

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

February 25-26, 2021

The Board of Directors of the State Compensation Insurance Fund met on February 25-26, 2021 via telephone/video conference using Zoom webinar.

February 25, 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 February 25, 2021 at 1:03 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.); Jack L. Neureuter; Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; William M. Zachry; and Katrina S. Hagen (Ex-officio).

Daniel M. Curtin – absent by prior arrangements.

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 November 19-20, 2020 Open Meeting Minutes

- 3b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- 3c. Ratification of Appointment of Senior Vice President of Insurance Services
- 3d. 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. Neureuter

SECOND: Mr. Zachry

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: 4Q 2020

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

5a: GOVERNANCE COMMITTEE

Governance Chair Mr. Rankin reported that the Governance Committee met on February 22, 2021 through Zoom online meeting. During the Open Session under Consent Calendar, the Committee reviewed and approved the November 9, 2020 Open Meeting Minutes; and Board Members’ Upcoming Speeches, Articles, or Webinars.

During the Closed session, the Committee heard a report on personnel matters; performance awards; executive compensation; succession planning; and Long-Term Incentive Plan (LTIP); and update on Safety and Loss Prevention Strategic Plan. The Committee also had a discussion regarding the Board Committee assignments.

5b: AUDIT COMMITTEE

Mr. Zachry reported that the Audit Committee met on February 23, 2021 through Zoom online meeting. During the Open Session, the Committee reviewed and approved the November 10, 2020 Open Meeting Minutes. 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.

5c: INVESTMENT and RISK COMMITTEE

Investment and Risk Committee Chair Senator Machado reported that the Investment and Risk Committee met on February 24, 2021 through Zoom online meeting. During the Open Session

under the Consent calendar, the investment transactions and compliance reports, for the period of October 1, 2020 to December 31, 2020, were approved by the Investment and Risk Committee pursuant to its delegated authority. The Investment and Risk Committee also reviewed and approved the November 12, 2020 Open meeting minutes.

During the Closed Session, the Investment and Risk Committee heard a report from DWS Investment managers on the status of the investment portfolio. The Committee also heard reports from staff on portfolio performance; update on Green Bond portfolio; and on State Fund's Information Security Program; and, a report from the Enterprise Risk Management 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 20

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 11 through 20, 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 1:10 p.m. to immediately reconvene in Closed session.

February 26, 2021

AGENDA ITEM 21: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened at 11:10 a.m. via telephone/video conference (Zoom webinar) and 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 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: APPROVAL OF PERFORMANCE AWARDS

Mr. Lanier noted that, State Fund recognizes the dedication of essential workers throughout California who are unable to perform their essential work duties from home, including State Fund staff working from a State Fund physical office location, without whose commitment State Fund’s mandate to provide insurance to California businesses and benefits to California insured workers would be compromised.

In April 2020, the Board approved a fund of One Million Two Hundred Thousand Dollars for the purpose of issuing spot awards to individual staff who demonstrated exemplary work performance during the shelter in place mandate and/or performed their essential job duties from a State Fund office to enable the continuity of State Fund’s operations during the COVID-19 crisis, which reserve fund will be exhausted by the end of February 2021.

The Board resolution approves creating a new reserve fund of Four Hundred and Fifty Thousand Dollars (\$450,000) that may be used for performance awards to staff who continue to work from State Fund physical office locations, thereby recognizing the criticality of these staff members to State Fund’s ability to operate safely during the COVID-19 crisis; and establishes that the President or his delegate, is authorized to determine, in a reasonable manner, the basis, amount, and timing for the issuance of the payment to individual staff.

Mr. Lanier noted that Resolution No. 2334 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Neureuter

SECOND: Mr. Guggenhime

To approve Resolution No. 2334, Approval of COVID-19 Performance Award, as presented.

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

YES: 10 NO: 0 Abstain: 0 Resolution carried.

The certified Resolution No. 2334 is attached hereto.

Mr. Lanier thanked the staff for their hard work and wished everyone to stay safe.

AGENDA ITEM 23: PROPOSALS AND SUGGESTIONS FOR MAY 2021 AGENDA

Mr. Lanier requested suggestions for agenda items for the May 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 May 17-21, 2021, location to be determined, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 11:15 a.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

APPROVAL OF COVID-19 PERFORMANCE AWARDS

WHEREAS, the Board of Directors (“Board”) of the State Compensation Insurance Fund (“State Fund”) has approved performance awards, from time to time, for State Fund staff based upon enterprise performance and individual performance; and

WHEREAS, on March 4, 2020, Governor Newsom proclaimed a State of Emergency to exist in California, to preserve the public health and safety, as a result of the threat of the corona virus disease of 2019 (“COVID-19”) pandemic; and

WHEREAS, on March 19, 2020, Governor Newsom issued Executive Order N-33-20 (“the Order”) ordering all individuals in the state of California to stay home (“shelter-in-place”), except as needed to maintain the continuity of operations of critical infrastructure sectors, including the Government Facilities and Healthcare and Public Health Sectors, which include the State Compensation Insurance Fund; and

WHEREAS, the majority of State Fund’s Workforce transitioned to working remotely from their homes within one week of the shelter-in-place order, due in part to the extraordinary effort of several key staff in the State Fund workforce; and

WHEREAS, as we enter 2021, Governor Newsom has continued to order Covid-19 restrictions while the pandemic is still widespread; and

WHEREAS, some individuals in State Fund’s Workforce are required to perform their job duties at State Fund’s physical office locations to ensure the continuity of State Fund’s operations during the shelter-in-place order, increasing the risk of their exposure to the virus;

WHEREAS, State Fund recognizes the dedication of essential workers throughout California who are unable to perform their essential work duties from home, including State Fund staff working from a State Fund physical office location, without whose commitment State Fund’s mandate to provide insurance to California businesses and benefits to California insured workers would be compromised.

WHEREAS, in April 2020, the Board approved a reserve fund of One Million Two Hundred Thousand Dollars (\$1,200,000.00) for the purpose of issuing spot awards to individual staff who demonstrated exemplary work performance during the shelter-in-place mandate and/or performed their essential job duties from a State Fund office to enable the continuity of State Fund’s operations during the COVID-19 crisis, which reserve fund will be exhausted by the end of February, 2021.

WHEREAS, the Board and State Fund would like to create a new reserve fund of Four Hundred and Fifty Thousand Dollars (\$450,000.00) that may be used for performance awards to staff who continue to work from State Fund physical office locations, thereby recognizing the criticality of these staff members to State Fund’s ability to operate safely during the COVID-19 crisis.

Resolution No. 2334

Approval of COVID-19 Performance Awards

NOW, THEREFORE,

BE IT RESOLVED that the Board appreciates the extraordinary effort by individual staff in the State Fund workforce who continue to perform their essential job duties from a State Fund physical office location enabling the continuity of State Fund's operations during the COVID-19 crisis; and

IT IS FURTHER RESOLVED that the Board hereby establishes a total reserve fund of Four Hundred and Fifty Thousand Dollars (\$450,000.00) that may be used for performance awards to staff who continue to work from State Fund physical office locations, thereby recognizing the criticality of these staff members to State Fund's ability to operate safely during the COVID-19 crisis; and the President of State Fund, or his delegate, is authorized to determine, in a reasonable manner, the basis, amount, and timing for the issuance of the payment to individual staff.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 26th day of February, 2021 by the following vote:

| <u>MEMBER</u> | <u>VOTE</u> |
|-----------------------------------|-------------|
| David M. Lanier, Chair | Yes |
| Daniel M. Curtin | Yes |
| Richard J. Guggenhime | Yes |
| Senator Michael J. Machado (Ret.) | Yes |
| Jack L. Neureuter | Yes |
| Alexis A. Podesta | Yes |
| Arthur H. Pulaski | Yes |
| Thomas E. Rankin | Yes |
| Angela D. Tate | Yes |
| William M. Zachry | Yes |

BOARD of DIRECTORS of the STATE COMPENSATION INSURANCE FUND

Certification by the Assistant Corporate Secretary

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 meeting held February 26, 2021.



2/26/21

Hilda B. Padua, Assistant Corporate Secretary

Date