

**STATE COMPENSATION INSURANCE FUND  
GOVERNANCE COMMITTEE**

**MINUTES OF OPEN SESSION MEETING**

**August 13, 2013**

The Governance Committee met on August 13, 2013 at the San Diego Marriott Marquis and Marina, 333 West Harbor Drive, San Diego, California.

**AGENDA ITEM 1: ROLL CALL**

The meeting was called to order at 2:00 p.m. and the following Members were present: Lawrence E. Mulryan (Chair); Sheryl A. Chalupa; Daniel M. Curtin; Sen. Michael J. Machado (Ret.); and Thomas E. Rankin.

There was a quorum.

Also present: President and CEO Thomas E. Rowe; Chief Financial Officer Dan Sevilla; General Counsel and Corporate Secretary Carol R. Newman; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

**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**

Mr. Mulryan requested Carol Newman to report on the recommended changes to the Board Delegated Authority and Approval Levels. Ms. Newman noted it is appropriate to provide for a delegate for signatory authority in the event the President is unavailable. This change authorizes the Chief Financial Officer, Chief Operating Officer or any Executive designee to execute on behalf of the President in the event the President is unavailable and the Chair of the Board has provided written consent to the delegation.

Mr. Mulryan asked whether any Board member had any comments on the items on the Consent Calendar of which there were none.

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

Motion carried.

#### **AGENDA ITEM 4: BOARD MEMBER UPCOMING SPEECHES OR ARTICLES**

Ms. Padua noted that the report is included in the Committee meeting materials and requested if there were any questions of which there were none.

#### **AGENDA ITEM 5: GOVERNANCE AND COMPLIANCE UPDATE**

Chief of Internal Affairs Dante Robinson reported on the Governance and Compliance Update.

The 2013 Code of Conduct Acknowledgement and Training by workforce members were completed and the compliance campaign results were as follows: i) active employees – 99% training compliance and 96% acknowledgement compliance; ii) consultants – 95% training compliance and 98% acknowledgement compliance. The individual managers are held accountable for referral of non-compliant workforce members.

All Ethics and Privacy issues are investigated. During 2Q 2013, there were 117 reports received from all sources which includes 80% related to suspected privacy or security breaches and 15% related to HR matters. The Privacy matters saw an uptick in referrals based on: (i) transmission of private information for non-business purposes, and (ii) increased awareness of the importance of data privacy through various channels of communication including Privacy road show presentations

The first report on State Fund's Procurement Diversity required by AB 53 was submitted July 1, 2013 to the California Department of Insurance (CDI). State Fund's Supplier Diversity mission is to provide equal opportunities for minority, women and disabled veteran owned businesses in sourcing and contracting initiatives. The identified diverse spending is reported as 4% of procurement spending. The report is public and posted by the CDI.

The notification about the California State Auditor's Whistleblower hotline was sent to employees in June 2013 and a compliance report was issued to the State Auditor as required by law. The Whistleblower hotline may be used to report suspected fraud, waste or abuse. The State Auditor's mandated 2013 posters about the hotline and the California Whistleblower Protection Act are displayed in locations throughout State Fund where other employee notices are posted.

The new corporate policy on Intellectual Property was issued which provides the organization framework for protection of State Fund's proprietary material and respect for copyrighted material of others.

#### **AGENDA ITEM 6: PUBLIC COMMENT ON THE APPROPRIATENESS OF CLOSED SESSION ITEMS 9-12**

Mr. Mulryan requested public comment on the appropriateness of Closed Session agenda items 9-12, of which there was none.

#### **AGENDA ITEM 7: PUBLIC COMMENT**

Mr. Mulryan requested further public comment of which there was none. The Governance Committee immediately convened into Closed Session at 2:10 p.m.

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

The meeting was called to order at 5:15 p.m. and the following Members were present: Mr. Mulryan (Chair); Sheryl A. Chalupa; Daniel M. Curtin; Sen. Michael J. Machado (Ret.), and Thomas E. Rankin.

There was a quorum.

Also present: President and CEO Thomas E. Rowe; Chief Financial Officer Dan Sevilla; General Counsel and Corporate Secretary Carol R. Newman; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

### **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 NOVEMBER 14, 2013 AGENDA**

Mr. Mulryan requested suggestions for agenda items for the November 14, 2013 Governance Committee meeting other than the standing agenda items, of which there were none. Mr. Mulryan noted for Committee members to contact him, Carol Newman or Tom Rowe for suggested agenda items.

Mr. Mulryan also requested public comment of which there was none, and he noted that the next Governance Committee meeting is scheduled for November 14, 2013 at State Fund's 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 5:20 p.m.

Respectfully submitted,

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Hilda B. Padua,  
Board Liaison and Asst. Corporate Secretary