

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

November 16, 2017

The Governance Committee met on November 16, 2017 at the State Fund Pleasanton Office, 5890 Owens Drive (Pacific and Atlantic rooms), Pleasanton, 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: 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; 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 August 29, 2017 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**
- 3c. Review and Approval of 2018 Board and Committee Meeting Schedule and Location**
- 3d. Review and Approval of 2018 Board and Committee Agenda Items**

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: Ms. Chalupa

SECOND: Ms. Baker

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:

New Legislation – SB 272 (Mendoza)

This legislation expanded State Fund's exempt positions from 11 to 16 positions and requires Board development and execution of salary setting criteria and salary survey processes. Starting in September 2018, State Fund is required to submit the report to the California Department of Human Resources (CalHR); make a biennial report to the legislature; post the report on State Fund's website; and allow paper copies to be ordered by phone.

State Fund's Charter and regulatory reporting documents have been revised accordingly.

National Association of Insurance Commissioners (NAIC) Model Data Security Rule

On October 24, 2017, the NAIC's Executive Committee and Plenary adopted Version 6 of the Model Law. The Model Law contains three required elements: 1) an Information Security Program; 2) Investigation of cybersecurity events; and 3) Notification to regulators and affected persons of cybersecurity events.

A Model Rule must be introduced and approved through the California legislative process to become law, which may take 6 months.

Ethics and Privacy Reported Issues

Hotline reporting remained steady at 16% of reported issues volume (27 of 173), which is in line with the national average for hotline reporting versus other sources.

The reporting volume increased by 38% quarter over quarter (173 versus 125), which can be attributed to the July 2017 organizational messaging and HR Performance Management meeting outreach to managers and supervisors. Human Resources issues continue to be the most reported category for almost 70% of the reports (120 of 173).

AGENDA ITEM 5: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8 THROUGH 10

Mr. Mulryan requested public comment on the appropriateness of Closed Session for agenda items 8 through 10, 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 8:10 a.m.

AGENDA ITEM 13: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 11:00 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; 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 FEBRUARY 22, 2018
AGENDA

Mr. Mulryan requested suggestions for agenda items for the February 22, 2018 Governance Committee meeting other than the standing agenda items, of which there was none.

Mr. Mulryan also requested public comment, of which there was none, and he noted that the next Governance Committee meeting is scheduled for February 22, 2018 at the State Fund Office, Pleasanton, California unless noticed for a new date and time.

ADJOURNMENT

There being no further business before the Governance Committee, the meeting adjourned at 11:05 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary