

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF OPEN SESSION MEETING**

**November 27-28, 2023**

The Board of Directors of the State Compensation Insurance Fund met on November 27, 2023 at the State Fund Pleasanton Office, 5890 Owens Drive (Board Room, 1st floor), Pleasanton, California.

**November 27, 2023**

**AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL**

The meeting was called to order on November 27, 2023 at 3:30 p.m. Board Chair David Lanier welcomed everyone joining the meeting.

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

Absent by prior arrangement: Daniel M. Curtin and Senator Michael J. Machado (Ret.).

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 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 August 15-17, 2023 Open Meeting Minutes
- 3b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- 3c. Review and Approval of 2024 Board and Committee Agenda Items
- 3d. Review and Approval of 2024 Board and Committee Meeting Schedule
- 3e. 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. Guggenhime

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: STAFFING UPDATE**

Executive Vice President and Chief Administrative Officer Andreas Acker presented an update on staffing. Mr. Acker reported that for the 3Q 2023, there were 181 separations, representing an overall separation rate of 6.3%. Mr. Acker commented that November and December months with high number of retirements. Expected year-end separation rate to be between 7.5% - 8%, which is in line with pre-COVID years.

Mr. Lanier requested public comment, of which there was none.

#### **AGENDA ITEM 5: FINANCIAL AND PRESIDENT'S REPORT: 2Q 2023**

Mr. Lanier noted that this item is "Read only, unless there are questions". He asked President and CEO Vernon Steiner if there was any new information from the time the report was published. Mr. Steiner noted that the Financial report was current and there were no changes.

Mr. Steiner provided the following updates:

##### **Safety Equipment Grants Program**

State Fund launched the first phase of its Safety Equipment Grants Program on November 1, 2023. The program is designed to help prevent workplace injuries by providing funds for policyholders to purchase safety equipment. The first phase is aimed at policyholders in governing class codes that carry the highest risk of falls from heights, including businesses in carpentry, roofing, and sheet metal. Policyholders in these class codes are encouraged to apply by reaching out via email invitation 45 days after their policies renew or incept.

A dedicated team of employees from Safety and Health Services, Policy Operations, EPMO, Customer Experience, Digital Experience, Corporate Legal, and Communications worked together to create and launch the program in less than six months.

##### **Kids Chance and the Fall Walking Challenge**

This year, State Fund focused its fall walking challenge on its partnership with Kids' Chance. Kids' Chance provides scholarships to children of workers who have suffered catastrophic or fatal injuries while on the job.

The walk is currently underway, with a goal of 50,000 miles by November 30. State Fund steppers are on pace to reach the goal, and State Fund will donate one dollar for every mile walked, up to \$50,000. Kids' Chance will apply the donation toward 2024 scholarships.

Mr. Steiner noted that to highlight the importance of Kids' Chance to State Fund team members, and to inspire participation in the walk, a video was made with scholarship recipient Tessa Aguilar. Ms. Padua played the video.

## **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 November 27, 2023. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: August 15, 2023 Open session meeting minutes; Board Member upcoming speeches, articles or webinars; 2024 Board and Committee agenda items; and 2024 Board and Committee meeting schedule.

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:

**2023 Preventing Workplace Harassment Mandatory Training Compliance** – Met the goal. The Compliance Rate: 100% for employees; 100% for consultants

**Quarterly Ethics Reporting** - Total reports increased by one Q3 (7) vs Q2 (6). The highest reported category continues to be HR, Diversity & Workplace Respect.

**2024 Code of Conduct Revision and Request for Approval** - Key changes to the Code include:

- ✓ New look and feel with the inclusion of State Fund employee photographs replacing stock photos
- ✓ Repositioned key sections to better align with Core Values
- ✓ Added Telework Guiding Principles section
- ✓ Updated FPPC gift reporting requirements
- ✓ Added Artificial Intelligence section
- ✓ Appendix II shows the Summary of Changes to the Code of Conduct
- ✓ Appendix III shows the Proposed 2024 Code of Conduct

Staff is requesting Board Approval of the 2024 Code of Conduct scheduled for publication in January 2024.

During the Closed session, the Committee heard a report on Safety and Health Strategic plan; performance award, exempt leadership 2023 performance against plan, proposed 2023 At-Risk Differential and 2024 compensation; and 2024 Executive Leadership goals.

Mr. Lanier asked whether any Board member had comments, of which there were none.

Mr. Lanier called for a Motion.

MOTION: Mr. Zachry

SECOND: Mr. Guggenhime

To approve the changes to the 2024 Code of Conduct 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.

**6b: AUDIT COMMITTEE**

Audit Chair Mr. Zachry reported that the Audit Committee met in-person on November 27, 2023. During the Open session under the Consent Calendar, the Committee reviewed and approved the following: August 15, 2023 Open Meeting Minutes; 2024 Audit Committee agenda items; and 2024 Audit Committee meeting schedule.

The Committee also heard a report on Completed Closed Audit and Whistleblower Hotline. The Internal Audit Department reported on one completed project during 2Q 2023 that was reported during the August 2023 Audit Committee closed session. All the completed project reports were deemed to be proprietary and are not being reported during open session.

As for Whistleblower Hotline, 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 its Case Management System. For the third quarter of 2023, there were seven new allegations received, two of which were still in progress at the end of the third quarter. In addition, two investigations from prior quarters were closed. This report is available to the public and posted on State Fund’s website. There were no other reports during the Open session.

During the Closed Session, the Committee heard a report from external auditor, EY and from staff on Personnel Investigations and Internal Audit report for 3Q 2023, The Committee also approved the 2024 Internal Audit plan.

**6c: INVESTMENT AND RISK COMMITTEE**

Mr. Zachry noted that Senator Machado sends his regrets for missing the meeting. Mr. Zachry provided a high level report on Investment and Risk Committee activities.

Mr. Zachry reported that the Investment and Risk Committee met in-person on November 27, 2023. During the Open Session under Consent Calendar, the Committee reviewed and approved the following items: August 15, 2023 Open Meeting Minutes; Investment transactions and compliance reports for the period of July 1, 2023 to September 30, 2023, pursuant to its delegated authority; 2024 Investment and Risk Committee agenda items; and 2024 Investment and Risk Committee meeting schedule.

During the Closed session, the Investment and Risk Committee heard a report from investment managers; and from staff on portfolio performance; investment benchmarks; update on Enterprise Risk Management program; and update on State Fund’s Information Security Program.

**AGENDA ITEM 7: CHAIRPERSON’S REPORT**

Mr. Lanier noted that he has nothing 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 20**

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 12 through 20, 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 3:47 p.m. to immediately reconvene in Closed session.

**November 28, 2023**

**AGENDA ITEM 21: CALL TO ORDER AND ROLL CALL**

The Open Session meeting reconvened on November 28, 2023 at 1:45 p.m., following the conclusion of the Closed session and the following Members were present: David M. Lanier (Chair); Regina V. Evans; Richard J. Guggenhime; Alexis A. Podesta; Arthur H. Pulaski; Thomas E. Rankin; Angela D. Tate; Angela S. Wei; William M. Zachry; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: Daniel M. Curtin and Senator Michael J. Machado (Ret.).

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 22: APPROVAL OF PERFORMANCE AWARDS**

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 2023 performance award pool and establishes that the payouts are to occur in 2024, subject to State Fund's year-end performance of achieving the goal targets within the range presented at the November 2023 Board meeting.

Mr. Lanier noted that the Board finds that State Fund's overall 2023 performance was strong. The 2023 performance continues to reflect financial stability; and that overall to date, State Fund has exceeded its 2023 goals presented at the November 2023 Board meeting.

Contingent upon State Fund achieving its goal targets within the range presented at the November 2023 meeting, the Board decided to fund the 2023 performance award program with a pool not to exceed 7% 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. 2490 “Approval of 2023 Performance Award” was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Zachry

SECOND: Mr. Rankin

To approve the 2023 Performance Awards, Resolution No. 2490, 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. 2490 is attached hereto.

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

**AGENDA ITEM 23: APPROVAL OF EXEMPT LEADERSHIP 2023 AT-RISK COMPENSATION DIFFERENTIAL AND 2024 EXEMPT LEADERSHIP COMPENSATION**

Mr. Lanier reported that the Board of Directors has evaluated the performance of each executive and exempt employee for 2023. 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 2023 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 2024. 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. 2491 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Rankin

SECOND: Mr. Guggenhime

To approve the Exempt Leadership 2023 At-Risk Compensation Differential and 2024 Compensation for Exempt Leadership, Resolution No. 2491, 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. 2491 is attached hereto.

**AGENDA ITEM 24: APPROVAL OF PRESIDENT'S 2023 AT-RISK COMPENSATION DIFFERENTIAL, LONG-TERM INCENTIVE, AND 2024 COMPENSATION**

Mr. Lanier noted that Resolution No. 2492 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Ms. Tate

SECOND: Ms. Podesta

To approve the President's 2023 At-Risk Compensation Differential, Long-Term Incentive, and 2024 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. 2492 is attached hereto.

**AGENDA ITEM 25: APPROVAL OF 2023 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 2023 meeting, the Board decided to fund the 2023 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. 2493 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Zachry

SECOND: Mr. Guggenhime

To approve the 2023 Long-Term Incentive Plan Resolution No. 2493, 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. 2493 is attached hereto.

**AGENDA ITEM 26: PROPOSALS AND SUGGESTIONS FOR FEBRUARY 2024 AGENDA**

Mr. Lanier requested suggestions for agenda items for the February 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.

Mr. Lanier noted that the next Board meeting is scheduled sometime the week of February 20-23, 2024, location to be determined, unless noticed for a new date and time.

**ADJOURNMENT**

Mr. Lanier adjourned the meeting at 1:50 p.m.

Respectfully submitted,



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Hilda B. Padua  
Board Liaison and Assistant Corporate Secretary



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**APPROVAL OF 2023 PERFORMANCE AWARDS**

WHEREAS, the Board has approved a Performance Awards program for State Fund staff 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 2023 total award pool of approximately seven percent (7.0%) of the annual salaries of all eligible employees; and

WHEREAS, the Board has considered State Fund's enterprise performance for 2023; and

WHEREAS, the Board now seeks to establish and approve the total size of the 2023 performance award pool for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives, subject to State Fund exceeding its goal targets by year end within the range presented at the November Board meeting; and

WHEREAS, if State Fund fails to exceed the targeted goals within as presented at the November Board meeting, the Board may reconsider the potential for and size of a 2023 performance award pool.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund had a strong overall performance for 2023; that 2023 performance continues to reflect financial stability; that overall to date State Fund has exceeded its 2023 goals; and hereby approves a 2023 performance award pool to be administered by management of approximately seven percent (7.0%) of annual salary spend for State Fund staff, supervisors and managers, senior leaders, and non-exempt executives, subject to State Fund exceeding its enterprise goals by year end as projected 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 2023 performance award pool.

**Resolution No. 2490**  
Approval of 2023 Performance Awards

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 28th day of November, 2023 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Absent
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 28, 2023.*



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Hilda B. Padua  
Assistant Corporate Secretary

11/28/23

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Date

**Resolution No. 2491**

Approval of Exempt Leadership 2023 At-Risk Compensation Differential and 2024 Exempt Leadership Compensation



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**APPROVAL OF EXEMPT LEADERSHIP 2023 AT-RISK COMPENSATION DIFFERENTIAL AND 2024 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 2023 At-Risk Compensation Differential and 2024 Exempt Leadership Compensation), as well as a Long Term Incentive; and

WHEREAS, the Board has considered State Fund’s enterprise performance for 2023 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 2023; and

WHEREAS, for certain of the exempt employees the Board seeks to increase the 2024 base salary, approve the 2024 retention differentials, approve the at-risk compensation for 2023 as identified in the attached Schedule of Exempt Leadership 2023 At-Risk Compensation Differential and 2024 Exempt Leadership Compensation, and approve 2023 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 2023 at-risk compensation.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund exceeded its performance goals; that State Fund’s performance continues to reflect financial stability; that overall to date State Fund and the exempt employees exceeded their goal targets; and hereby adopts and approves the increases in certain 2024 base salaries, the 2024 retention differentials, and the at-risk component of 2023 compensation as identified in the attached

**Resolution No. 2491**

Approval of Exempt Leadership 2023 At-Risk Compensation Differential and 2024 Exempt Leadership Compensation

Schedule of Exempt Leadership 2023 At-Risk Compensation Differential and 2024 Exempt Leadership Compensation, and 2023 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 2023 at-risk compensation.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 28th day of November, 2023 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Absent
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 28, 2023.*



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Hilda B. Padua  
Assistant Corporate Secretary

11/28/23

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Date



**BOARD OF DIRECTORS**

**Resolution No. 2491 & 2492**

**SCHEDULE OF EXEMPT LEADERSHIP 2023 AT-RISK COMPENSATION DIFFERENTIAL AND 2024 EXEMPT LEADERSHIP COMPENSATION**

<b>Position</b>	<b>2023 Annual Base Salary</b>	<b>Recommended 2023 At-Risk Compensation Differential</b>	<b>2023 LTIP Program**</b>	<b>Recommended 2024 Base Salary*</b>	<b>Recommended 2024 Annual Recruitment &amp; Retention*</b>
President & CEO (Vern Steiner)	\$544,450	\$232,678	\$65,451	\$577,176	\$115,563
Chief Financial Officer (Peter Guastamachio)	\$352,300	\$158,726	\$46,008	\$352,300	\$123,877
Chief Operating Officer (Richard Law)	\$478,275	\$171,605	\$49,741	\$514,815	N/A
Chief Claims Operations Officer (Steve Hunckler)	\$442,379	\$163,556	\$46,007	\$476,177	N/A
General Counsel (Margie Lariviere)	\$442,379	\$158,726	\$46,007	\$476,177	N/A
Chief of Internal Affairs (Dante W. Robinson)	\$367,500	\$126,788	\$36,750	\$380,363	N/A
Chief Information Officer (Marj Hutchings)	\$375,625	\$168,032	\$48,705	\$375,625	\$128,472
Chief Risk Officer (Ken Van Laar)	\$328,600	\$148,661	\$43,090	\$343,682	\$105,883
EVP of Strategic Planning (Alvin K. Cheung)	\$330,750	\$114,109	\$33,075	\$347,288	Not applicable
EVP of Corporate Claims (Carla Anene)	\$260,000	\$129,402	\$36,400	\$265,200	\$111,540
Chief Investment Officer (Stephanie Chan)	\$257,500	\$67,850	\$29,500	\$257,500	\$52,250
Chief Medical Officer (Dinesh Govindarao)	\$425,390	\$97,840	\$42,539	\$440,279	Not applicable
Chief Actuary (Kate Smith)	\$330,309	\$75,971	\$33,031	\$346,824	Not applicable
Chief Underwriting Officer (John M. Gagan)	\$256,741	\$59,500	\$25,674	\$269,578	Not applicable



BOARD OF DIRECTORS

Resolution No. 2491 & 2492

SCHEDULE OF EXEMPT LEADERSHIP 2023 AT-RISK COMPENSATION DIFFERENTIAL  
AND 2024 EXEMPT LEADERSHIP COMPENSATION

Position	2023 Annual Base Salary	Recommended 2023 At-Risk Compensation Differential	2023 LTIP Program**	Recommended 2024 Base Salary*	Recommended 2024 Annual Recruitment & Retention*
Pricing Actuary (Melissa Wang)	\$217,785	\$50,091	\$21,779	\$228,674	Not applicable

*\*2024 Annual Base Salary and Annual Recruitment and Retention is effective January 1, 2024.*

*\*\*2023 LTIP Program is effective January 1, 2023 and paid out over 3 years.*

**Resolution No. 2492**

Approval of President's 2023 At-Risk  
Compensation Differential, 2023  
Long-Term Incentive, and 2024  
Compensation



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**APPROVAL OF PRESIDENT'S 2023 AT-RISK COMPENSATION DIFFERENTIAL, 2023 LONG TERM INCENTIVE,  
AND 2024 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 2023 At-Risk Compensation Differential and 2024 Exempt Leadership Compensation); and

WHEREAS, the Board has considered State Fund's enterprise performance for 2023 which is projected to achieve its enterprise goals by year end and has completed its performance evaluation for the President for calendar year 2023; and

WHEREAS, the Board has considered State Fund's performance against the 2023 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 2023 as identified in the attached Schedule of Exempt Leadership 2023 At-Risk Compensation Differential and 2024 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 2023 at-risk compensation and retention differential.

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby finds that State Fund exceeded its performance goals; that State Fund's performance continues to reflect financial stability; that overall to date State Fund and the President exceeded their goal targets; and the performance measures underlying the long term incentive within the range

**Resolution No. 2492**

Approval of President’s 2023 At-Risk Compensation Differential, 2023 Long-Term Incentive, and 2024 Compensation

presented at the November meeting; and hereby adopts and approves the President’s at-risk compensation, retention differential, and long term incentive for 2023 as identified in the attached Schedule of Exempt Leadership 2023 At-Risk Compensation Differential and 2024 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 2023 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 28th day of November, 2023 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Absent
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 28, 2023.*



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Hilda B. Padua  
Assistant Corporate Secretary

11/28/23

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Date



**BOARD OF DIRECTORS**

**Resolution No. 2491 & 2492**

**SCHEDULE OF EXEMPT LEADERSHIP 2023 AT-RISK COMPENSATION DIFFERENTIAL AND 2024 EXEMPT LEADERSHIP COMPENSATION**

<b>Position</b>	<b>2023 Annual Base Salary</b>	<b>Recommended 2023 At-Risk Compensation Differential</b>	<b>2023 LTIP Program**</b>	<b>Recommended 2024 Base Salary*</b>	<b>Recommended 2024 Annual Recruitment &amp; Retention*</b>
President & CEO (Vern Steiner)	\$544,450	\$232,678	\$65,451	\$577,176	\$115,563
Chief Financial Officer (Peter Guastamachio)	\$352,300	\$158,726	\$46,008	\$352,300	\$123,877
Chief Operating Officer (Richard Law)	\$478,275	\$171,605	\$49,741	\$514,815	N/A
Chief Claims Operations Officer (Steve Hunckler)	\$442,379	\$163,556	\$46,007	\$476,177	N/A
General Counsel (Margie Lariviere)	\$442,379	\$158,726	\$46,007	\$476,177	N/A
Chief of Internal Affairs (Dante W. Robinson)	\$367,500	\$126,788	\$36,750	\$380,363	N/A
Chief Information Officer (Marj Hutchings)	\$375,625	\$168,032	\$48,705	\$375,625	\$128,472
Chief Risk Officer (Ken Van Laar)	\$328,600	\$148,661	\$43,090	\$343,682	\$105,883
EVP of Strategic Planning (Alvin K. Cheung)	\$330,750	\$114,109	\$33,075	\$347,288	Not applicable
EVP of Corporate Claims (Carla Anene)	\$260,000	\$129,402	\$36,400	\$265,200	\$111,540
Chief Investment Officer (Stephanie Chan)	\$257,500	\$67,850	\$29,500	\$257,500	\$52,250
Chief Medical Officer (Dinesh Govindarao)	\$425,390	\$97,840	\$42,539	\$440,279	Not applicable
Chief Actuary (Kate Smith)	\$330,309	\$75,971	\$33,031	\$346,824	Not applicable
Chief Underwriting Officer (John M. Gagan)	\$256,741	\$59,500	\$25,674	\$269,578	Not applicable



BOARD OF DIRECTORS

Resolution No. 2491 & 2492

SCHEDULE OF EXEMPT LEADERSHIP 2023 AT-RISK COMPENSATION DIFFERENTIAL  
AND 2024 EXEMPT LEADERSHIP COMPENSATION

Position	2023 Annual Base Salary	Recommended 2023 At-Risk Compensation Differential	2023 LTIP Program**	Recommended 2024 Base Salary*	Recommended 2024 Annual Recruitment & Retention*
Pricing Actuary (Melissa Wang)	\$217,785	\$50,091	\$21,779	\$228,674	Not applicable

*\*2024 Annual Base Salary and Annual Recruitment and Retention is effective January 1, 2024.*

*\*\*2023 LTIP Program is effective January 1, 2023 and paid out over 3 years.*

**Resolution No. 2493**

Approval of 2023 Exempt Employee and CEA  
Long-Term Incentive



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**APPROVAL OF 2023 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 2023 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 2023 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 2023 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 2023 annual LTIP award pool.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 28th day of November, 2023 by the following vote:

**Resolution No. 2493**

Approval of 2023 Exempt Employee and CEA  
Long-Term Incentive

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Absent
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 28, 2023.*



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Hilda B. Padua  
Assistant Corporate Secretary

11/28/23

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Date