

GOVERNANCE COMMITTEE MEETING (OPEN)

AGENDA ITEM 8

ATTACHMENT 8-I

MINUTES OF March 18, 2010 OPEN GOVERNANCE
COMMITTEE MEETING

PRESENTED BY: Jeanne Cain

May 20, 2010

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

MARCH 18, 2010

The Governance Committee met on March 18, 2010 in the Auditorium of the Milton Marks Conference Center, State Building, 455 Golden Gate Ave, San Francisco, California.

AGENDA ITEM 1: ROLL CALL

The meeting was called to order at 2:00 p.m. after appointment of the Secretary Pro Tem and the following Members were present: Jeanne Cain, Chair; Sheryl Chalupa; and Alternate Lawrence E. Mulryan; absent: Daniel M. Curtin (by prior arrangement).

Also present: Interim President and CEO Doug Stewart; General Counsel and Corporate Secretary Carol Newman; and Assistant Chief Counsel and Assistant Corporate Secretary (Pro Tem) Judith D. Sapper.

There was a quorum.

AGENDA ITEM 2: APPOINTMENT OF JUDITH SAPPER AS SECRETARY PRO TEM

Ms. Cain appointed Assistant Chief Counsel Judith Sapper as Secretary Pro Tem for this meeting, noting the March 18 Open Session of the Board of Directors included an agenda item to appoint Ms. Sapper as an Assistant Corporate Secretary for future meetings.

AGENDA ITEM 3: PUBLIC COMMENT ON THE APPROPRIATENESS OF CLOSED SESSION ITEMS 5-6.

Ms. Cain requested public comment of which there was none.

The Governance Committee immediately convened into Closed Session.

AGENDA ITEM 4: APPROVAL OF MARCH 12, 2009 CLOSED MEETING MINUTES Closed Session.

AGENDA ITEM 5: STATE FUND 2009 PERFORMANCE PLAN OBJECTIVES Closed Session.

**AGENDA ITEM 6: STANDING BOARD AND GOVERNANCE COMMITTEE
AGENDA ITEMS FOR 2010** Closed Session.

AGENDA ITEM 7: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 3:30 p.m. following the conclusion of the Closed Session and the following Members were present: Jeanne Cain, Chair; Sheryl Chalupa; and Alternate Lawrence E. Mulryan; absent: Daniel Curtin (by prior arrangement).

Also present: Interim President and CEO Doug Stewart; General Counsel and Corporate Secretary Carol Newman; and Assistant Chief Counsel and Assistant Corporate Secretary (Pro Tem) Judith Sapper.

There was a quorum.

**AGENDA ITEM 8: APPROVAL OF JANUARY 21, 2010 OPEN MEETING
MINUTES**

MOTION: Ms. Cain Second: Ms. Chalupa

To approve the minutes of the January 21, 2010 Open meeting of the Governance Committee as presented.

AYES: 2 NOES: 0 ABSTAIN: 1 Motion carried.

**AGENDA ITEM 9: REPORT ON NATIONAL SEARCH FOR PRESIDENT &
CEO**

Ms. Cain reported the Board expects the search for candidates for President and CEO to be completed in early summer followed by commencement of initial interviews and a recommendation within sixty days.

AGENDA ITEM 10: UPDATE ON BOARD EVALUATION PROCESS

Ms. Cain reported that Veaco Group was the finalist selected to assist the Board and Committee members to evaluate their effectiveness. She called upon Ms. Kristina Veaco to present ideas on customizing the evaluation process for State Fund. Ms. Veaco introduced her colleague Ms. Cherie Sorokin. Ms. Veaco recommended a meeting with Chair Cain and management for input on tailoring the questionnaires for a confidential assessment of the strengths and weaknesses and training needs of the Board and Committees as a whole and of the individual members. The completed questionnaires will be followed by personal interviews and preparation and submittal of a report to the Board. Ms. Veaco advised peer evaluations should not be conducted until the Board has worked together for a year or

more. The Committee concurred that the Chair should have a planning session with Ms. Veaco.

AGENDA ITEM 11: PROCESS FOR BOARD MEMBER SPEECHES, ACTIVITIES AND PRESS STATEMENTS

Ms. Cain opened a discussion with the Committee members on the proposed process for reviewing and providing clearance of speeches, articles, and related activities by Board Members to avoid public misperceptions. The Committee recommended amending the guidelines to restrict review and clearance to insurance-related material. Ms. Cain called upon Communications Director Ms. Jennifer Vargen to outline the nature and scope of the proposed guidelines. Ms. Vargen stated the goal was to ensure timely, accurate, consistent and coordinated communication aligned with State Fund's Communication Policy. Board Members' proposed written material will be assessed by the Governance Committee and Communications Director for potential risk and impact to State Fund and clearance to proceed will be provided as appropriate. Ms. Cain requested public comment of which there was none.

MOTION: Ms. Cain Second: Mr. Mulryan

To recommend the Board of Directors adopt the attached guidelines for clearance of Board Member speeches, articles, and press statements as amended.

AYES: 3 NOES: 0 Motion carried.

AGENDA ITEM 12: STANDING BOARD AND GOVERNANCE COMMITTEE AGENDA ITEMS FOR 2010

Ms. Cain reported the Committee had considered in Closed Session the standing agenda items for the 2010 Board and Committee meetings. The Committee recommended a standing item for Enterprise Risk Management issues should be the responsibility of the Governance Committee and would be seeking the Board's agreement with this recommendation. Ms. Cain requested public comment of which there was none.

AGENDA ITEM 13: COMMITTEE MEMBER PRESENTATIONS

There were no presentations for this standing agenda item and no public comment.

**AGENDA ITEM 14: PROPOSALS AND SUGGESTIONS FOR MAY 2010
AGENDA**

In addition to the standing Agenda items, the Committee directed staff to include agenda items for the progress on the Board evaluation process; the search for a President and CEO; and the amendment of the Governance Committee Charter to reflect its responsibility for Enterprise Risk Management. Ms. Cain requested public comment of which there was none.

AGENDA ITEM 15: PUBLIC COMMENT

Ms. Cain requested public comment of which there was none.

The next Governance Committee meeting is scheduled for May 20, 2010 at 2:00 p.m. in San Francisco, California.

ADJOURNMENT

There being no further business before the Governance Committee, the meeting adjourned at 3:50 p.m.

Respectfully submitted,

Judith D. Sapper,
Asst. Corporate Secretary, Pro Tem

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Speeches and Articles

Overview

As an initial matter, the main goal of these procedures is to ensure timely, accurate, consistent and coordinated communication regarding State Fund. These procedures set forth the processes and controls applied to ensure speeches and articles by Board Members allow the freedom to express opinions without creating public misperceptions that the writings and speeches reflect State Fund policy.

All insurance-related speeches and articles contemplated by any member of the **State Fund Board of Directors** (herein referenced as “*Board Member*”) will be reported to the Governance Committee at a regularly scheduled Committee meeting for information as to topic and forum and whether the speech or article might pose a real or perceived financial, reputational, regulatory, or legal risk to State Fund.

All insurance-related speeches and articles prepared by any member of the **State Fund Board of Directors** (herein referenced as “*Board Member*”) are subject to review by the Communications Director. The Communications Director will consult with other State Fund management personnel as is deemed necessary. The article or speech will only be evaluated based on actual or perceived associated risks and impact to the detriment of State Fund if the article or speech would be attributable to State Fund's policies and procedures. The Communications Director will not be reviewing the content to make editorial changes; recommendations on the forum or any other purpose but to evaluate risk to State Fund. The Communications Director will clear the materials or will advise the Board Member of the actual or perceived risk. In the event the Communications Director and the Board Member cannot reach agreement that would mitigate the risk then the issue will be elevated to the Chair of the Governance Committee or his or her designee.

Timing

Step One

Contemplated speeches or articles written for presentation by or publication attributed to a Board Member must be reported to the Governance Committee well in advance of the proposed speech or article due date and in consideration of the Communication Director's review process. The Board Member shall disclose the topic, venue, date, intended audience and general outline of materials. The Chair of the Governance Committee or his or her designee will inform the Communications Director of the clearance.

Step Two

Upon clearance by the Governance Committee, proposed speeches or articles written for presentation by or publication attributed to a Board Member must be provided to the Communications Director for review and clearance. Such submissions must be received by the Communications Director a minimum of **fourteen (14) days prior to the proposed oration or publication**. Submissions not received within this time period may be deemed not

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approved by the Communications Director and should be discussed directly with the Governance Chair or Board Chair.

Content

Format of proposed speeches and/or articles submissions will include, but not be limited to:

- Proposed Date of Oration or Publication.
- Topic and purpose of the presentation.
- Name of the publication or event where the presentation will be delivered (newsletter, magazine, conference event, business club, et al).
- Intended and/or expected audience.
- Presentation content, including all corresponding sub-text/footnote reference materials.

Disclaimer

To ensure it is clear that a Board Member is not speaking as a member of the State Fund Board of Directors, the following wording will be utilized, depending on whether the material is spoken or written:

Oral

Although I am a member of the Board of Directors of State Compensation Insurance Fund, the views expressed here are my own and should *not* be attributed to State Compensation Insurance Fund.

Written

Although [**enter Board Member name here**] is a member of the Board of Directors of State Compensation Insurance Fund, the views expressed here are his own and should *not* be attributed to State Compensation Insurance Fund.

Review and Clearance

As noted above, the Communications Director will clear the materials or will advise the Board Member of the actual or perceived risk. In the event the Communications Director and the Board Member cannot reach agreement that would mitigate the risk then the issue will be elevated to the Chair of the Governance Committee or his or her designee. In the event there has not been clearance, then the Board Member may present to the Governance Committee at its next regularly scheduled meeting. The Governance Committee decision will be final.

Press Releases

At no time will any Board Member respond to or provide any press release comments on behalf of State Fund. All press releases are effectively under the constructive supervision and control of the Chief Executive Officer (CEO) and Communications Director of State Fund.

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Board Members who are contacted by the media for comments must refer all inquiries to the Communication Director of State Fund.

Retention and Tracking

All submissions will be logged into a central repository maintained and retained by the Board Support Staff in a secured repository. Included in this central repository will be, but not limited to the following:

- Date of the original submissions/request.
- Name of the Board Member who submitted the request.
- Proposed Date of Oration or Publication.
- Topic and purpose of the presentation.
- Name of the publication or event where the presentation will be delivered (newsletter, magazine, conference event, business club, et al).
- Intended and/or expected audience.
- Full content of the presentation, including all corresponding sub-text/footnote reference materials.
- Date the disposition/decision was communicated to the Board Member for each submission.
- Disposition/Decision outcome of each submission.

Copies of all supporting documentation for each submission will be stored in electronic format and retained for subsequent review purposes, for a minimum of seven (7) years.

At minimum, a copy of the materials will be available for Board Member review through the SEIPP portal.

Final copies of speeches and articles will be provided through one-way communication to the full Board and will be distributed concurrently to the Executive Committee members.

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