

**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**MINUTES OF OPEN SESSION MEETING**

**May 28-29, 2025**

The Board of Directors of the State Compensation Insurance Fund met on May 28-29, 2025 at the State Fund Sacramento Office, 2860 Gateway Oaks Drive (Parks Conference Rooms, 2<sup>nd</sup> floor), Sacramento, California.

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

The meeting was called to order on May 28, 2025 at 3:02 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; Richard J. Guggenhime; Senator Michael J. Machado (Ret.); Arthur H. Pulaski Thomas E. Rankin; Angela D. Tate; Angela S. Wei; and Katrina S. Hagen, Ex-officio.

Regina V. Evans was not present during roll call.

Absent by prior arrangement: Alexis A. Podesta

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 Vice President of Executive Operations 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**

- a. Approval of February 26-27, 2025 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 Member 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 Global Internal Audit Standards
- h. Approval of Retirement Resolutions
- i. Approval of Investment Guidelines and Procedures Resolution No. 2568

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: Ms. Wei

SECOND: Mr. Curtin

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.

Ms. Evans was not present during vote.

#### **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. Mr. DiMatteo noted that the report provided is the review of Loss and Loss Adjustment Expense Reserves as of December 31, 2024, and recorded reserves are reasonable.

#### **AGENDA ITEM 5: 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. Lanier requested public comment, of which there was none.

#### **AGENDA ITEM 6: 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 highlighted that State Fund recognized an additional reserve release during 1Q 2025. 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 27, 2025. During the Open Session under Consent Calendar, the Committee reviewed and approved the following: February 25, 2025 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; and Internal Audit Activity Charter and Compliance with Global Internal Audit Standards.

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:

- **2025 Code of Conduct Training Compliance - Compliance Rate:** 100% for both employees and contingent workers
- **2025 Statement of Economic Interest (Form 700) Compliance** – The compliance rate for 3 categories (Board of Directors, State Fund employees, and contingent workers) is 100%.
- **Bureau of Economic Analysis BE-125 Submission** - State Fund's total purchases for intellectual property or selected services for Q1 2025 was \$11.3M from suppliers whose parent companies are located outside the United States. The Q1 BE-125 report was sent electronically to the Bureau of Economic Analysis on April 22, 2025.
- **Quarterly Ethics and Hotline Reporting** - Total reporting decreased in Q1 2025 vs. Q4 2024 by 56% (four vs. nine). Of the four reports for the quarter, all were in the HR, Diversity & Workplace Respect category. Half were directly reported to management or HR and half were reported via the third-party hotline.

During the Closed session, the Committee heard a report from staff on Safety and Health Strategic plan; board strategic planning; workplace strategy; performance award; and president employment agreement and compensation

### **7b: AUDIT COMMITTEE**

Audit Chair Ms. Tate reported that the Audit Committee met in-person on May 28, 2025. During the Open Session, the Committee reviewed and approved under the Consent calendar the following items: the February 26, 2025 Open Meeting Minutes; Audit Committee Charter; and Internal Audit Charter. Under Completed Closed Audits, the Internal Audit Department reported on 5 completed projects during 4Q 2024 that were reported during the February 2025 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 2025, there were four new allegations received, three of which are still in progress. In addition, three investigations from prior quarters were closed.

During the Closed Session, the Committee heard a report from external auditor, EY and from staff on Personnel Investigations, and Internal Audit report for 1Q 2025.

### **7c: INVESTMENT AND RISK COMMITTEE**

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

Investment and Risk Chair Senator Machado reported that the Investment and Risk Committee met in-person on May 28, 2025. During the Open Session, the Committee reviewed and approved under the Consent calendar the following items: February 25, 2025 Open Meeting Minutes; Investment transactions and compliance reports for the period of January 1, 2025 to March 31, 2025, pursuant to its delegated authority; Investment and Risk Committee Charter; and Investment Guidelines and Procedures Resolution No. 2568.

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, 2024. The balances reported were pending EY's audit review, which is scheduled to be completed by end of May 2025.

During the Closed Session, the Committee heard an update from Investment managers; reports from staff on portfolio performance; update on Private Debt Manager RFP; 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 22**

Mr. Lanier requested public comment on the appropriateness of Closed session agenda items 13 through 22, 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 3:15 p.m. to immediately reconvene in Closed session.

## **AGENDA ITEM 23: CALL TO ORDER AND ROLL CALL**

The Open Session meeting reconvened on May 29, 2025 at 12:44 p.m., following the conclusion of the Closed session. The following Members were present: David M. Lanier (Chair); Christy Bouma; Regina V. Evans; Senator Michael J. Machado (Ret.); Arthur H. Pulaski; Thomas Rankin; Angela D. Tate; Angela S. Wei; and Katrina S. Hagen (Ex-officio).

Absent by prior arrangement: Daniel M. Curtin; Richard J. Guggenhime; and Alexis A. Podesta.

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 Vice President of Executive Operations and Assistant Corporate Secretary Hilda B. Padua.

## **AGENDA ITEM 24: APPROVAL OF PRESIDENT EMPLOYMENT AGREEMENT AND COMPENSATION**

Mr. Lanier noted that the Board approves the 2025 amendment to the July 2020 President's Employment Agreement. The Board approves the cancellation of the deferred compensation benefit to Mr. Steiner to be replaced by a Split Dollar Life Capital Accumulation Plan. All other terms of the 2020 agreement shall remain the same.

Mr. Lanier noted that Resolution No. 2575 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Ms. Wei

SECOND: Mr. Rankin

To approve Resolution No. 2575, "Approval of Amendment to the President's Employment Agreement", as presented.

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

YES: 8

NO: 0

Abstain: 0

Resolution carried.

The certified Resolution No. 2567 is attached hereto.

## **AGENDA ITEM 25: APPROVAL OF PERFORMANCE AWARD**

Mr. Lanier noted that the board has approved performance awards, from time to time, for State Fund staff based upon enterprise performance and individual performance. The Board would like to reward employees who are vigilant in spotting and reporting phishing emails on their State Fund

devices. The Board hereby establishes a Phishing Awareness Recognition Award with annual funding of \$6,000, which per quarter will allocate \$1,500 to award \$150.00 to 10 randomly selected employees who have recognized and reported an actual phishing email that was found to be malicious and/or a simulated phishing email.

Mr. Lanier noted that Resolution No. 2576 was displayed on the screen for public viewing.

Mr. Lanier requested a Motion and Second.

MOTION: Ms. Tate

SECOND: Ms. Bouma

To approve Resolution No. 2576, "Approval of Phishing Awareness Awards", as presented.

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

YES: 8

NO: 0

Abstain: 0

Resolution carried.

The certified Resolution No. 2576 is attached hereto.

#### **AGENDA ITEM 26: PROPOSALS AND SUGGESTIONS FOR SEPTEMBER 2025 AGENDA**

Mr. Lanier requested suggestions for agenda items for the September 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 September 2-5, 2025, location to be determined, unless noticed for a new date and time.

#### **ADJOURNMENT**

Mr. Lanier adjourned the meeting at 12:47 p.m.

Respectfully submitted,



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Hilda B. Padua

Vice President of Executive Operations and Assistant Corporate Secretary

**Resolution No. 2575**

Approval of Amendment to President's  
Employment Agreement



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**APPROVAL OF AMENDMENT TO PRESIDENT'S EMPLOYMENT AGREEMENT**

WHEREAS, the Board of State Fund is vested with the authority to appoint the President and set the salary for that position; and

WHEREAS, the Board previously appointed Vernon Lee Steiner as President and Chief Executive Officer and entered into an employment agreement with Mr. Steiner with an effective date of June 9, 2014 and a new contract effective July 2020 that superseded all prior contracts, amendments and addendums and included a deferred compensation benefit (the "2020 Agreement"); and

WHEREAS, in February 2023, the Board approved an amendment to Mr. Steiner's deferred compensation benefit adopting a change in the calculation for the annual deferred compensation benefit; and

WHEREAS, in November 2024, the Board determined, subject to Mr. Steiner's consent, to eliminate the deferred compensation benefit and replace that benefit with a capital accumulation plan; and

WHEREAS, the Board of Directors directed the Board Chair to negotiate the modifications to the Agreement and to take all such actions as are necessary to enter into an amended Agreement with Mr. Steiner.

NOW, THEREFORE, BE IT RESOLVED:

That the Board of Directors hereby approves the 2025 Amendment to July 2020 Employment Agreement between State Compensation Insurance Fund and Mr. Steiner; and

BE IT FURTHER RESOLVED that the Board approves the cancellation of the deferred compensation benefit to Mr. Steiner to be replaced by a Split Dollar Life Capital Accumulation.

All other terms of the 2020 Agreement shall remain the same.


PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 29th day of May, 2025 by the following vote:

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

*Certification by the Vice President of Executive Operations and Assistant Corporate Secretary*

*I, Hilda B. Padua, Vice President of Executive Operations and 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 May 29, 2025.*



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Hilda B. Padua  
Vice President of Executive Operations and Assistant Corporate Secretary

05/29/25

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Date



**Resolution No. 2576**

**Approval of Phishing Awareness Awards**



**STATE COMPENSATION INSURANCE FUND  
BOARD OF DIRECTORS**

**APPROVAL OF PHISHING AWARENESS RECOGNITION AWARD**

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, the Board has a crucial role in understanding, overseeing, and ensuring that State Fund has adequate policies, procedures, and resources to protect against cyber threats; and

WHEREAS, one type of cyber threat is phishing, which includes an attempt by cybercriminals posing as a legitimate institution, usually via email, to obtain sensitive information from targeted individuals; and

WHEREAS, in addition to actual phishing attempts received by State Fund employees, State Fund also conducts quarterly simulated phishing attempts to educate employees on how to spot and report phishing; and

WHEREAS, State Fund seeks to promote employees understanding of what constitutes a phishing attempt, recognizing a phishing attempt, and reporting any suspected phishing received on a company device; and

WHEREAS, the Board seeks to enhance the incentives for employees to spot and report phishing attempts by authorizing the Executive team to set up a Phishing Awareness Recognition Award; and

WHEREAS, the Board approves a Phishing Awareness Recognition Award with annual funding of Six Thousand Dollars (\$6,000.00); which per quarter will allocate Fifteen Hundred Dollars (\$1,500.00) to award One Hundred and Fifty Dollars (\$150.00) to 10 randomly selected employees who have recognized and reported an actual phishing email that was found to be malicious and/or a simulated phishing email during the quarter in question. All State Fund employees are eligible to participate except employees at the Senior Leadership level, as well as team members of Enterprise Security and Information Governance.

## Resolution No. 2576

### Approval of Phishing Awareness Awards

NOW, THEREFORE,

BE IT RESOLVED that the Board would like to reward employees are vigilant in spotting and reporting phishing emails on their State Fund devices; and

IT IS FURTHER RESOLVED that the Board hereby establishes a Phishing Awareness Recognition Award with annual funding of Six Thousand Dollars (\$6,000.00); which per quarter will allocate Fifteen Hundred Dollars (\$1,500.00) to award One Hundred and Fifty Dollars (\$150.00) to 10 randomly selected employees who have recognized and reported an actual phishing email that was found to be malicious and/or a simulated phishing email.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 29<sup>th</sup> day of May, 2025 by the following vote:

MEMBER	VOTE
David M. Lanier, Chair	Yes
Christy Bouma	Yes
Daniel M. Curtin	Absent
Regina V. Evans	Yes
Richard J. Guggenhime	Absent
Sen. Michael J. Machado (Ret.)	Yes
Alexis A. Podesta	Absent
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

#### Certification by the Vice President of Executive Operations and Assistant Corporate Secretary

*I, Hilda B. Padua, Vice President of Executive Operations and 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 May 29, 2025.*



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Hilda B. Padua  
Vice President of Executive Operations and Assistant Corporate Secretary

5/29/25

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Date