

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

February 26-27, 2025

The Board of Directors of the State Compensation Insurance Fund met on February 26-27, 2025 at the State Fund Sacramento Office, 2860 Gateway Oaks Drive (Parks Conference Rooms, 2nd floor), Sacramento, California.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on February 26, 2025 at 2:30 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); Christy Bouma; Daniel M. Curtin; Regina V. Evans; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski Thomas E. Rankin; Angela D. Tate; Angela S. 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 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 20-21, 2024 Open Meeting Minutes
- 3b. Board Member Educational Opportunities and Approval of Planned Board Member Education and Expense Reimbursement
- 3c. Approval of Retirement Resolutions
- 3d. Approval of Investment Policy Resolution No. 2566

Mr. Lanier asked whether any Board member had comments on the items on the Consent Calendar.

Ms. Evans requested to pull out from the Consent Calendar agenda item 3a "Approval of November 20-21, 2024 Open Meeting Minutes". Ms. Evans noted that she would like to abstain from the vote.

Mr. Lanier asked whether any Committee member had other comments on the items on the Consent Calendar, of which there were none.

Mr. Lanier called for a Motion to vote on items 3b, 3c, and 3d as presented.

MOTION: Ms. Podesta

SECOND: Mr. Guggenhime

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 called for a Motion to vote on item 3a “Approval of November 20-21, 2024 Open Meeting Minutes”, as presented.

MOTION: Senator Machado

SECOND: Mr. Guggenhime

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

YES: 10

NO: 0

Abstain: 1

Motion carried.

Ms. Evans abstained.

AGENDA ITEM 4: STAFFING UPDATE

Mr. Lanier noted that this item is “Read only, unless there are questions”. He asked Executive Vice President and Chief Administrative Officer Andreas Acker if there was any new information from the time the report was published. Mr. Acker noted that the Staffing report was current and there were no changes.

Mr. Acker reported that there were 267 separations, reflecting an overall separation rate of 6.9%, the lowest rate since Mr. Steiner became President. He attributed this decrease to two key factors: 1) the flexibility offered by alternate work schedules; and 2) the upcoming pay raise in July, which has encouraged employees to wait before retiring.

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

AGENDA ITEM 5: FINANCIAL AND PRESIDENT’S REPORT: 4Q 2024

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 reported that State Fund ended the year with a \$544M reserve release, driven by significant improvements in the underlying system and favorable claims results over the past 9 years. Additionally, State Fund declared a 15% dividend for qualifying policyholders with policies that took effect between January 1, 2024, and December 31, 2024, marking the highest dividend payout to date, which matches the record set 10 years ago.

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 February 26, 2025. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: November 20, 2024 Open session meeting minutes and Board Member upcoming speeches.

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 Mandatory Compliance Training Results** - 100% compliance for employees and for contingent workers
- **2024 Own Risk and Solvency Assessment (ORSA) Report Submission** - State Fund annually conducts an ORSA to assess the adequacy of its risk management framework and current and estimated projected future solvency position. State Fund submitted its ORSA report timely to the California Department of Insurance on December 6, 2024.
- **2024 Q4 Bureau of Economic Analysis BE-125 Submission** - Reporting Requirements: Sales to foreign persons that exceeded \$6 million; or purchases from foreign persons that exceeded \$4 million in intellectual property or selected services. State Fund's total purchases for intellectual property or selected services for Q4 was \$10.57M from suppliers whose parent companies are located outside the United States. State Fund submitted the Q4 BE-125 report electronically to the Bureau of Economic Analysis on January 29, 2025.
- **2024 NAIC Climate Survey Submission** - The Climate Risk Disclosure Survey is a voluntary risk management tool for state insurance regulators to request from insurers on an annual basis a non-confidential disclosure of the insurers' assessment and management of their climate-related risks. State Fund submitted its 2024 Climate Survey to the California Department of Insurance on August 29, 2025.

During the Closed session, the Committee heard a report on Safety and Health Strategic plan; performance award, succession planning, chief information officer employment agreement and compensation, president employment agreement and compensation, long-term incentive plan; and approved the revised 2025 goals.

6b: AUDIT COMMITTEE

Audit Chair Ms. Tate reported that the Audit Committee met in-person on February 26, 2025. During the Open session the Committee reviewed and approved the November 19, 2024 Open Meeting Minutes.

The Committee also heard a report on Completed Closed Audit and Whistleblower Hotline. The Internal Audit Department reported on seven completed projects during 3Q 2024 that was reported during the November 2024 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 fourth quarter of 2024, there were nine new allegations received, with six still in progress. In addition, five 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, Internal Audit report for 4Q 2024, and Pension & OPEB update.

6c: INVESTMENT AND RISK COMMITTEE

Senator Machado provided a high-level report on Investment and Risk Committee activities.

Senator Machado reported that the Investment and Risk Committee met in-person on February 25, 2025. During the Open Session under Consent Calendar, the Committee reviewed and approved the following items: November 19, 2024 Open Meeting Minutes; Investment transactions and compliance reports for the period of October 1, 2024 to December 31, 2024, pursuant to its delegated authority; Investment Policy Resolution No. 2566.

During the Closed session, the Investment and Risk Committee heard a report from investment managers, NEAM; and from staff on portfolio performance; strategic asset allocation study; 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 2:43 p.m. to immediately reconvene in Closed session.

AGENDA ITEM 21: CALL TO ORDER AND ROLL CALL

The Open Session meeting reconvened on February 27, 2025 at 11:28 a.m., following the conclusion of the Closed session. The following Members were present: David M. Lanier (Chair); Christy Bouma; Daniel M. Curtin; Regina V. Evans; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Alexis A. Podesta; Arthur H. Pulaski; Thomas Rankin; Angela D. Tate; Angela S. 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 22: APPROVAL OF PRESIDENT EMPLOYMENT AGREEMENT AND COMPENSATION

This has been deferred to the May 2025 meeting.

AGENDA ITEM 23: APPROVAL OF RESOLUTION No. 2567 AUTHORIZING THE APPOINTMENT OF THE CHIEF INFORMATION OFFICER

Mr. Lanier noted that this agenda item is to approve Resolution No. 2567, authorizing the appointment of the Chief Information Officer.

Mr. Lanier noted that Resolution No. 2567 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Mr. Rankin

SECOND: Mr. Guggenhime

To approve Resolution No. 2567, "Authorizing the Appointment of Chief Information Officer", as presented.

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

YES: 11 NO: 0 Abstain: 0 Resolution carried.

The certified Resolution No. 2567 is attached hereto.

AGENDA ITEM 24: PROPOSALS AND SUGGESTIONS FOR MAY 2025 AGENDA

Mr. Lanier requested suggestions for agenda items for the May 2025 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 May 28-29, 2025, location to be determined, unless noticed for a new date and time.

ADJOURNMENT

Mr. Lanier adjourned the meeting at 11:30 a.m.

Respectfully submitted,



Hilda B. Padua

Vice President of Executive Operations and Assistant Corporate Secretary



Resolution No. 2567

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

**RESOLUTION OF THE BOARD OF DIRECTORS OF STATE COMPENSATION INSURANCE FUND AUTHORIZING
APPOINTMENT OF THE CHIEF INFORMATION OFFICER**

WHEREAS, Insurance Code section 11785(a) authorizes the Board of Directors of State Compensation Insurance Fund to appoint and set the salary for certain exempt officer positions including a Chief Information Officer; and

WHEREAS, the Board of Directors of the State Compensation Insurance Fund has delegated to the President of the State Compensation Insurance Fund, subject to conditions that the Board of Directors may from time to time prescribe, the powers, functions, and duties conferred by law on the Board of Directors in connection with the administration, management, and conduct of the business and affairs of the State Compensation Insurance Fund; and

WHEREAS, the President of State Fund seeks to appoint a Chief Information Officer effective April 1, 2025, or at a later date to be determined, at an annual salary of Five Hundred Thousand Dollars (\$500,000.00); and

NOW, THEREFORE,

IT IS RESOLVED, that the Board of Directors hereby approves the hiring of a Chief Information Officer effective April 1, 2025, or at a later date to be determined, at an annual salary of Five Hundred Thousand Dollars (\$500,000.00); and

IT IS FURTHER RESOLVED, that the President of State Fund has the authority to enter into an employment agreement with a Chief Information Officer candidate, as well as any amendments that may be necessary from time to time except that any change in compensation must be presented to the Board of Directors for approval; and

IT IS FURTHER RESOLVED, that the Board of Directors hereby approves all actions taken by the President of the State Compensation Insurance Fund as are necessary to hire a Chief Information Officer of the State Compensation Insurance Fund.



Resolution No. 2567

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on the 27th day of February, 2025 by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
David M. Lanier, Chair	Yes
Christy Bouma	Yes
Daniel M. Curtin	Yes
Regina V. Evans	Yes
Richard J. Guggenhime	Yes
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Yes
Arthur H. Pulaski	Yes
Thomas E. Rankin	Yes
Angela D. Tate	Yes
Angie S. Wei	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 February 27, 2025.

A handwritten signature in blue ink, appearing to read "H. Padua", written over a horizontal line.

Hilda B. Padua
Assistant Corporate Secretary

2/27/25

Date