

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

May 18, 2017

The Governance Committee met on May 18, 2017 at the State Fund San Francisco Office, 333 Bush Street, 7th floor (Board Room), San Francisco, California.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 8:35 a.m. and the following Members were present: Lawrence E. Mulryan (Chair); Sheryl A. Chalupa; Daniel M. Curtin (joined during item 7 of the Closed Session); and Thomas E. Rankin.

Absent by prior arrangement: Robin L. Baker.

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 March 2, 2017 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**
- 3c. Annual Review and Approval of State Fund By-Laws**
- 3d. Annual Review and Approval of Board Delegated Authority and Approval Levels**
- 3e. Board Education and Travel Expense Reimbursement Policy**
- 3f. Annual Review and Approval of Committee Charters**

Mr. Mulryan noted 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: 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: 3 NO: 0 Abstain: 0 Motion carried.

AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE

- 4a. 2017 Compliance Training**
- 4b. 2017 Statement of Economic Interest Compliance**
- 4c. 2017 Hotline Benchmark Analysis**
- 4d. 2017 Review and Approval:**

- 4di. Code of Conduct**
- 4dii. Supporting Corporate Policies**

- **Equal Employment and Anti-Harassment Corporate Policies**
- **Privacy and Confidentiality Corporate Policy**

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

2017 Code of Conduct

Per industry best practice, the Code of Conduct's look and feel has been re-designed, aligning its topics with State Fund's values to reflect the continuing commitment to purpose and culture. A focus group of employees and union members provided input into the re-design. The Code of Conduct promotes State Fund's values, standards, and behavior expectations to support a culture encouraging ethical conduct and a commitment to compliance with the law. Ms. Simmons reported the Code of Conduct training schedule has been published for employees to complete.

Mr. Mulryan called for a Motion.

MOTION: Mr. Rankin SECOND: Ms. Chalupa

To recommend to the Board approval of the proposed changes to the Code of Conduct as presented.

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

YES: 3 NO: 0 Abstain: 0 Motion carried.

Material Revisions to Policies Supporting the Code of Conduct

Corporate policies supporting the Code of Conduct (HR 4.1 Equal Employment Opportunity; HR 4.2 – Reasonable Accommodation; and HR 4.3 – Sexual Harassment Prevention) were revised to clarify across the policies: involved parties, workplace settings, and criteria for policy violation; managerial and employee reporting venues and responsibilities; State Fund's responsibility to conduct fair and objective investigations; and maintenance of confidentiality to the extent possible.

Mr. Mulryan called for a Motion.

MOTION: Mr. Rankin SECOND: Ms. Chalupa

To recommend to the Board approval of the proposed changes to the Corporate Policies supporting the Code of Conduct as presented.

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

YES: 3 NO: 0 Abstain: 0 Motion carried.

Statement of Economic Interest Annual Filing (Form 700)

State Fund achieved 100% compliance by active employees and 99% for consultants who are designated filers. The three consultants who failed to file their Form 700 had their physical and logical access disabled and they have separated from State Fund.

2017 Compliance Training

For 2017, compliance training includes regulatory-based training on Anti-Fraud, Security and Privacy Awareness, Code of Conduct training, and Workplace Harassment Prevention training.

National Data Privacy Day

This is State Fund's fifth year of participation in National Privacy Day. This year, the theme is "Stop.Think.Connect.", which raises awareness about what each workforce member can do before sharing information to assure it goes to the right person, in the right place, and is limited to what is needed for business.

Ethics Hotline Benchmark

The reporting rate per 100 employees exceeded the benchmark. The increase in management referrals can be attributed to HR's increased availability, training, and client outreach. There are no significant deviations in reporting categories and the top reporting category continues to be Human Resources. State Fund's rate of anonymous reporting is lower than the benchmark (52% v. 58%).

AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 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 8:45 a.m.

AGENDA ITEM 12: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 10:00 a.m. and the following Members were present: Mr. Mulryan (Chair); Sheryl A. Chalupa; Daniel M. Curtin; and Thomas E. Rankin.

Absent by prior arrangement: Robin L. Baker.

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 13: COMMITTEE MEMBER PRESENTATIONS

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

AGENDA ITEM 14: PROPOSALS AND SUGGESTIONS FOR AUGUST 29, 2017 AGENDA

Mr. Mulryan requested suggestions for agenda items for the August 29, 2017 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 August 29, 2017 at the Napa Valley Marriott Hotel and Spa, Napa, California unless noticed for a new date and time.

ADJOURNMENT

There being no further business before the Governance Committee, the meeting adjourned at 10:05 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary