

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

February 19, 2015

The Governance Committee met on February 19, 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 November 20, 2014 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**

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: Ms. Chalupa

SECOND: Mr. Rankin

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 Code of Conduct and Supporting Policies

Ms. Simmons reported that as part of the 2014 Compliance Plan, the Code of Conduct and its supporting policies were reviewed. Policy and Code revisions align with current law and respond to employee and manager feedback and ethics/privacy topics that were raised during 2014. The 2015 revisions include State Fund's revised Vision, a simplified Ethics Decision Tree, general revisions to all Code sections in support of trust, focus on the individual, and improved tone and readability. The following policies were reviewed and the following policy revisions are recommended:

- Equal Employment Opportunity – protected group definition expanded to include military or veteran status
- Sexual Harassment Prevention – added abusive conduct prevention as a component of training for managers and supervisors
- Non-Business Use of State Fund Facilities – aligns with State Fund's corporate social responsibility strategy; expanded the policy to allow State Fund to officially recognize charitable activities in addition to "Our Promise: California State Employees Giving at Work".

Ms. Simmons further reported that Code of Conduct training will take place in the next two months in order to increase awareness of the importance of data privacy. Privacy messaging to the organization is ongoing to improve privacy awareness and protection of private information.

Mr. Mulryan called for a Motion.

MOTION: Mr. Rankin

SECOND: Ms. Chalupa

To recommend to the Board of Directors approval of the Code of Conduct and supporting policies as presented.

Mr. Mulryan requested public comment of which there was none. Mr. Mulryan called for the vote.

YES: 5

NO: 0

Motion carried

Compliance

Ms. Simmons reported that regulatory reporting compliance testing was completed for reports carrying penalties or fines for non-compliance or late filing. The reports of this type were adequately controlled and monitored by business owners.

Ethics and Privacy Reports

Ms. Simmons reported that Human Resources and Privacy incident reports continue to be the main reported 2014 topics. The Human Resources reports include suspected conflicts of

interest, discrimination, misuse/theft of time or funds, misconduct, and retaliation. The majority of suspected privacy incidents were 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 11, 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 12: 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 13: COMMITTEE MEMBER PRESENTATIONS

Mr. Mulryan requested presentations from the Committee members of which there were none.

AGENDA ITEM 14: PROPOSALS AND SUGGESTIONS FOR MAY 21, 2015 AGENDA

Mr. Mulryan requested other suggestions for agenda items for the May 21, 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 May 21, 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