

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

May 26, 2016

The Governance Committee met on May 26, 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); 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 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 February 18, 2016 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**
- 3c. Annual Review of State Fund By-Laws**
- 3d. Annual Review of Board Delegated Authority and Approval Levels**
- 3e. Board Member Education and Travel Expense Reimbursement Policy**
- 3f. Annual Review of Committee Charters**

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: 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: 4 NO: 0 Abstain: 0 Motion carried.

AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE

- a. Compliance Training/Integrity in Action Hotline
- b. Reporting Obligations Compliance (annually)
- c. Review of 2016 Code of Conduct

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

2016 Code of Conduct

Ms. Simmons reported that the 2016 Code of Conduct focused on State Fund's values and drivers, including "Doing the Right Thing". The 2016 Code of Conduct defined State Fund values; expanded the gift section to clarify alignment with the Fair Political Practices Commission and role-based restrictions; included material on copyright, ethics and accountability, and added a monetary loan subsection to the Incompatible Activities. 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: Mr. Curtin

To recommend to the Board of Directors approval of the 2016 Code of Conduct as presented.

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

YES: 4 NO: 0 Abstain: 0 Motion carried.

Statement of Economic Interest Compliance (Form 700)

State Fund achieved 100% compliance by active designated filers. The annual FPPC filing was completed for Board members, the CEO, CIO, and CFO as required by the Government Code. For inactive or separated employees who have not yet filed, Human Resources sends them two notices before referring them to the FPPC.

Compliance Training

For 2016, compliance training includes regulatory-based training on Anti-Fraud, Privacy and Cyber Security (includes annual Proprietary System Notice); and Code of Conduct Acknowledgement.

National Data Privacy Day

This is State Fund's fourth year of participation in National Privacy Day. This year, Governance re-released the video titled "*We All Have a Choice to Make*," which highlights the role of each workforce member in safeguarding private information. The video received 850 views since its release.

Ms. Simmons also reported that State Fund is embarking on a Copyright Awareness program. Discussion ensued on types of copyright issues.

Ethics and Privacy Reports

Human Resources issues and suspected privacy incidents continue as the primary subjects of the reports. Eighty-three percent of referrals were internal and seventeen percent of the allegations were reported via State Fund's independent hotlines. Seventy-two percent of the referrals were HR diversity and workplace respect; and fifteen percent of the referrals were privacy-related matters.

AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 13

Mr. Mulryan requested public comment on the appropriateness of Closed Session for agenda items 8 through 13, 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 14: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 10:30 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 15: COMMITTEE MEMBER PRESENTATIONS

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

AGENDA ITEM 16: PROPOSALS AND SUGGESTIONS FOR JULY 27, 2016 AGENDA

Mr. Mulryan requested suggestions for agenda items for the July 27, 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 Governance Committee will hold an Ad Hoc meeting on July 19, 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 10:35 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary