

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

November 20, 2014

The Governance Committee met on November 20, 2014 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); Sheryl A. Chalupa; Daniel M. Curtin (joined at item 8); Sen. Michael J. Machado (Ret.); and Thomas E. Rankin (joined at item 7).

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 September 23, 2014 Open Meeting Minutes**
- 3b. Board Member Upcoming Speeches, Articles or Webinars**
- 3c. Review and Approval of 2015 Board and Committee Meeting Schedule**
- 3d. Review and Approval of 2015 Board and Committee Agenda Items**

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: Sen. Machado

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

Motion carried.

AGENDA ITEM 4: GOVERNANCE, COMPLIANCE AND PRIVACY UPDATE

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

2014 Annual Anti-Fraud Training

As of September 1, 2014, 99.3% of employees identified as anti-fraud personnel have completed the training.

2014 Code of Conduct Training and Certification

As of September 1, 2014, 100% of consultants have completed the Code of Conduct training; 10 consultants had their access temporarily disabled until they completed their training. This is the highest rate that has been achieved since annual Code of Conduct training began

Ethics and Policy Hotline Reported Issues

Human Resources reporting volume for 3Q 2014 remained constant compared to the same period in 2013. The 3Q reports by category included 35% suspected conflict of interest/discrimination; 9% suspected retaliation, 19% suspected misconduct; and 21% suspected misuse/theft of time or funds. Suspected privacy/security incident report volume declined 23% compared to the 3rd quarter of 2013. This is attributed to a decrease in volume of transmissions of private information for non-business purposes.

Policies and Procedures

New legislation AB 1710 (Dickinson) is effective January 1, 2015. The legislation amends California Civil Code relating to unauthorized disclosure of California residents' personal information. The law requires companies to offer free credit monitoring services when a disclosure includes an affected person's social security number and/or driver's license number or California identification card number. State Fund's current practice extends beyond the law's requirements by offering free credit monitoring services to affected persons if their birthdate or financial account information has been disclosed.

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 8:35 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); Sheryl A. Chalupa; Sen. Michael J. Machado (Ret.), 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 FEBRUARY 19, 2015 AGENDA

Mr. Mulryan requested other suggestions for agenda items for the February 19, 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 February 19, 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