

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

May 30, 2024

The Board of Directors of the State Compensation Insurance Fund met on May 30, 2024 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 30, 2024 at 8:02 a.m.

Mr. Lanier requested Ms. Padua to call roll. The following were present: David M. Lanier (Chair); Christy Bouma; Daniel M. Curtin; Regina Evans; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela Wei; 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. Mr. Lanier then welcomed the new board member, Christy Bouma and noted her appointment terms.

Christy Bouma was appointed on March 4, 2024 by Governor Gavin Newsom, for a term expiring on January 15, 2029. The oath was administered on March 12, 2024 and was submitted to State Fund on the same day. Ms. Bouma most recently served as Legislative Affairs Secretary in the Office of the Governor since March 2022. Prior to that appointment, she was Principal at Capitol Connection from 2000 to 2022, and a teacher in the Hesperia Unified School District from 1989 to 1999. She earned a Bachelor of Arts degree in Computer Science from Point Loma Nazarene College and a Master of Science degree in Computer Science from California State University, Sacramento.

Mr. Lanier also reported that Governor Newsom announced the reappointment of Richard Guggenhime for a term through January 15, 2029. Mr. Guggenhime has served on the State Fund Board since 2020.

Mr. Lanier welcomed again Ms. Bouma to the Board, and congratulated Mr. Guggenhime on his reappointment.

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 22, 2024 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. Approval of Board Committee Assignments for 2024-2025

Mr. Lanier noted that he is pulling out agenda item i “Recognition of Outgoing Board Member” from the Consent calendar.

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. Guggenhime

SECOND: Mr. Rankin

To approve the agenda items a-h and item j from Consent Calendar as presented.

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

YES: 11

NO: 0

Abstain: 0

Motion carried.

Mr. Lanier recognized outgoing Board member, William Zachry William Zachry, who was appointed to State Fund’s Board of Directors in 2010 by Governor Arnold Schwarzenegger and reappointed by Governor Jerry Brown in 2014. Mr. Lanier thanked Mr. Zachry for his more than 14 years of service to Audit Committee as Chair, Investment and Risk Committee, and to the Board, and his significant contributions not only to State Fund organization but across the entire workers’ compensation industry.

Mr. Rankin, Ms. Wei, Ms. Tate, and Mr. Guggenhime echoed Mr. Lanier’s comments and noted that Mr. Zachry’s candidness, expertise and service will be missed.

Mr. Lanier called for a Motion.

MOTION: Senator Machado

SECOND: Mr. Rankin

To approve agenda item i “Recognition of Outgoing Board Member” from Consent Calendar as presented.

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

YES: 11

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, and asked Mr. DiMatteo if there were new updates, of which there were none.

AGENDA ITEM 5: STAFFING UPDATE

Mr. Lanier noted that this item is read only, unless there are questions, and asked Mr. Acker if there were new updates, of which there were none.

AGENDA ITEM 6: FINANCIAL AND PRESIDENT'S REPORT: 1Q 2024

Mr. Lanier noted that this item is read only, unless there are questions, and asked Mr. Steiner if there were new updates. Mr. Steiner highlighted that State Fund recognized an additional reserve release during 1Q 2024. Mr. Steiner noted that early indicator show they may be more reserve release in the future.

AGENDA ITEM 7: REPORTS BY THE CHAIRS OF COMMITTEE ACTIVITIES

7a: GOVERNANCE COMMITTEE

Governance Chair Mr. Rankin reported that the Governance Committee met in-person on May 29, 2024. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: February 21, 2024 Open Meeting Minutes; Board Members' Upcoming Speeches, Articles, or Webinars; State Fund By-Laws; Committee Charters; Board Education and Travel Expense Reimbursement Policy; Board Delegated Authority and Approval Level; Internal Audit Activity Charter and Compliance with International Internal Audit Standards; and Board Committee Assignments for 2024-2025.

Under Governance, Compliance, and Privacy update, Mr. Rankin noted that the report included in the Boardbook for this agenda item, is the same information as that provided to the Governance Committee. Mr. Rankin reported on the highlights as follows:

- **2024 Code of Conduct Training Compliance - Compliance Rate:** 100% for both employees and contingent workers
- **2024 Statement of Economic Interest (Form 700) Compliance** – The compliance rate for 3 categories (Board of Directors, State Fund employees, and contingent workers) is 100%.
- **Website Privacy Policy Periodic Review** - In Q1, the Privacy Office, with collaboration from Corporate Legal, did a comprehensive review of State Fund Web Privacy Notice on its public facing website, StateFundCA.com. The review found no substantive changes in the types of information collected by online public-facing webpages. No changes or updates to the Notice were required.
- **Quarterly Ethics and Hotline Reporting** - Total ethics reports decreased by 27%, from 11 in Q4 2023 to 8 in Q1 2024. Seven reports were in the HR, Diversity & Workplace Respect category and one was classified as a Business Integrity issue.

During the Closed session, the Committee heard an update on Safety and Health Strategic plan and had discussion on planning for Board strategic meeting.

7b: AUDIT COMMITTEE

Interim Audit Chair Ms. Tate reported that the Audit Committee met in-person on May 29, 2024. During the Open Session, the Committee reviewed and approved under the Consent calendar the following items: the February 21, 2024 Open Meeting Minutes; Audit Committee Charter; and Internal Audit Charter. Under Completed Closed Audits, the Internal Audit Department reported on 6 completed projects during 4Q 2023 that were reported during the February 2024 Audit Committee closed session. All the completed project reports were deemed to be proprietary and are not being reported during open session.

Under the Whistleblower Hotline, Ms. Tate reported that Human Resources and Internal Affairs investigate the majority of the matters referred through the internal Ethics Hotline, California Whistleblower Hotline, directly to Human Resources and our Case Management System. For the first quarter of 2024, there were eight new allegations received, five of which are still in progress. In addition, seven investigations from prior quarters were closed. This report is available to the public and posted on State Fund's website.

During the Closed Session, the Committee heard an update from outside auditor EY, and an update from staff on Personnel Investigations, Internal Audit report for 1Q 2024, and Pension and OPEB.

7c: INVESTMENT AND RISK COMMITTEE

Investment and Risk Chair Senator Machado reported that the Investment and Risk Committee met in-person on May 29, 2024. During the Open Session, the Committee reviewed and approved under the Consent calendar the following items: February 21, 2024 Open Meeting Minutes; Investment transactions and compliance reports for the period of January 1, 2024 to March 31, 2024, pursuant to its delegated authority; 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, 2023. The balances reported were pending EY's audit review, which is scheduled to be completed by end of May 2024. 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; Enterprise Risk Management (ERM) program; and update on State Fund's Information Security Program.

AGENDA ITEM 8: CHAIRPERSON'S REPORT

Mr. Lanier noted that he has nothing to report.

AGENDA ITEM 9: BOARD MEMBER REPORTS

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

AGENDA ITEM 10: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 13 THROUGH 23

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 13 through 23, of which there was none.

AGENDA ITEM 11: 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 8:18 a.m. to immediately reconvene in Closed session.

AGENDA ITEM 24: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened at 3:12 p.m., following the conclusion of the Closed session and the following Members were present: David M. Lanier (Chair); Christy Bouma; Daniel M. Curtin; Regina Evans; Richard J. Guggenheim; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela Wei; 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 25: PROPOSALS AND SUGGESTIONS FOR AUGUST 2024 AGENDA

Mr. Lanier requested suggestions for agenda items for the August 2024 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 12-16, 2024, location to be determined, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 3:13 p.m.

Respectfully submitted,



Hilda B. Padua
Board Liaison and Assistant Corporate Secretary