

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

February 18, 2016

The Governance Committee met on February 18, 2016 at the State Fund Corporate Office, 333 Bush Street, 7th floor, San Francisco, California.

AGENDA ITEM 1: CALL TO ORDER AND 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; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

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 December 10, 2015 Open Meeting Minutes

3b. Board Member Upcoming Speeches, Articles or Webinars

Mr. Mulryan noted that that there is no approval of action for item 3b, "Board Member Upcoming Speeches, Articles or Webinars."

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

MOTION: Mr. Rankin

SECOND: Mr. Curtin

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

Abstain: 0

Motion carried.

AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE

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

Compliance Training

Ms. Simmons reported that State Fund attained 100% workforce compliance for mandatory training. There were three consultants that failed to complete the required training and their access to State Fund was disabled until training was completed.

Conflict of Interest Code

Ms. Simmons reported that the Fair Political Practices Commission (FPPC) approved the State Fund's Conflict of Interest Code and it became effective November 27, 2015. The announcement about the new code was made to the organization on the effective date.

Own Risk and Solvency Assessment (ORSA)

State Fund submitted its ORSA report, as attested by the Chief Risk Officer, to the California Department of Insurance on November 27, 2015. As allowed under the Insurance Code, the ORSA report will be referenced in State Fund's Corporate Governance Annual Disclosure due on June 30, 2016.

Phase 2 Regulatory Reporting Requirements Compliance Testing Completed

Ms. Simmons reported that the Regulatory Reporting phase two compliance testing was completed in November 2015. State Fund meets regulatory requirements for its low and medium risk reports. There are 82 reports maintained in the regulatory inventory.

Ethics and Privacy Reports

Ms. Simmons reported that the State Fund hotlines were benchmarked against Navex Global's 2015 report. The results are as follows: 1) No significant deviation in allegation category distribution. 2) State Fund uses online reporting more frequently than telephonic reporting. 3) State Fund reporting frequency (3.3/100 vs. 1.3/100) is higher than the benchmark reporting average. Frequency may be attributable to higher awareness about what and how to report concerns. 4) Anonymous reporting at State Fund is lower than in the benchmark report (49% vs. 60%). This may be attributed to a greater comfort in the confidential nature of the hotline.

AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 12

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 8:35 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; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

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 MAY 26, 2016 AGENDA

Mr. Mulryan requested other suggestions for agenda items for the May 26, 2016 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 May 26, 2016 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 Assistant Corporate Secretary