

**STATE COMPENSATION INSURANCE FUND
AUDIT COMMITTEE**

MINUTES OF OPEN SESSION MEETING

July 27, 2016

The Audit Committee met on July 27, 2016 at The Renaissance Lodge at Sonoma, 1325 Broadway, Sonoma, 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: Sheryl A. Chalupa (Chair); Steven L. Rank; Scott K. Reid; and William M. Zachry.

Absent by prior arrangement: Sen. Michael J. Machado (Ret.).

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Chief of Internal Affairs Dante Robinson; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 2: ANTITRUST ADMONITION

Ms. Chalupa called attention to and requested confirmation that the Audit Committee members read State Fund's Antitrust Admonition, which is included in each Committee member's meeting materials.

AGENDA ITEM 3: CONSENT CALENDAR

- a. Approval of May 25, 2016 Open Meeting Minutes**
- b. Ratification of the Appointment of New External Auditor**

Ms. Chalupa asked whether any Committee member had any comments on the items on the Consent Calendar, of which there were none. Ms. Chalupa called for a Motion.

MOTION: Mr. Reid

SECOND: Mr. Zachry

To approve the Consent Calendar as presented.

Ms. Chalupa requested public comment of which there was none. Ms. Chalupa called for the vote.

YES: 4

NO: 0

Abstain: 0

Motion carried.

AGENDA ITEM 4: COMPLETED CLOSED AUDITS

Ms. Chalupa noted that this item is read only, unless questions. She asked Chief of Internal Affairs Mr. Robinson if there was any new information from the time the report was published. Mr. Robinson noted that the report is current and there are no changes.

AGENDA ITEM 5: WHISTLEBLOWER HOTLINE

Ms. Chalupa noted that this item is read only, unless questions. She asked Executive Vice President and Chief Administrative Officer Andreas Acker if there was any new information from the time the report was published. Mr. Acker noted that the report is current and there are no changes.

Discussion ensued on the gravity and types of diversity allegations and the difference between diversity and discrimination allegations.

AGENDA ITEM 6: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 9 THROUGH 12

Ms. Chalupa requested public comment on the appropriateness of Closed Session Agenda Items 9 through 12, of which there was none.

AGENDA ITEM 7: PUBLIC COMMENT

Ms. Chalupa requested other public comment, of which there was none. The Audit Committee immediately convened into Closed Session at 8:05 a.m.

AGENDA ITEM 13: CALL TO ORDER AND ROLL CALL

The meeting reconvened at 9:00 a.m. following the conclusion of the Closed Session and the following Members were present: Sheryl A. Chalupa (Chair); Steven L. Rank; Scott K. Reid; and William M. Zachry.

Absent by prior arrangement: Sen. Michael J. Machado (Ret.).

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Chief of Internal Affairs Dante Robinson; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 14: COMMITTEE MEMBER PRESENTATIONS

Ms. Chalupa requested presentations from the Committee members, of which there were none.

AGENDA ITEM 15: PROPOSALS AND SUGGESTIONS FOR NOVEMBER 16, 2016 AGENDA

Ms. Chalupa requested suggestions for agenda items for the November 16, 2016 Audit Committee meeting other than the standing agenda items, of which there were none.

Ms. Chalupa requested public comment, of which there was none, and she noted that the next Audit Committee meeting is scheduled for November 16, 2016 at the State Fund Corporate Office, 333 Bush Street, 7th floor, San Francisco, California unless noticed for a new date and time.

ADJOURNMENT

There being no further business before the Audit Committee, the meeting adjourned at 9:05 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary