

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

May 20-21, 2021

The Board of Directors of the State Compensation Insurance Fund met on May 20-21, 2021 via telephone/video conference using Zoom webinar.

May 20, 2021

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

Board Liaison Hilda Padua welcomed everyone who joined the meeting via telephone/video conference. Ms. Padua went over the Housekeeping rules for the meeting, including how to submit Public Comments by sending an email to BoardofDirectors@scif.com. Ms. Padua noted that the information was also posted on the State Fund website.

The meeting was called to order on May 20, 2021 at 1:02 p.m.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Daniel M. Curtin; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Jack L. Neureuter; Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; William M. Zachry; and Katrina S. Hagen (Ex-officio).

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary and Chief of Internal Affairs Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

Board Chair David Lanier welcomed everyone who joined the meeting via telephone/video conference.

AGENDA ITEM 2: ANTITRUST ADMONITION

Mr. Lanier called attention to, and requested confirmation that the Board members read, State Fund's Antitrust Admonition, which is included in each Board member's meeting materials.

AGENDA ITEM 3: CONSENT CALENDAR

- 3a. Approval of February 25-26, 2021 Open Meeting Minutes
- 3b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- 3c. Annual Review and Approval of State Fund By-Laws
- 3d. Annual Review and Approval of Committee Charters
- 3e. Annual Review and Approval of Board Education and Travel Expense Reimbursement Policy

- 3f. Annual Review and Approval of Board Delegated Authority and Approval Level
- 3g. Annual Review and Approval of Internal Audit Activity Charter and Compliance with International Audit Standards
- 3h. Approval of Retirement Resolutions

Ms. Lariviere noted that there were recent non-substantive changes to the posted State Fund By-Laws. Ms. Lariviere explained that in June 2020, paragraph 6 was removed, which impacted the paragraph numbering so what was then paragraph 31 is now paragraph 30. All references to paragraph 31 were now changed to paragraph 30. Also, in paragraph 26, “as defined by Section 26,”– that should now be as defined by Section 25. Ms. Lariviere noted there were no other changes to the posted State Fund By-Laws.

Mr. Lanier asked whether any Board member had other comments on the items on the Consent Calendar of which there were none.

Mr. Lanier called for a Motion.

MOTION: Mr. Rankin

SECOND: Mr. Pulaski

To approve the Consent Calendar as presented with changes to the State Fund By-Laws.

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

YES: 10

NO: 0

Abstain: 0

Motion carried.

AGENDA ITEM 4: STATEMENT OF ACTUARIAL OPINION

Mr. Lanier noted that this item is read only, unless there are questions, of which there were none.

AGENDA ITEM 5: FINANCIAL AND PRESIDENT’S REPORT: 1Q 2021

Mr. Lanier noted that this item is read only, unless there are questions, of which there were none.

AGENDA ITEM 6: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES

6a: GOVERNANCE COMMITTEE

Governance Chair Mr. Rankin reported that the Governance Committee met on May 17, 2021 through Zoom online meeting. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: February 22, 2021 Open Meeting Minutes; Board Members’ Upcoming Speeches, Articles, or Webinars; State Fund By-Laws; Committee Charters; Board Education and Travel Expense Reimbursement Policy; and Board Delegated Authority and Approval Level

During the Closed session, the Committee heard a report on update on Safety and Loss Prevention Strategic Plan. The Committee also had a discussion regarding the planning for the August Board Strategic meeting.

6b: AUDIT COMMITTEE

Mr. Zachry reported that the Audit Committee met on May 18, 2021 through Zoom online meeting. During the Open Session, the Committee reviewed and approved under Consent Calendar the following:

February 23, 2021 Open Meeting Minutes; Audit Committee Charter; and Internal Audit Activity Charter and Compliance with International Audit Standards. During the Closed Session, the Committee heard an update from external auditor EY; and from staff on Personnel Investigations, Pension and OPEB, and Internal Audit and Model Audit Rule (MAR) activities.

6c: INVESTMENT and RISK COMMITTEE

Investment and Risk Committee Chair Senator Machado reported that the Investment and Risk Committee met on May 19, 2021 through Zoom online meeting. During the Open Session under the Consent calendar, the Investment and Risk Committee reviewed and approved the following: investment transactions and compliance reports, for the period of January 1, 2021 to March 31, 2021, pursuant to its delegated authority; February 24, 2021 Open meeting minutes; and Investment and Risk Committee Charter. Also, the Committee was provided with a report on bank accounts, cash management, long-term investment holdings and short-term investment holdings as of December 31, 2020. The balances reported were pending EY's audit review. EY is scheduled to complete their audit work by end of May 2021.

During the Closed Session, the Investment and Risk Committee heard a report from Wellington Investment managers on the status of the investment portfolio. The Committee also heard reports from staff on portfolio performance; annual review of investment managers' performance, services, and results; update on the ESG investments; update on Enterprise Risk Management program; and update on State Fund's Information Security Program. The Committee also had a strategic discussion regarding the proposed Investment Policy Statement and Guidelines Resolution #2341, which was later approved by the Committee, when Open session resumed.

AGENDA ITEM 7: CHAIRPERSON'S REPORT

Mr. Lanier thanked the Committee Chairs and staff for the great job they have done, considering the unique challenges of running a virtual meeting through Zoom.

AGENDA ITEM 8: BOARD MEMBER REPORTS

Mr. Lanier asked if there were any Board member reports, of which there were none.

AGENDA ITEM 9: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 12 THROUGH 20

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 12 through 20, of which there was none.

AGENDA ITEM 10: PUBLIC COMMENT

Mr. Lanier confirmed that no public comment was received.

ADJOURNMENT

There being no further business, Mr. Lanier adjourned the meeting at 1:10 p.m. to immediately reconvene in Closed session.

May 21, 2021

AGENDA ITEM 21: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened at 10:03 a.m. via telephone/video conference (Zoom webinar) and the following Members were present: David M. Lanier (Chair); Daniel M. Curtin (joined during item 22); Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Jack L. Neureuter; Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; William M. Zachry; and Katrina S. Hagen (Ex-officio).

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary and Chief of Internal Affairs Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

AGENDA ITEM 22: PROPOSALS AND SUGGESTIONS FOR AUGUST 2021 AGENDA

Mr. Lanier requested suggestions for agenda items for the August 2021 Board meeting. Ms. Padua noted that all agenda items identified were for Closed session.

Mr. Lanier requested public comment, of which there was none. He noted that the next Board meeting is scheduled sometime the week of August 23-27, 2021, location to be determined, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 10:05 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary