

GOVERNANCE COMMITTEE MEETING (OPEN)

AGENDA ITEM 6

ATTACHMENT 6-I

MINUTES OF MARCH 12, 2009 OPEN GOVERNANCE COMMITTEE MEETING

PRESENTED BY: Jeanne Cain

May 14, 2009

**STATE COMPENSATION INSURANCE FUND
GOVERNANCE COMMITTEE**

MINUTES OF OPEN SESSION MEETING

MARCH 12, 2009

The Governance Committee met on March 12, 2009 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. and the following Members were present: Jeanne Cain, Chair; Daniel Curtin; Sheryl Chalupa and Alternate Sen. Michael Machado (Ret.)

Also present: President Janet Frank; Chief Risk Officer Doug Stewart; General Counsel and Corporate Secretary Carol Newman and Randall Keen, Esq. of Manatt Phelps & Phillips.

There was a quorum.

AGENDA ITEM 2: INTRODUCTIONS

Ms. Cain reported that the Governance Committee was established at the January, 2009 Board of Directors meeting and this was the first meeting of the newly formed Governance Committee.

AGENDA ITEM 3: PUBLIC COMMENT ON THE APPROPRIATENESS OF CLOSED SESSION ITEMS 4 THROUGH 5

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

The Governance Committee immediately convened into Closed Session.

AGENDA ITEM 4: CONFLICT OF INTEREST UPDATE Closed Session.

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

AGENDA ITEM 6: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 3:15 p.m. following the conclusion of the Closed Session and the following Members were present: Jeanne Cain, Chair; Daniel Curtin; Sheryl Chalupa and Alternate Sen. Michael Machado (Ret.)

Also present: President Janet Frank; Chief Risk Officer Doug Stewart; General Counsel and Corporate Secretary Carol Newman and Randall Keen, Esq. of Manatt Phelps & Phillips.

There was a quorum.

AGENDA ITEM 7: REVIEW OF THE GOVERNANCE CHARTER

The proposed new Governance Charter was discussed and the Committee recognized Staff Counsel Linda Platisha for her contributions to revising the existing Charter with an extensive review of best practices. A full discussion ensued regarding provisions of the Governance Charter and the necessity to review the current and proposed Audit and Investment Charters in order to develop the Governance Charter since it is the new Committee for the Board of Directors. Ms. Cain requested public comment of which there was none. The Committee tabled the item for the May 2009 meeting.

AGENDA ITEM 8: RECOMMENDATION FOR BOARD TRAINING PROGRAM AND ACCEPTANCE OF BOARD ORIENTATION MANUAL

Ms. Cain reported that the recently enacted legislation SB 1145 mandated specific Board training to be conducted by non-affiliated persons or entities of State Fund in the areas of the Duties and Obligations of members of a Board of Directors; Corporate Governance; Ethics; Board of Directors Legal issues; Insurance; Finance and Investments and Information Technology. Ms. Cain called upon Ms. Newman to present the training format options. Ms. Newman reported that the Training Objective is to increase the effectiveness of the Board with continuous training to ensure Board best practices are being utilized. All Board training must be noticed and be open to the public for attendance. Three options were presented and discussed: Focused training in all required subject areas; Board member attendance at specific conference events; or a single provider who would develop a customized training program. The Committee discussed the need to establish a common baseline for the Board since there will be seven new Board members appointed this year. In addition, the Committee requested staff to have the training recorded for future reference by the Board and to track Board training for a year-end report to the Governance Committee on Board training. Ms. Cain requested public comment of which there was none.

MOTION: Ms. Chalupa Second: Ms. Cain

To have the focused training to cover all the legislatively mandated topics for all Board members in a 1.5-2 day session to be held in San Francisco in April 2009 and recorded for future reference.

AYES: 3 NOES: 0 Motion carried.

Ms. Cain and Ms. Chalupa recognized staff for the Board Orientation document that was presented in draft at the January Board meeting. Ms. Cain requested other Committee member's comments on the Board Orientation document. The Committee noted some typographical errors on a few pages as well as the need to properly reference the role of State Fund as it relates to California State Agencies. In addition, the Committee directed staff to update the Orientation Manual in January every year

unless there is a material matter which would require an immediate update. Ms. Cain requested public comment of which there was none.

MOTION: Ms. Chalupa Second: Mr. Curtin

To adopt the Board Orientation Manual with the changes discussed and provide updates to the Orientation Manual in January every year unless there is a material matter in which case to provide the update to the Board immediately.

AYES: 3 NOES: 0 Motion carried

AGENDA ITEM 9: QUALIFICATION OF POTENTIAL BOARD MEMBERS

Ms. Cain reported that as Chair she had solicited qualified Board applicants through various professional associations to have those association members make application to the Governor's office for consideration. As a full Board the intent is to have audit, investment, accounting, information technology, corporate governance, insurance and management and labor expertise. In addition, there is an interest to have members from different parts of the State. The legislative appointments are in place with three out of nine governor's appointments still open. Ms. Cain requested public comment of which there was none.

AGENDA ITEM 10: COMMITTEE MEMBER PRESENTATIONS

There was no presentation for this standing agenda item and no public comment.

AGENDA ITEM 11: PROPOSALS AND SUGGESTIONS FOR MAY 2009 AGENDA

In addition to the standing Agenda items and the Governance Charter, the Committee directed staff to include a discussion on Board self-evaluations. Ms. Cain requested public comment of which there was none.

AGENDA ITEM 12: PUBLIC COMMENT

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

The next Governance Committee meeting is scheduled for May 14, 2009 at 10:00 a.m. in San Francisco, California.

ADJOURNMENT

There being no further business before the Governance Committee, the meeting adjourned at 4:05 p.m.

Respectfully submitted,

Carol R. Newman,
Corporate Secretary