

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

November 15-16, 2022

The Board of Directors of the State Compensation Insurance Fund met on November 15-16, 2022 at the State Fund Pleasanton Office, 5890 Owens Drive, (Atlantic/Pacific Conference Rooms), Pleasanton, California.

November 15, 2022

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on November 15, 2022 at 12:30 p.m.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela S. Wei; William M. Zachry.

Absent by prior arrangement: Daniel M. Curtin; Regina Evans; 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 and noted that it was good to see everyone again in-person.

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

- a. Approval of September 13, 2022 Open Meeting Minutes
- b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- c. Review and Approval of Board and Committee Agenda Items for 2023
- d. Review and Approval of Board and Committee Meeting Schedule for 2023
- e. 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. Rankin

To approve the Consent Calendar as presented.

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

YES: 9 NO: 0 Abstain: 0 Motion carried.

AGENDA ITEM 4: FINANCIAL AND PRESIDENT’S REPORT: 3Q 2022

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

AGENDA ITEM 5: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES

5b: AUDIT COMMITTEE (Taken out of Order)

Audit Chair Mr. Zachry reported that the Audit Committee met on November 9, 2022 through Zoom online meeting. During the Open session under Consent Calendar, the Committee reviewed and approved the following: May 18, 2022 and September 13, 2022 Open Meeting Minutes; 2023 Board and Committee Meeting Schedule; and 2023 Audit Committee Agenda Items.

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. Mr. Zachry noted that due to lack of quorum at the September 13, 2022 meeting, approval of the Revised 2022 Internal Audit Plan was deferred to the November 2022 meeting. The Committee approved both the Revised 2022 Internal Audit Plan and 2023 Internal Audit Plan.

5a: GOVERNANCE COMMITTEE

Governance Chair Mr. Rankin reported that the Governance Committee met on November 7, 2022 through Zoom online meeting. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: September 13, 2022 Open Meeting Minutes; Board Members’ Upcoming Speeches, Articles, or Webinars; Board and Committee Schedule for 2023; and Board and Committee Agenda Items for 2023.

During the Closed session, the Committee heard a report on Board Continuing Education Strategic Plan; update on Safety and Loss Prevention Strategic Plan; Performance Awards; Exempts and Executive Leadership Performance against Plan; Long-term Incentive Plan (LTIP), and executive and exempt compensation; and 2023 Performance goals.

5c: INVESTMENT AND RISK COMMITTEE

Investment and Risk Chair Senator Machado reported that the Investment and Risk Committee met in-person on November 15, 2022. During the Open Session under Consent Calendar, the Committee

reviewed and approved the following items: September 13, 2022 Open Meeting Minutes; Investment transactions and compliance reports for the period of July 1, 2022 to September 30, 2022, pursuant to its delegated authority; 2023 Board and Committee Meeting Schedule; and 2023 Investment and Risk Committee Agenda Items.

During the Closed session, the Investment and Risk Committee heard a report from Investment managers and reports from staff on: portfolio performance; investment benchmarks; strategic discussion of tactical asset allocation; update on Enterprise Risk Management program; and update on State Fund's Information Security Program.

AGENDA ITEM 6: CHAIRPERSON'S REPORT

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.

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 requested other public comment, of which there was none.

ADJOURNMENT

There being no further business, Mr. Lanier adjourned the meeting at 12:37 p.m. to immediately reconvene in Closed session.

November 16, 2022

AGENDA ITEM 19: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened on November 16, 2022 at 10:06 a.m., following the conclusion of the Closed session and the following Members were present: David M. Lanier (Chair); Richard J. Guggenheimer; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela Wei; William M. Zachry;

Absent by prior arrangement: Daniel M. Curtin; Regina V. Evans; 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: APPROVAL OF PERFORMANCE AWARD

Mr. Lanier noted that, in 2013, the Board introduced performance awards to strengthen State Fund’s ability to successfully compete with the market for talent by creating a tool that recognizes and rewards performance. The performance awards are tied to enterprise results as well as individual performance/contribution and are an appropriate investment in building and sustaining a performance culture that delivers value to State Fund customers.

The Board resolution approves funding for the 2022 performance award pool and establishes that the payouts are to occur in 2023, subject to State Fund’s year-end performance of achieving the goal targets within the range presented at the November 2022 Board meeting.

Mr. Lanier noted that the Board finds that State Fund’s overall 2022 performance was strong. The 2022 performance continues to reflect financial stability and improvement in State Fund’s enterprise risk management position. Overall, to date, State has achieved its goal targets within the range presented at the November 2022 Board meeting.

Contingent upon State Fund achieving its goal targets within the range presented at the November 2022 meeting, the Board decided to fund the 2022 performance award program with a pool not to exceed 5% of annual salary to be administered by management to staff, supervisors and managers, senior leaders, and non-exempt executives.

Mr. Lanier noted that Resolution No. 2415 “Approval of 2022 Performance Award” was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Rankin SECOND: Sen. Machado

To approve the 2022 Performance Awards, Resolution No. 2415, as presented.

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

YES: 9 NO: 0 Abstain: 0 Resolution carried.

The certified Resolution No. 2415 is attached hereto.

Mr. Lanier congratulated and thanked the staff and leadership for their hard work and for achieving such positive results.

AGENDA ITEM 21: APPROVAL OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL AND 2023 EXEMPT LEADERSHIP COMPENSATION

Mr. Lanier reported that the Board of Directors has evaluated the performance of each executive and exempt employee for 2022. Mr. Lanier noted that the compensation packages for exempt members of State Fund’s executive committee contain both fixed and variable components designed to produce high performance. Since the goal is to attract experienced executive-level talent, the Board has carefully benchmarked State Fund’s executive compensation and designed it to be relevant to the competitive market place without being excessive. Mr. Lanier reported that, similar to the Performance Awards, the Board evaluated the performance of State

Fund's exempt executives for 2022 to-date to determine appropriate performance-based compensation contingent upon State Fund ending the year within the projected target ranges. If the agreed upon targets are met, the payments will be made in 2023. Also, Mr. Lanier noted that in the performance based compensation determination process, the Board reviewed both the overall performance of the business and the value of each exempt leader's contribution.

Mr. Lanier noted that Resolution No. 2416 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Guggenhime

SECOND: Mr. Zachry

To approve the Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Compensation for Exempt Leadership, Resolution No. 2416, as presented.

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

YES: 9 NO: 0 Abstain: 0 Resolution carried.

The certified Resolution No. 2416 is attached hereto.

AGENDA ITEM 22: APPROVAL OF PRESIDENT'S 2022 AT-RISK COMPENSATION DIFFERENTIAL, LONG-TERM INCENTIVE, AND 2023 COMPENSATION

Mr. Lanier noted that Resolution No. 2417 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Rankin

SECOND: Mr. Zachry

To approve the President's 2022 At-Risk Compensation Differential, Long-Term Incentive, and 2023 Compensation.

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

YES: 9 NO: 0 Abstain: 0 Resolution carried.

The certified Resolution No. 2417 is attached hereto.

AGENDA ITEM 23: APPROVAL OF 2022 EXEMPT LEADERSHIP AND CEA LONG-TERM INCENTIVE

Mr. Lanier noted that the Board decided to establish a Long-Term Incentive Plan (LTIP) to provide contingent financial incentives to executive and key management of State Fund who contribute to the company's long-term strategic objectives.

The objectives of the plan are to:

- Incentivize executive management towards achieving the company's long-term strategic objectives
- Attract, retain, and motivate leadership talent
- Provide competitive pay opportunities

The LTIP is a cash-based incentive plan with payout opportunities based on achievement of annual performance targets. The Board of Directors establishes performance measures and sets the targets each year. Individual target awards are based on a percentage of base pay.

Contingent upon State Fund achieving its goal targets within the range presented at the November 2022 meeting, the Board decided to fund the 2022 Long-Term Incentive with an award pool not to exceed 10% of annual salary spend to be administered by management and paid out over a three-year period in accordance with the terms of the LTIP plan and Award Notice, subject to State Fund continuing to meet established year-end targets.

Mr. Lanier noted that Resolution No. 2418 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Pulaski

SECOND: Mr. Zachry

To approve the 2022 Long-Term Incentive Plan Resolution No. 2418, as presented.

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

YES: 9

NO: 0

Abstain: 0

Resolution carried.

The certified Resolution No. 2418 is attached hereto.

AGENDA ITEM 24: PROPOSALS AND SUGGESTIONS FOR FEBRUARY 2023 AGENDA

Mr. Lanier requested suggestions for agenda items for the February 2023 Board meeting. Ms. Padua noted that all agenda items identified were for Closed session. Mr. Zachry requested to add "Kids Chance" to the agenda.

Mr. Lanier requested public comment, of which there was none. He noted that the next Board meeting is scheduled sometime the week of February 15-17, 2022 location to be determined, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 10:13 a.m. and wished everyone a Happy Thanksgiving.

Respectfully submitted,



Hilda B. Padua
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

APPROVAL OF 2022 PERFORMANCE AWARDS

WHEREAS, the Board has approved a Performance Awards program for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives, with the total size of the award pool subject to the Board's discretion, based on enterprise performance and individual performance; and

WHEREAS, commencing in 2018 the Board revised the annual Governance and Board agendas to move the review of the Performance Awards to the November Board meeting; and

WHEREAS, the Board has considered a 2022 total award pool of approximately five percent (5.0%) of the annual salaries of all eligible employees; and

WHEREAS, the Board has considered State Fund's enterprise performance for 2022; and

WHEREAS, the Board now seeks to establish and approve the total size of the 2022 performance award pool for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives, subject to State Fund achieving its goal targets by year end within the range presented at the November Board meeting; and

WHEREAS, if State Fund fails to meet the targeted goals within the range presented at the November Board meeting, the Board may reconsider the potential for and size of a 2022 performance award pool.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund had a strong overall performance for 2022; that 2022 performance continues to reflect financial stability and improvement in State Fund's enterprise risk management position; that overall to date State Fund has achieved the majority of its goal targets within the range presented at the November Board meeting; and hereby approves a 2022 performance award pool to be administered by management of approximately five percent (5.0%) of annual salary spend for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives, subject to State Fund achieving its enterprise goals by year end within the range presented at the November Board meeting; and

IT IS FURTHER RESOLVED that if State Fund fails to meet the targeted goals by year end within the range presented at the November meeting, the Board may reconsider the potential for and size of a 2022 performance award pool.

**Resolution No. 2415
Approval of 2022 Performance Awards**

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 16th day of November, 2022 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Absent
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Yes
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie S. Wei	Yes
William M. Zachry	Yes

BOARD of DIRECTORS of the STATE COMPENSATION INSURANCE FUND

I, Hilda B. Padua, Assistant Corporate Secretary for the State Compensation Insurance Fund Board of Directors, hereby certify that the foregoing resolution was adopted by the Board of Directors at their regular meeting held November 16, 2022.

Hilda B. Padua
Assistant Corporate Secretary

11/16/22

Date

Resolution No. 2416

Approval of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

**APPROVAL OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL AND
2023 EXEMPT LEADERSHIP COMPENSATION**

WHEREAS, the Board of Directors (“Board”) has approved a Performance Awards program for State Fund staff, supervisors and managers, senior leaders, and Executives, with the total size of the award pool subject to the Board’s discretion, based on enterprise performance and individual performance; and

WHEREAS, in 2018 the Board revised the annual Governance and Board agendas to move the annual review of the Exempt Leadership Compensation package to the November Board meeting; and

WHEREAS, the annual compensation package for the exempt employees appointed pursuant to California Insurance Code section 11785 (“exempt employees”) includes an annual base salary, an at-risk differential based upon an annual evaluation of enterprise and individual performance conducted by the Board and, a retention differential for certain exempt positions (as identified in the attached Schedule of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation), as well as a Long Term Incentive; and

WHEREAS, the Board has considered State Fund’s enterprise performance for 2022 which is projected to achieve its enterprise objectives by year end and based on that projection has completed its performance evaluations for the exempt employees for calendar year 2022; and

WHEREAS, for certain of the exempt employees the Board seeks to increase the 2023 base salary, approve the 2023 retention differentials, approve the at-risk compensation for 2022 as identified in the attached Schedule of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation, and approve 2022 Long Term Incentive, subject to State Fund achieving its enterprise goals by year end within the range presented at the November Board meeting; and

WHEREAS, if State Fund fails to meet its enterprise goals within the range presented at the November Board meeting, the Board may reconsider the 2022 at-risk compensation.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund met its performance goals and made significant progress in 2022 on its multi-year business transformation to become a more efficient and agile insurance carrier; that customer service improved in 2022; that State Fund’s performance continues to reflect financial stability and

Resolution No. 2416

Approval of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation

improvement in State Fund’s enterprise risk management; that overall to date State Fund and the exempt employees achieved their goal targets; and hereby adopts and approves the increases in certain 2023 base salaries, the 2023 retention differentials, and the at-risk component of 2022 compensation as identified in the attached Schedule of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation, and 2022 Long-Term Incentive, subject to State Fund achieving its enterprise goals by year end within the range presented at the November Board meeting; and

IT IS FURTHER RESOLVED that if State Fund fails to meet the targeted goals by year end within the range presented at the November Board meeting, the Board may reconsider the 2022 at-risk compensation.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 16th day of November, 2022 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Absent
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Yes
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie S. Wei	Yes
William M. Zachry	Yes

BOARD of DIRECTORS of the STATE COMPENSATION INSURANCE FUND

I, Hilda B. Padua, Assistant Corporate Secretary for the State Compensation Insurance Fund Board of Directors, hereby certify that the foregoing resolution was adopted by the Board of Directors at their regular meeting held November 16, 2022.

Hilda B. Padua
Assistant Corporate Secretary

11/16/22

Date



**SCHEDULE OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL
AND 2023 EXEMPT LEADERSHIP COMPENSATION**

Position	2022 Annual Base Salary	Recommended 2022 At-Risk Compensation Differential	2022 LTIP Program**	Recommended 2023 Base Salary*	Recommended 2023 Annual Recruitment & Retention*
President & CEO (Vern Steiner)	\$544,450	\$205,703	\$62,334	\$544,450	\$110,060
Chief Financial Officer (Peter Guastamachio)	\$338,750	\$132,714	\$44,238	\$352,300	\$107,775
Chief Operating Officer (Richard Law)	\$478,275	\$143,483	\$47,828	\$478,275	\$19,131
Chief Claims Operations Officer (Steve Hunckler)	\$442,379	\$132,714	\$44,238	\$442,379	\$17,695
General Counsel (Margie Lariviere)	\$442,379	\$145,985	\$44,238	\$442,379	\$17,695
Senior VP of Insurance Services Chief of Internal Affairs (Eff. 10/1/22) (Dante W. Robinson)	\$367,500	\$121,275	\$36,750	\$367,500	Not applicable
Chief Information Officer (Marj Hutchings)	\$375,625	\$140,495	\$46,832	\$375,625	\$111,425
Chief Risk Officer (Ken Van Laar)	\$328,600	\$124,299	\$41,433	\$328,600	\$102,302
EVP of Strategic Planning (Alvin K. Cheung)	\$315,000	\$94,500	\$31,500	\$330,750	Not applicable
EVP of Corporate Claims (Salary increase eff. 8/1/22) (Carla Anene)	\$260,000.	\$105,000	\$35,000	\$260,000	\$104,000
Chief Investment Officer (Stephanie Chan)	\$250,000	\$55,000	\$27,500	\$257,500	\$37,500
Chief Medical Officer (Dinesh Govindarao)	\$409,028	\$81,806	\$40,903	\$425,390	Not applicable



**SCHEDULE OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL
AND 2023 EXEMPT LEADERSHIP COMPENSATION**

Position	2022 Annual Base Salary	Recommended 2022 At-Risk Compensation Differential	2022 LTIP Program**	Recommended 2023 Base Salary*	Recommended 2023 Annual Recruitment & Retention*
Chief Actuary (Kate Smith)	\$314,580	\$62,916	\$31,458	\$330,309	Not applicable
Chief Underwriting Officer (John M. Gagan)	\$246,866	\$49,373	\$24,687	\$256,741	Not applicable
Pricing Actuary (Melissa Wang)	\$207,414	\$41,483	\$20,741	\$217,785	Not applicable

****2023 Annual Base Salary and Annual Recruitment and Retention is effective January 1, 2023.***

*****2022 LTIP Program is effective January 1, 2022 and paid out over 3 years.***

Resolution No. 2417

Approval of President's 2022 At-Risk Compensation Differential, 2022 Long-Term Incentive, and 2023 Compensation



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

**APPROVAL OF PRESIDENT'S 2022 AT-RISK COMPENSATION DIFFERENTIAL, 2022 LONG TERM INCENTIVE,
AND 2023 COMPENSATION**

WHEREAS, the Board of Directors ("Board") has approved a Performance Awards program for State Fund staff, supervisors and managers, senior leaders, and Executives, with the total size of the award pool subject to the Board's discretion, based on enterprise performance and individual performance; and

WHEREAS, in 2018 the Board revised the annual Governance and Board agendas to move the annual review of the President's Compensation package to the November Board meeting; and

WHEREAS, the annual compensation package for the President includes an annual base salary, an at-risk differential based upon an annual evaluation of enterprise and individual performance conducted by the Board, a retention differential, and a long term incentive program ("LTIP") (as identified in the attached Schedule of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation); and

WHEREAS, the Board has considered State Fund's enterprise performance for 2022 which is projected to achieve its enterprise goals by year end and has completed its performance evaluation for the President for calendar year 2022; and

WHEREAS, the Board has considered State Fund's performance against the 2022 LTIP performance goals, which are projected to be achieved by year end; and

WHEREAS, the Board seeks to approve the at-risk compensation, retention differential, and long term incentive for 2022 as identified in the attached Schedule of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation, subject to State Fund achieving its enterprise and LTIP performance goal targets by year end within the range presented at the November Board meeting; and

WHEREAS, if State Fund fails to meet the targeted goals within the range presented at the November Board meeting, the Board may reconsider the 2022 at-risk compensation and retention differential.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund met its performance goals and made significant progress in 2022 on its multi-year business transformation to become a more efficient and agile insurance carrier; that customer service improved in 2022; that State Fund's performance continues to reflect financial stability and improvement in State Fund's enterprise risk management; that overall to date State Fund and the President achieved the enterprise goals and the performance measures underlying the long term incentive within the range

Resolution No. 2417

Approval of President’s 2022 At-Risk Compensation Differential, 2022 Long-Term Incentive, and 2023 Compensation

presented at the November meeting; and hereby adopts and approves the President’s at-risk compensation, retention differential, and long term incentive for 2022 as identified in the attached Schedule of Exempt Leadership 2022 At-Risk Compensation Differential and 2023 Exempt Leadership Compensation, subject to State Fund achieving its enterprise goals by year end within the range presented at the November Board meeting; and

IT IS FURTHER RESOLVED that if State Fund fails to meet the targeted enterprise or LTIP goals by year end within the range presented at the November Board meeting, the Board may reconsider the President’s 2022 at-risk compensation and/or long term incentive.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 16th day of November, 2022 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Absent
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Yes
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie S. Wei	Yes
William M. Zachry	Yes

BOARD of DIRECTORS of the STATE COMPENSATION INSURANCE FUND

I, Hilda B. Padua, Assistant Corporate Secretary for the State Compensation Insurance Fund Board of Directors, hereby certify that the foregoing resolution was adopted by the Board of Directors at their regular meeting held November 16, 2022.

Hilda B. Padua
Assistant Corporate Secretary

11/16/22

Date



**SCHEDULE OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL
AND 2023 EXEMPT LEADERSHIP COMPENSATION**

Position	2022 Annual Base Salary	Recommended 2022 At-Risk Compensation Differential	2022 LTIP Program**	Recommended 2023 Base Salary*	Recommended 2023 Annual Recruitment & Retention*
President & CEO (Vern Steiner)	\$544,450	\$205,703	\$62,334	\$544,450	\$110,060
Chief Financial Officer (Peter Guastamachio)	\$338,750	\$132,714	\$44,238	\$352,300	\$107,775
Chief Operating Officer (Richard Law)	\$478,275	\$143,483	\$47,828	\$478,275	\$19,131
Chief Claims Operations Officer (Steve Hunckler)	\$442,379	\$132,714	\$44,238	\$442,379	\$17,695
General Counsel (Margie Lariviere)	\$442,379	\$145,985	\$44,238	\$442,379	\$17,695
Senior VP of Insurance Services Chief of Internal Affairs (Eff. 10/1/22) (Dante W. Robinson)	\$367,500	\$121,275	\$36,750	\$367,500	Not applicable
Chief Information Officer (Marj Hutchings)	\$375,625	\$140,495	\$46,832	\$375,625	\$111,425
Chief Risk Officer (Ken Van Laar)	\$328,600	\$124,299	\$41,433	\$328,600	\$102,302
EVP of Strategic Planning (Alvin K. Cheung)	\$315,000	\$94,500	\$31,500	\$330,750	Not applicable
EVP of Corporate Claims (Salary increase eff. 8/1/22) (Carla Anene)	\$260,000.	\$105,000	\$35,000	\$260,000	\$104,000
Chief Investment Officer (Stephanie Chan)	\$250,000	\$55,000	\$27,500	\$257,500	\$37,500
Chief Medical Officer (Dinesh Govindarao)	\$409,028	\$81,806	\$40,903	\$425,390	Not applicable



**SCHEDULE OF EXEMPT LEADERSHIP 2022 AT-RISK COMPENSATION DIFFERENTIAL
AND 2023 EXEMPT LEADERSHIP COMPENSATION**

Position	2022 Annual Base Salary	Recommended 2022 At-Risk Compensation Differential	2022 LTIP Program**	Recommended 2023 Base Salary*	Recommended 2023 Annual Recruitment & Retention*
Chief Actuary (Kate Smith)	\$314,580	\$62,916	\$31,458	\$330,309	Not applicable
Chief Underwriting Officer (John M. Gagan)	\$246,866	\$49,373	\$24,687	\$256,741	Not applicable
Pricing Actuary (Melissa Wang)	\$207,414	\$41,483	\$20,741	\$217,785	Not applicable

****2023 Annual Base Salary and Annual Recruitment and Retention is effective January 1, 2023.***

*****2022 LTIP Program is effective January 1, 2022 and paid out over 3 years.***



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

APPROVAL OF 2022 EXEMPT EMPLOYEE AND CEA LONG-TERM INCENTIVE

WHEREAS, the Board has approved a Long Term Incentive program (“LTIP”) for State Fund exempt employees appointed pursuant to California Insurance Code section 11785 (“exempt employees”) and certain Career Executive Assignment (“CEA”) positions; and

WHEREAS the annual targets and total size of the annual award pool are subject to the Board’s discretion based on enterprise LTIP performance; and

WHEREAS, commencing in 2018 the Board revised the annual Governance and Board agendas to move the annual review of the LTIP program to the November Board meeting; and

WHEREAS, the Board has considered State Fund’s performance against the 2022 LTIP goals, which are projected to be achieved by year end, and the performance evaluations for the exempt employees and certain CEA positions; and

WHEREAS, if State Fund fails to meet the targeted LTIP performance goals within the range presented at the November Board meeting, the Board may reconsider the 2022 LTIP target awards and annual award pool.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that overall to date State Fund and the exempt employees and certain CEA positions achieved the LTIP enterprise objectives and/or the LTIP performance measures within the range presented at the November meeting; and hereby approves a 2022 Long Term Incentive award pool not to exceed 10% of annual salary spend to be administered by management and paid out over a three-year period in accordance with the terms of the LTIP Plan and Award Notice, subject to State Fund achieving its LTIP performance goals by year end within the range presented at the November Board meeting.

IT IS FURTHER RESOLVED that if State Fund fails to meet the targeted LTIP performance goals by year end based on the goal results presented at the November Board meeting, the Board may reconsider the 2022 annual LTIP award pool.

Resolution No. 2418


Approval of 2022 Exempt Employee and
CEA Long-Term Incentive

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 16th day of November, 2022 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Absent
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Yes
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie S. Wei	Yes
William M. Zachry	Yes

BOARD of DIRECTORS of the STATE COMPENSATION INSURANCE FUND

I, Hilda B. Padua, Assistant Corporate Secretary for the State Compensation Insurance Fund Board of Directors, hereby certify that the foregoing resolution was adopted by the Board of Directors at their regular meeting held November 16, 2022.



Hilda B. Padua
Assistant Corporate Secretary

11/16/22

Date