

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF OPEN SESSION MEETING**

**February 24, 2022**

The Board of Directors of the State Compensation Insurance Fund met on February 24, 2022 via telephone/video conference using Zoom webinar.

**February 24, 2022**

**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 February 24, 2022 at 9:08 a.m. Mr. Lanier apologized for starting the meeting late due to technical difficulties.

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 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 November 18, 2021 Open Meeting Minutes
- 3b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- 3c. Approval of Retirement Resolutions

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

Mr. Lanier called for a Motion.

MOTION: Mr. Zachry

SECOND: Mr. Neureuter

To approve the Consent Calendar as presented.

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: FINANCIAL AND PRESIDENT'S REPORT: 4Q 2021**

Mr. Lanier noted that this item is read only, unless there are questions. Mr. Steiner reported that on February 23, 2022, State Fund received updated information from external Actuary, Milliman and State Controller's Office on OPEB and Pension liabilities. The State Fund website and Diligent Board book have been updated with the revised material.

Mr. Steiner noted that the change is on page 3 of the report under "Policyholder Surplus". Mr. Steiner reported that surplus went up by \$140 million (instead of \$202), the difference is due to the \$62 million reclassification of special surplus to recognize State Fund's share of Pension and OPEB as liabilities in compliance with Statements of Statutory Accounting Principles (SSAP) No. 5R – "Liabilities, Contingencies and Impairment of Assets".

#### **AGENDA ITEM 5: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES**

##### **5a: GOVERNANCE COMMITTEE**

Governance Chair Mr. Rankin reported that the Governance Committee met on February 22, 2022 through Zoom online meeting. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: November 15, 2021 Open Meeting Minutes and Board Members' Upcoming Speeches, Articles, or Webinars.

During the Closed session, the Committee heard a report on update on Safety and Loss Prevention Strategic Plan, Performance Awards, Succession Planning, Long-Term Incentive Plan (LTIP), and executive's leadership 2022 goals.

##### **5b: AUDIT COMMITTEE**

Audit Chair Mr. Zachry reported that the Audit Committee met on February 22, 2022 through Zoom online meeting. During the Open Session, the Committee reviewed and approved the November 16, 2021 Open Meeting Minutes. During the Closed Session, the Committee heard an update from outside auditor EY, and an update from staff on Personnel Investigations, and Internal Audit activities.

#### **AGENDA ITEM 6: CHAIRPERSON'S REPORT (TAKEN OUT OF ORDER)**

Mr. Lanier noted that he has nothing to report.

## **AGENDA ITEM 7: BOARD MEMBER REPORTS**

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

Ms. Padua requested to recall item 5c, Investment and Risk Committee Chair update.

## **AGENDA ITEM 5: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES (RECALLED ITEM 5c)**

### **5c: INVESTMENT and RISK COMMITTEE**

Investment and Risk Committee Chair Senator Machado reported that the Investment and Risk Committee met on February 23, 2022 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 October 1, 2021 to December 31, 2021, pursuant to its delegated authority; and November 17, 2021 Open Meeting Minutes.

During the Closed Session, the Investment and Risk Committee heard reports from investment managers and from staff on portfolio performance; update on California Department Insurance (CDI) Exam Audit; update on Reinsurance program; Enterprise Risk Management program; and update on State Fund's Information Security Program.

## **AGENDA ITEM 8: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 11 THROUGH 18**

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 11 through 18, of which there was none.

## **AGENDA ITEM 9: PUBLIC COMMENT**

Mr. Lanier confirmed that no public comment was received.

## **ADJOURNMENT**

There being no further business, Mr. Lanier adjourned the meeting at 9:17 a.m. to immediately reconvene in Closed session.

**February 24, 2022**

## **AGENDA ITEM 19: CALL TO ORDER AND ROLL CALL**

The Open Session meeting reconvened at 2:00 p.m. via telephone/video conference (Zoom webinar). The following Members 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 Margie R. Lariviere; Chief Financial Officer Peter Guastamachio; and Board Liaison and Assistant Corporate Secretary Hilda B. Padua.

**AGENDA ITEM 20: PROPOSALS AND SUGGESTIONS FOR MAY 2022 AGENDA**

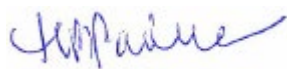
Mr. Lanier requested suggestions for agenda items for the May 2022 Board meeting. Ms. Padua noted that all agenda items identified were for Closed session.

Mr. Lanier requested public comment, of which there was none. He noted that the next Board meeting is scheduled sometime the week of May 16-20, 2022, location to be determined, unless noticed for a new date and time.

**ADJOURNMENT**

Mr. Lanier adjourned the meeting at 2:02 p.m.

Respectfully submitted,



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Hilda B. Padua  
Board Liaison and Assistant Corporate Secretary