

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

May 19, 2022

The Board of Directors of the State Compensation Insurance Fund met on May 19, 2022 at the State Fund Learning Center, 1010 Vaquero Circle, (Claude Fellows Conference Room), Vacaville, California.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on May 19, 2022 at 10:32 a.m.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Regina Evans (joined during item 7); Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela Wei; William M. Zachry; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: Daniel M. Curtin

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 this was the first time State Fund Board was meeting in-person after two years. Mr. Lanier was glad to see everyone in-person. Mr. Lanier then welcomed the new board members, Regina Evans and Angela (Angie) Wei and noted their appointment terms.

Angie Wei was appointed on March 14, 2022 by Governor Gavin Newsom, for a term expiring on January 15, 2027. The oath was administered on May 11, 2022 and was submitted to State Fund on the same day. Ms. Wei has been Legislative Affairs Secretary in the Office of the Governor since 2020. Previously, she was Special Advisor to the Governor in 2020 and Chief Deputy of Policy from 2019 to 2020. Ms. Wei was Chief of Staff of the California Labor Federation from 2011 to 2018, where she was Legislative Director and Public Policy Director from 2000 to 2011. She was a Program Associate at PolicyLink in 2000, Policy Analyst at California Immigrant Welfare Collaborative from 1998 to 1999, and Policy Director for the Northern California Coalition for Immigrant Rights from 1996 to 1998. Ms. Wei earned a Master of Public Policy degree from the Harvard Kennedy School of Government.

Ms. Regina Evans was appointed by Governor Gavin Newsom on March 14, 2022 for a term expiring on January 15, 2026. The oath was administered on April 5, 2022 and was submitted to State Fund on April 13, 2022. Ms. Evans currently serves as Chief of Staff and Chief Legal Advisor to the Chair of the California State Board of Equalization. Most recently, she served as the Senior Director, Government Affairs, for Comcast NBC Universal. She formerly served as Senior Vice President, Business Development with Information Management Resources, Incorporated (IMRI). From 2007-2009, Ms. Evans served as Deputy Cabinet Secretary for Governor Arnold Schwarzenegger where she was responsible for the Business, Transportation and Housing Agency, the State and

Consumer Services Agency, and the Chief Information Office. Ms. Evans has served on national, state, and local boards of directors and community advisory boards. Ms. Evans is a graduate of the University of California, San Diego, San Diego State University, and the University of California, Hastings College of the Law.

Mr. Lanier recognized outgoing Board member, Jack Neureuter for his contributions to the Governance Committee, Ad Hoc Safety Committee and to the Board in advancing the best interests of California employers and the people and programs of State Fund.

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 February 24, 2022 Open Meeting Minutes
- b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- c. Annual Review and Approval of State Fund By-Laws
- d. Annual Review and Approval of Committee Charters
- e. Annual Review and Approval of Board Education and Travel Expense Reimbursement Policy
- f. Annual Review and Approval of Board Delegated Authority and Approval Levels
- g. Annual Review and Approval of Internal Audit Activity Charter and Compliance with International Audit Standards
- h. Approval of Retirement Resolutions
- i. Recognition of Outgoing Board Member
- j. Annual Review and Approval of Investment Policy Statement and Guidelines (Short-Term and Long-Term Investments)

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: STATEMENT OF ACTUARIAL OPINION

Mr. Lanier noted that this item is read only, unless there are questions, of which there were none. Mr. Guy Avagliano, FCAS, MAAA of Milliman, State Fund's Appointed Actuary, reviewed the Loss and Loss Adjustment Expense reserves as of December 31, 2021. He reported State Fund's booked loss reserves for Statutory Claim and Claim Adjustment Expense Reserves were: unpaid losses (including direct and assumed) at \$11B and unpaid loss adjustment expense (including direct and assumed) at \$2.1B. Milliman provided a clean Actuarial opinion,

noting the reserves set were consistent with California State standards; consistent with Actuarial standards; and reasonable provisions were made for unpaid loss and loss adjustment expense obligations.

AGENDA ITEM 5: FINANCIAL AND PRESIDENT'S REPORT: 4Q 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 in-person on May 19, 2022. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: February 22, 2022 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 and had discussion on planning for Board strategic meeting; Long-Term Incentive Plan (LTIP); Performance Award, and Succession Planning.

6b: AUDIT COMMITTEE

Audit Chair Mr. Zachry reported that the Audit Committee met in-person on May 18, 2022. During the Open Session, the Committee reviewed and approved under the Consent calendar the following items: the February 22, 2022 Open Meeting Minutes; Audit Committee Charter; and Internal Audit Charter. During the Closed Session, the Committee heard an update from outside auditor EY, and an update from staff on Personnel Investigations, Internal Audit activities, and Pension and OPEB.

6c: INVESTMENT AND RISK COMMITTEE

Investment and Risk Chair Senator Machado reported that the Investment and Risk Committee met in-person on May 18, 2022. During the Open Session, the Committee reviewed and approved under the Consent calendar the following items: February 23, 2022 Open Meeting Minutes; Investment transactions and compliance reports for the period of January 1, 2022 to March 31, 2022, pursuant to its delegated authority; Investment and Risk Committee Charter; and Investment Policy Statement and Guidelines (Short-Term and Long-Term Investments). 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, 2021. The balances reported were pending EY's audit review, which is scheduled to be completed by end of May 2022. During the Closed Session, the Committee heard an update from Investment managers; reports from staff on portfolio performance; annual review of Investment Manager's performance, services, and results; alternative and COIN Investment strategy; Enterprise Risk Management (ERM) program; and update on State Fund's Information Security Program.

AGENDA ITEM 7: CHAIRPERSON'S REPORT

Mr. Lanier noted that the last two years has been very challenging and acknowledged how hard it is to run an organization during this challenging times. Mr. Lanier expressed his appreciation and gratitude to all State Fund leaders and its employees, for continuing to meet/exceed expectations.

Ms. Regina Evans joined the meeting. Mr. Lanier again welcomed Ms. Evans to State Fund Board of Directors, and noted that Ms. Evans was appointed by Governor Gavin Newsom on March 14, 2022 for a term expiring on January 15, 2026.

Mr. Lanier noted that he has nothing else to report.

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 19

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 12 through 19, of which there was none.

AGENDA ITEM 10: 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 10:46 a.m. to immediately reconvene in Closed session.

AGENDA ITEM 20: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened at 4:36 p.m., following the conclusion of the Closed session and the following Members were present: David M. Lanier (Chair); Regina Evans; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Thomas E. Rankin; Angela D. Tate; Angela Wei; William M. Zachry; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: Daniel M. Curtin and Arthur H. Pulaski.

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 21: APPROVAL OF PERFORMANCE AWARD

North Star Award

Mr. Lanier noted that the Board has approved awards, from time to time, for State Fund staff based upon enterprise performance and individual performance. The Board would like to reward the extraordinary effort of eligible State Fund employees who go above and beyond their regular job duties in carrying out State Fund's mission and core values and/or whose performance has a significant positive financial impact on State Fund.

The Board hereby establishes a reserve fund of \$25,000 that may be awarded in a range from \$1,000 to \$2,500 for North Star Awards to eligible State Fund employees who the Executive Committee determine have performed above and beyond their normal work duties and demonstrated extraordinary conduct in carrying out State Fund's values, and/or whose performance has a significant positive financial impact on State Fund. The President, or his delegate, 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. 2390 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Zachry SECOND: Mr. Rankin

To approve the North Star Awards, Resolution No. 2390, 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. 2390 is attached hereto.

Special Award for Workers

Mr. Lanier noted that the vast majority of State Fund's workforce has chosen to work from a home office location. There are a group of employees whose job duties require that they perform a number of job duties at one of State Fund's offices. The Board voted to approve a special fund of \$250,000 to use at management's discretion to award employees whose job requires that they work from a State Fund office, which allows the continuing operation of State Fund office locations.

Mr. Lanier noted that Resolution No. 2391 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Rankin SECOND: Ms. Tate

To approve the Special Award for Workers, Resolution No. 2391, 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. 2391 is attached hereto.

AGENDA ITEM 22: PROPOSALS AND SUGGESTIONS FOR AUGUST 2022 AGENDA

Mr. Lanier requested suggestions for agenda items for the August 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 August 22-26, 2022, location to be determined, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 4:41 p.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

APPROVAL OF NORTH STAR 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, State Fund’s four core values are: 1) Respect Everyone; 2) Be Innovative; 3) Do What’s Right; and 4) Show We Care; and

WHEREAS, there are instances where State Fund employees take action that are extraordinary and demonstrate a remarkable example of living one or more of the State Fund values; and

WHEREAS, there are also instances where a State Fund employee’s performance has a significant positive financial impact on State Fund; and

WHEREAS, the Board would like to recognize the actions that exemplify such remarkable behavior by allowing the Executive team to reward employees for achievements that deserve special recognition through a North Star award; and

WHEREAS, the Board and State Fund would like to create a new reserve fund for use in 2022 in the amount of Twenty-Five Thousand Dollars (\$25,000.00) that may be used for North Star awards to staff who are determined by the Executive Committee to have acted in an extraordinary manner in carrying out their job duties and demonstrating State Fund’s values, or by performance that has a significant positive financial impact on State Fund. The North Star awards shall be in a range from One Thousand Dollars (\$1,000.00) to Two Thousand Five Hundred Dollars (\$2,500.00). All State Fund employees are eligible for such North Star awards with the exception of employees at the Senior Leadership level.

NOW, THEREFORE,

BE IT RESOLVED that the Board would like to reward the extraordinary effort of eligible State Fund employees who go above and beyond their regular job duties in carrying out State Fund’s mission and core values and/or whose performance has a significant positive financial impact on State Fund; and

IT IS FURTHER RESOLVED that the Board hereby establishes a reserve fund of Twenty-Five Thousand Dollars (\$25,000.00) that may be awarded in a range from One Thousand Dollars (\$1,000.00) to Two Thousand Five Hundred Dollars (\$2,500.00) for North Star awards to eligible State Fund employees who the Executive Committee determine have performed above and beyond their normal work duties and demonstrated extraordinary conduct in carrying out State Fund’s values, and/or whose performance has a significant positive

Resolution No. 2390

Approval of North Star Awards

financial impact on State Fund; 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.

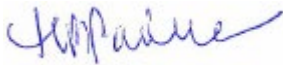
PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 19th day of May, 2022 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Not present during vote
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie Wei	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 May 19, 2022.



Hilda B. Padua, Assistant Corporate Secretary

5/19/22



**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

APPROVAL OF SPECIAL AWARD FOR WORKERS

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, since the corona virus pandemic of 2019 (“COVID-19”), the majority of State Fund’s Workforce transitioned to working remotely from their homes; and

WHEREAS, some individuals in State Fund’s Workforce have jobs whose duties can be performed only at a State Fund physical office to ensure the continuity of State Fund’s operations; and

WHEREAS, State Fund desires to recognize the dedication of these workers; and

WHEREAS, the Board and State Fund would like to express their appreciation through the establishment of a special fund of Two Hundred and Fifty Thousand Dollars (\$250,000.00) for the purpose of issuing awards to individual staff whose job includes duties that can be performed only at a State Fund physical office thereby ensuring the continuity of State Fund’s operations.

NOW, THEREFORE,

BE IT RESOLVED that the Board appreciates the efforts by individual staff in the State Fund workforce whose job includes duties that can be performed only at a State Fund physical office thereby ensuring the continuity of State Fund’s operations; and

IT IS FURTHER RESOLVED that the Board hereby establishes a special fund of Two Hundred and Fifty Thousand Dollars (\$250,000.00) for the purpose of issuing awards to individual staff whose job includes duties that can be performed only at a State Fund physical office thereby ensuring the continuity of State Fund’s operations; 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 recognition award to individual staff.

Resolution No. 2391
Approval of Special Award for Workers

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 19th day of May, 2022 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Not present during vote
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie Wei	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 May 19, 2022.



Hilda B. Padua, Assistant Corporate Secretary

5/19/22
