 11); and Alternate Lawrence E. Mulryan.

Also present: Interim President and CEO Doug Stewart; Chief Financial Officer Jay Stewart; General Counsel and Corporate Secretary Carol R. Newman; and Deputy Chief Counsel and Assistant Corporate Secretary Judith D. Sapper.

There was a quorum.

AGENDA ITEM 9: APPROVAL OF MAY 5, MAY 11, AND MAY 20, 2010 OPEN MEETING MINUTES

MOTION: Ms. Cain Second: Ms. Chalupa

To approve the minutes of the May 5, May 11, and May 20, 2010 Open meetings of the Governance Committee as presented.

AYES: 2 NOES: 0 Motion carried.

AGENDA ITEM 10: GOVERNANCE, COMPLIANCE AND ETHICS

Mr. Neary, Interim Chief Risk Officer, reported a Governance Guide has been drafted and Governance Manager Barbara Simmons is coordinating a review of all existing State Fund corporate policies. The Committee requested a listing of the four completed policies and any policies deemed obsolete or eliminated. Mr. Neary advised that the Model Audit Rule project is on schedule and all key controls will be tested by the end of 2010. The Medicare reporting deadlines will be met. A regulatory compliance inventory is being assembled. Mandatory IT security training is underway by internal and external sources and online ethics training is in progress.

AGENDA ITEM 11: BOARD TRAINING RECOMMENDATIONS

Mr. Curtin joined the meeting. Ms. Lampson, Learning & Development Manager, reported that the Learning & Development Department will take over responsibility to assist the Board with training requirements to comply with statutory mandates. She outlined options for a standardized training process including full days dedicated to training, training sessions at each Board meeting, or a hybrid of both. The Committee favored the hybrid method but noted an approach would be determined after receipt of pending responses to Board evaluation questions on training. The Committee directed staff to consider a one day Board training session in December for topics required by statute including interpretation of financial statements and statutory accounting training.

AGENDA ITEM 12: UPDATE ON EMPLOYEE AWARD RECOGNITION PROGRAM

Mr. Acker, Senior Vice President of Human Resources presented an update on the Employee Award Recognition Program. The program includes employee awards, quarterly recognition celebrations, and an Employee Appreciation week at a cost of \$550,000 (1/10th of 1% of employee salaries) in 2010 to date. The results currently can be evaluated only on a program-wide basis although the 2010 appraisal process has been changed to include an over-all rating of each employee that may be tracked against awards given. The Committee asked that the program and results be measured on a more individual level and that a cost-benefit analysis be conducted to better understand that the investment is improving employee performance.

AGENDA ITEM 13: BOARD MEMBER UPCOMING SPEECHES OR ARTICLES

Ms. Cain requested Board members identify any upcoming speeches and articles. Mr. Zachry reported he will be giving a speech on Safeway's culture of safety program to Marsh & McLennan Companies, Inc. in September; a legislative update to the Public Agency Risk Managers Association and a speech on the basics of workers' compensation and the Roseberry Act to the California District Attorneys Association in November; will be a blogger for Lexis/Nexis and for National Food Producers; and is working on a paper on utilization review in California and Colorado. Ms. Cain requested public comment of which there was none.

AGENDA ITEM 14: REPORT ON NATIONAL SEARCH FOR PRESIDENT & CEO

Ms. Cain reported the Board is still reviewing candidates for President and CEO and expects to select a finalist by the end of the Summer 2010.

AGENDA ITEM 15: PROPOSALS AND SUGGESTIONS FOR JULY 2010 AGENDA

In addition to the standing Agenda items, the Committee directed staff to include agenda items for the Board evaluation process results. Ms. Cain requested public comment of which there was none.

AGENDA ITEM 16: PUBLIC COMMENT

Ms. Cain requested public comment of which there was none.

The next Governance Committee meeting is scheduled for September 9, 2010 at 10:00 a.m. in San Francisco, California.

<u>ADJOURNMENT</u>

There being no further business before the Governance Committee, the meeting adjourned at 12:10 p.m.

Judith D. Sapper,
Asst. Corporate Secretary

Respectfully submitted,