

**Governance Committee
Agenda
January 23, 2008
Level 2, Room 3
4:00 pm – 6:00 pm**

Call to Order

Alison Falls, Chair

Roll Call

Mike Sourek, Scribe

Approve Minutes of November 16, 2007 meeting

Alison Falls, Chair

New Business

1. Governance Guidelines
Alison Falls

Discussion Items*

1. Benefits and Cost of National Association of Corporate Directors (NACD) membership
2. Committee Charter Reviews
3. Calendar
 - Future Calendar Topics

* Not all discussion items have materials included.

Adjourn

Next Meeting: February 25, 2008

**OBWC Board of Directors
Governance Committee Charter
January 25, 2008**

Purpose

The Committee shall assist the Ohio Bureau of Worker's Compensation Board of Directors in fulfilling its oversight responsibilities relating to developing and implementing sound governance policies and practices. The Committee is responsible for:

- reviewing and recommending to the Board the adoption of governance guidelines and committee charters;
- overseeing compliance with federal and state laws, ethics, regulations and policies;
- developing a process for the Board's assessment of its performance and the performance of Board committees and a self assessment by Directors; and
- recommending director assignments to Board committees; making recommendations for Board Vice-chair and committee chairs for the Chair's consideration.
- coordinate annual review process of the Administrator with the Board.

Membership

The Committee shall be composed of a minimum of three (3) members. One member shall be the Chair of the Ohio Bureau of Workers' Compensation Board of Directors. The Board, by majority vote shall appoint two additional members. The Chair and Vice-Chair is designated by the Board based on the recommendation of the Board chair.

The Committee Chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee encourages all Board members to attend their meetings. The Governance Committee is a standing committee of the Ohio Bureau of Workers' Compensation (BWC) Board of Directors. The Committee will have a staff liaison designated to assist it in carrying out its duties. This Board liaison will be responsible for all communication, handling of responses and public record requests of the Board.

Meetings

The committee shall meet quarterly or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Chair will schedule regular meetings; additional meetings may be held at the request of two or more members of the Committee, or the Chair of the Board. A majority of the members shall constitute a quorum. At least one meeting shall be in executive session for the purpose of the performance review of the Administrator.

Duties and Responsibilities

In carrying out its oversight responsibilities, the Committee shall:

1. At least annually review the Board's Governance Guidelines and the charters of the Board's standing committees, and making such recommendations as the Committee determines necessary or appropriate; and consistent with HB 100, including recommendations concerning the structure, composition, membership and function of the Board and its committees, subject to Board approval.
2. Make recommendations for Board Vice-chair, committee chairs and committee members for the Chair's consideration and the Board's approval.
3. Develop and coordinate the annual self-assessment of the Board and its Committees.
5. Make recommendations to the Board for retaining fiduciary counsel.
6. The Committee shall oversee the process for the annual report by the Board for submission to the Governor, General Assembly or the Workers' Compensation Council as required by ORC 4121.12(F)(3).
7. Oversee compliance with laws, ethics, regulations and policies.
8. Oversee the BWC orientation process for newly appointed members of the BWC Board and assist the Board in its implementation. The Committee shall also regularly assess the adequacy of and need for additional continuing director education programs. At a minimum, the education components must meet the requirements of ORC 4121.12(F)(16). These requirements include: orientation for new members; continuing education for those Board members who have served for more than one year; board member duties and responsibilities; compensation and benefits; ethics; governance processes and procedures; actuarial soundness; investments; and any other subject matter the board believes is reasonably related to the duties of a board member.
9. Make reports to the Board following their meetings.
10. Coordinate with other Board committees on issues of common interest.
11. Perform such other duties required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as the Board may from time to time assign to the Committee.

Draft reviewed Oct. 4, 2007 and Oct. 14, 2007 Approved as edited 112107; Alison Falls, Chair Revised 012308

**OHIO BUREAU OF WORKERS' COMPENSATION
BOARD
GOVERNANCE GUIDELINES**

Draft: January 2008

CONTENTS

- ❖ Introduction and Purpose

- ❖ Board Members- Composition, Roles, and Responsibilities

- ❖ Functioning of the Board
 - Board of Directors' Meetings
 - Minutes of Board Meetings & Committee Meetings
 - Agenda Development & Distribution
 - Rules/New Business Submittal Process
 - Administrator's Report
 - Reports by Board Committees
 - Board Meetings in Executive Session
 - Committee Meetings
 - Communication Guidelines
 - Public Input Process

- ❖ Board Committees- Composition, Roles, and Responsibilities
 - Audit Committee
 - Actuarial Committee
 - Investment Committee
 - Governance Committee

- ❖ Board Governance
 - Ethics
 - Referral Process for Wrong-doing
 - Standard of Conduct
 - Self-Assessment Program
 - Director Education Program
 - Workers' Compensation Council (WCC)

INTRODUCTION AND PURPOSE

The Ohio Bureau of Workers' Compensation ("BWC") is a state agency that provides medical and compensation benefits for work-related injuries, diseases and deaths. Ohio's workers' compensation system has the largest exclusive state fund in the nation and is the second largest underwriter of workers' compensation insurance in the country.

The BWC Board of Directors ("Board") was created by Ohio law to provide oversight of BWC and establish the overall administrative policy of the agency. While BWC management is responsible for the day-to-day operations of the agency, the Board provides direction and guidance to BWC. Furthermore, the Board sets the strategic focus that enables BWC to provide services to Ohio's workers and employers. The Board fulfills its obligations through collaboration with other state entities such as the Office of the Attorney General, the Inspector General, Workers' Compensation Board of Directors Nominating Committee and the Workers' Compensation Council. Through this collaborative effort with other state entities, the Board's ability to fulfill its role is enhanced.

The Board will maintain the highest level of integrity as it oversees the business of BWC. The Board aspires to incorporate and implement the best practices of corporate governance, and to stay abreast of all updates. This document, which will be updated annually, describes the structure and guidelines by which the Board will conduct business.

BOARD MEMBERS: COMPOSITION, ROLES, AND RESPONSIBILITIES

The Ohio Bureau of Workers' Compensation Board of Directors consists of eleven (11) members. These members are appointed by the Governor of Ohio with the advice and consent of the Ohio Senate from a list of candidates prepared by the Workers' Compensation Board of Directors Nominating Committee. One member of the Board must be a representative of employees; two members of the Board must be representatives of employee organizations; three members of the Board must be representatives of employers with one of the three representing self-insuring employers; two members of the Board must be investments and securities experts; one member of the Board must be a certified public accountant (CPA); one member of the Board must be an actuary; and one member of the Board must represent the public. The Governor of Ohio selects the Chair of the Board of Directors.

Initially, the employee representative, one of the employer representatives, and the public representative serve a one year term. Another employer representative, one of the employee organization representatives, one of the investment and securities expert and the CPA representative serve a two year term. The third employer representative, the other employee organization representative, the other investment and securities expert,

and the actuary representative serve a three year term. At the expiration of these initial terms, subsequent terms of office are three years. There are no term limits, per se.

Board members will maintain the highest ethical standards and integrity, and will demonstrate a willingness to act on and be accountable for Board decisions. Members will utilize their diverse backgrounds, talents and experiences to provide wise, informed and thoughtful counsel to BWC management. Members will demonstrate loyalty and commitment to the success of BWC. Members may disagree on issues, but will always work as team players. Members will devote an appropriate amount of effort in preparation for meetings, will participate fully in the activities of the Board and its Committees, and will be prompt and regular in attendance at Board meetings.

By law, the Board must: establish overall administrative policy for BWC; review BWC's progress in meeting cost and quality objectives, and its compliance with the Ohio Revised Code; submit an annual report to the Ohio General Assembly, the Governor, and the Workers' Compensation Council regarding BWC operations and progress; review all independent financial audits of BWC; study issues as requested by the Governor or the Administrator; contract with an actuarial firm, outside investment consultant and independent fiduciary counsel to assist the Board in fulfilling its duties; review investment policy annually, approve investment policy changes for BWC, prohibit investments that are contrary to Board-approved investment policy, vote to open investment classes, and adopt due diligence standards for BWC employees; submit an annual report on the performance and value of BWC investments to the Governor and the Ohio General Assembly; advise and consent on rules that BWC wishes to pursue; meet with the Governor of Ohio annually to discuss the Administrator's performance; develop and participate in an education program for the Board members; submit the education program to the Workers' Compensation Council for approval. The Board members will be compensated for their attendance at Board and Committee meetings, and will be reimbursed for all reasonable and necessary expenses while engaged in the performance of their duties.

Because of its oversight role for BWC, the Board and its members have a fiduciary responsibility to BWC. In exercising their fiduciary responsibilities, Board members must perform their duties with the care that an ordinary prudent person in a like position would use in similar circumstances (duty of care); they must take all necessary actions to be informed and exercise appropriate judgment (duty of good faith); and they must perform their duties in good faith, in a manner reasonably believed to be in the best interest of BWC (duty of loyalty). To fulfill these fiduciary responsibilities regarding oversight of BWC, the Board must receive accurate and reliable information from the BWC Administrator and staff. To this end, the Board must have full access to all members of BWC management. However, it is the Board's expectation that BWC management will typically route its contact with the Board through the Administrator, unless there are overriding concerns such as misconduct or wrongdoing.

BWC will obtain fiduciary liability insurance for the Board, which coverage will include standard Directors and Officers liability insurance coverage as well as coverage for the Board's fiduciary responsibilities.

FUNCTIONING OF THE BOARD

Board of Directors' Meetings:

The Board of Directors conducts its business through open and public meetings in compliance with the Ohio Open Meetings Act. Members of the public and press are invited to attend these meetings. Advance notice of the time and place of all meetings will be provided to the media and will be posted on BWC's web site. Notice will be provided subject to a test of reasonableness. Minutes of all Board and Committee public meetings will be taken and maintained. Robert's Rules of Order is generally followed. The Chair of the Board presides at Board meetings. In the event that the Chair is unable to attend, the Vice Chair of the Board will conduct the Board meeting.

Conduct at Meetings:

A Board member desiring to speak will address the Board Chair and, upon recognition by the Board Chair, will confine discussion to the issue before the Board and will avoid discussion of personalities, indecorous language, and will refrain from personal attacks or verbal abuse.

A Board member desiring to question BWC staff will address questions to the President/CEO or his/her designee or other appropriate Board members who will be entitled either to answer the inquiries or to designate some member of the BWC staff for that purpose. BWC Board members will not berate nor admonish staff members.

A BWC Board member, once recognized, will not be interrupted while speaking unless called to order by the Board Chair, unless a point of order is raised by another Board member, or unless the speaker chooses to yield to questions from another member. If a BWC Board member is called to order while speaking, that member will cease speaking immediately until the question of order is determined. If ruled to be in order, the member will be permitted to proceed. If ruled to be not in order, the member will remain silent or make additional remarks so as to comply with rules of the BWC Board.

BWC Board members will confine their questions and remarks to the particular matters before the Board.

Members of the BWC staff will observe the same rules of decorum as the BWC Board members.

Minutes of Board Meetings and Committee Meetings

The minutes record the formal actions taken by the Board and Committees and a summary of important reports and discussions. Minutes should contain appropriate details of the meetings, and should reflect the Board's fulfillment of applicable fiduciary standards of conduct. Through the information recorded, the minutes should establish that the Board devoted adequate time and effort to its decision-making process. The minutes should also demonstrate the Board's adherence to its own Governance

Guidelines. Board members may request that specific comments be included in the minutes. Minutes should usually be reviewed and voted on for approval at the next subsequent Board meeting. Therefore, the minutes must be furnished to the Board members in the subsequent Board package. Once approved, the minutes constitute an official record of the Board's actions and decisions.

Agenda Development & Distribution

The Board Chair, in cooperation with the Administrator and/or the Board Liaison, will prepare the agenda for the Board meeting. Ample opportunity must be given for any Board member to submit suggestions or requests for agenda topics to the Board Chair. A week prior to each regular Board meeting informational material will be provided to the Board, including a tentative agenda and supporting documents to be considered at the meeting. Such material will be mailed to all Board members. This same process will be followed for Committee meetings. A Board member may request that an agenda item be deferred or removed.

Such item may be deferred or removed with the majority consent of the Board members present at a meeting.

Rules/New Business Submittal Process

Generally, BWC staff should submit proposed rules and new business items to the Board Liaison at least two weeks prior to the upcoming Board meeting or Committee meeting. It is recognized that unforeseen circumstances may prevent such advance submission. For issues concerning the various Committees, the Board Chair, with the advice and consent of the Committee Chair, will determine whether issues are presented to the Board for resolution.

Administrator's Report

At the Board's monthly meeting, the Administrator will regularly provide a report. This agenda item provides an opportunity for the Administrator to present information on issues of topical interest to the Board and others.

Reports by Board Committees

At the Board's monthly meeting, the Committee Chairs will regularly provide a report of the activities of the Committees. This agenda item enables Committee Chairs or designated representatives to report any actions taken by Committees and to request Board approval of Committee recommendations as appropriate.

Board Conferences in Executive Session

Consistent with R.C. §121.22, the Board may convene in Executive Session (i.e. exclude the public from attendance) under a limited set of circumstances. The proper purposes for Executive Session are to discuss: personnel (to consider appointment, employment, dismissal, discipline, promotion, demotion or compensation of a public employee or official, or to consider the investigation of charges or complaints against a public employee or official); property (to consider the purchase or sale of property if disclosure of the information would result in a competitive advantage to the other side); court action (to discuss pending or imminent court action with legal counsel); collective bargaining

(to prepare for, conduct or review collective bargaining strategy); confidential matters (to discuss matters required to be kept confidential by federal law, rules or state statute); security arrangements (to discuss details of security arrangements and emergency response protocols where disclosure could be expected to jeopardize the security of the Board of Directors).

No official action may be taken in Executive Session. Attendance at Executive Sessions of the Board is limited to Board members and others invited by the Board Chair as necessary. If official action is necessary, matters discussed in Executive Session must be followed by a public vote.

Committee Meetings

Committee meetings are conducted as often as determined necessary by majority vote of the Board of Directors. Only members of the Committee may participate in voting on Committee matters. All members of the Board may attend and participate in discussion at Committee meetings. The Committee Chair will develop the agenda for the Committee meetings. Ample opportunity must be given for any Board member to submit suggestions or requests for agenda topics to the Committee Chair. Committee agendas and supporting documents will be provided to the Board and appropriate BWC staff prior to the Committee meeting. Minutes of Committee meetings will include Board members present, agenda items and official actions taken by the Committee.

Communication Guidelines

Communications from the public can be made by written submission of comments sent to the Board Liaison at BWC. In addition, members of the public can provide written submission of comments to BWC's website at OhioBWC.com. Comments on pending legislation should be limited to those necessary to conduct the business of the Board of Directors. Comments beyond that should be directed to members of the Ohio General Assembly or the Workers' Compensation Council. The Chair of the Board of Directors reserves the right to limit comments from the public during meetings.

For communications received directly by Board members, the Board members must forward those to the Board Liaison. The Board Liaison is responsible for drafting any responses that might be necessary and for retention of the Board's public records. As a general rule, it is the Board's position that BWC management speaks for the agency as a whole.

Public Input Process

A quarterly public forum will be held by the Board of Directors on various issues. The public forum will address one or two topics of interest to stakeholders. The public will have an opportunity to provide comments and/or register to speak. BWC will also invite some stakeholders, with an interest in the topic, to speak. Written comments provided during the meeting will be posted on the BWC web page.

BOARD COMMITTEES- COMPOSITION, ROLES, AND RESPONSIBILITIES

By law, the Board of Directors must establish three specific Committees: the Audit Committee, the Actuarial Committee, and the Investment Committee. Additional Committees may be established by the Board of Directors as needed. Currently, the Board of Directors has established a Governance Committee in addition to the statutorily mandated Committees. The roles of all Committees are defined by the Committee Charters, as approved by the Committees and adopted by the Board. Committee members and Chairs should be rotated where practical, while also providing some overlap to prevent loss of expertise and experience. Generally, rotation of Committee members will be considered every year as new Board members are appointed. Any change to a Committee appointment must be done through the majority vote of the Board. The Committee Chairs will conduct Committee meetings. In the absence of a Committee Chair, the Board Chair will appoint a Committee member to conduct the Committee meeting.

Audit Committee

The Audit Committee must consist of at least three members who are part of the Board of Directors, with one being the member of the Board of Directors who is the certified public accountant. Additional members who are not members of the Board may be added to the Audit Committee by the Board of Directors. Members of the Audit Committee serve at the pleasure of the Board of Directors; members may be added or removed by a majority vote of the Board.

The Audit Committee performs several functions mandated by law. It recommends to the Board the accounting firm that performs the annual audits required by RC §4123.47. It also recommends to the Board the accounting firm that the Board uses when conducting audits under RC §4121.125. The Audit Committee reviews the results of each annual audit and management review, assessing and developing appropriate courses of action to correct any problems that may arise. The Audit Committee also monitors the implementation of any action plans it creates, and reviews all internal audit reports on a regular basis. Finally, the Audit Committee assists the Board in providing oversight of the integrity of BWC's financial statements.

Actuarial Committee

The Actuarial Committee must consist of at least three members who are part of the Board of Directors, with one being the member of the Board of Directors who is the actuary. Additional members who are not members of the Board may be added to the Actuarial Committee by the Board of Directors. Members of the Actuarial Committee serve at the pleasure of the Board of Directors; members may be added or removed by a majority vote of the Board.

The Actuarial Committee performs several functions mandated by law. It recommends actuarial consultants for the Board to use for actuarial analysis of BWC funds. In addition, the Actuarial Committee reviews the calculations on rate schedules and performance prepared by the actuarial consultants retained by the Board.

Investment Committee

The Investment Committee must consist of at least four members who are part of the Board of Directors, with two being the members of the Board of Directors who are the investment and securities experts on the Board. Additional members who are not members of the Board may be added to the Investment Committee by the Board of Directors. However, those additional members must possess experience managing another state's pension or workers' compensation funds, or possess other expertise that the Board determines necessary to make investment decisions. Members of the Investment Committee serve at the pleasure of the Board of Directors; members may be added or removed by a majority vote of the Board.

The Investment Committee performs several functions mandated by law. It develops the investment policy for BWC, and submits it to the Board for approval. The Investment Committee monitors implementation by BWC of the investment policy. It recommends an outside investment consultant for the Board. Finally, the Investment Committee reviews the performance of BWC's Chief Investment Officer and investment consultants retained by BWC to assure that BWC investments are made in accordance with investment policy, and that the best possible return on investment is achieved.

Governance Committee

The Governance Committee was established by the Board of Directors under its authority to create additional Committees as it deemed necessary. The Governance Committee members serve at the pleasure of the Board of Directors; members may be added or removed by a majority vote of the Board.

The Governance Committee is responsible for developing governance policies and advising as to best practices for the Board. In addition, it develops the Board's educational programs and the Board's self-assessment process. The Governance Committee recommends fiduciary counsel to the Board for its approval. The Governance Committee also makes recommendations to the Board Chair and the Board for Committee memberships.

BOARD GOVERNANCE

Ethics

The Board of Directors is committed to following the highest ethical standards that promote the integrity of the workers' compensation system in Ohio. The Board will comply fully with all federal and state laws applicable to BWC. In particular, Board members must become familiar with the various ethics laws found in the Ohio Revised Code, as well as the Governor's Executive Orders addressing ethics, in order to be compliant with these same ethics requirements. The Board is also subject to BWC's Code of Ethics, as found in the BWC Employee Handbook.

Referral Process for Wrong-doing

The Board of Directors is fully committed to the detection, investigation and prevention of any and all wrong-doing at BWC. In the event a Board member receives information concerning possible wrong-doing at BWC, it is the member's obligation to promptly notify the Board Chair and the Administrator of the information so that the matter can be fully investigated and handled. In some instances, matters may be referred to the Inspector General's office for investigation. The Board of Directors must comply with BWC's Employee Handbook regarding requirements for the reporting of wrong-doing. In addition, the Board must also follow the Governor of Ohio's requirements for the reporting of wrong-doing, as contained in the memorandum from the Governor's Chief Legal Counsel Kent Markus dated October 11, 2007.

BWC staff is responsible for keeping the Board of Directors fully informed of investigations and their outcomes. To this end, the Administrator will provide updates to the Board as necessary. In some instances, updates regarding investigations of wrong-doing will be provided in executive session, as permitted by Ohio law. [should we incorporate as an attachment Ron O'Keefe's memo regarding oversight process guidelines?]

Standard of Conduct

The Board of Directors is subject to all applicable provisions of BWC's Employee Handbook regarding conduct. The Directors must conduct themselves in a manner that avoids actual or apparent conflicts of interest and that protects BWC's reputation. It is essential that proper decorum also be maintained at all Board and Committee meetings.

Self-Assessment Program

The Board of Directors will develop a self-assessment program for the Board and its Committees with the assistance of the Governance Committee. The self-assessment will assist the Board members in conducting an annual evaluation of the performance of the Board, and the performance of the Committees. The purpose of this annual self-assessment is to review progress and determine areas that may need additional improvement.

Director Education Program

The Board of Directors will develop an education program for its members with the assistance of the Governance Committee. The education program will contain an orientation component for newly appointed members, as well as a continuing education component for members who have served at least one year. For orientation of new members, information regarding all activities of BWC will be provided, as well as information regarding the roles of the Board and its Committees. The curriculum for the education program will include information about Board member duties and responsibilities; information concerning compensation and benefits paid under Chapters 4121, 4123, 4127, and 4131 of the Ohio Revised Code; ethics; governance processes and procedures; actuarial soundness; investments; and any other topic reasonably related to the duties of the Board. The Board of Directors will submit the education program it develops to the Workers' Compensation Council for approval. All sessions, classes, and

other events for the education program developed by the Board and approved by the Workers' Compensation Council will be held in the State of Ohio.

Workers' Compensation Council

The Workers' Compensation Council is a separate entity from the BWC Board of Directors. It was statutorily created to review the overall soundness of the workers' compensation system, and to analyze any proposed legislation that might affect the workers' compensation system. At times, the Board of Directors may be required to provide information to the Workers' Compensation Council as it fulfills its duties. Such information will be provided with all due speed. The Board of Directors will also provide its annual report, as well as its actuary report to the Workers' Compensation Council.



NACD Board Advisory Services

NACD's **In-Boardroom Education Programs** put you in charge of enhancing your board's effectiveness.

By designing an In-Boardroom program specific to your needs, NACD addresses the key issues facing your board today. Best of all, NACD conducts the program on the date and location of your choice. Programs may be held in conjunction with your board meeting or as a board retreat. In addition to explaining the latest governance regulations and reforms, an In-Boardroom program can guide your board towards improving performance and ensure that your entire board is receiving consistent, quality information.

In addition, many boards ask NACD to facilitate **board evaluations** as an integral part of a board's continuous self-improvement process. NACD can work directly with management and your directors to conduct board assessments, director self-assessments, and peer assessments. As a neutral party, NACD works with you to customize the board assessment tool, facilitate the process, and provide the final results. NACD can also provide recommendations to improve board performance based on leading governance practices, research, governance guidelines, and peer comparison.

NACD's Board Advisory Services are a cost effective and confidential way for your board, as a group, to review leading governance practices and enhance your current knowledge base. As a non-profit, independent organization, with 30 years of research on governance issues, NACD is an objective and essential resource for organizations in the ever-changing landscape of corporate governance.

Choosing a Program Right for You:

We realize that every board faces unique and specific challenges. With an NACD In-Boardroom program, you can tailor a program to discuss particular issues facing your board today. You can address a single topic in-depth or combine two or more of the topics listed below and decide how much time to dedicate to each. (We recommend allowing two hours to address each topic.)

The NACD Board Advisory Services staff will assist you through the planning process to ensure that your board gets the maximum benefit out of their In-Boardroom program. After you have chosen your topics and date, our staff will then select the NACD faculty member most appropriate for your specific program.

Topics:**Role of the Board in Corporate Strategy**

This program offers principles and leading practices for enhancing the board's role as a strategic asset to the corporation. It is designed to help boards and CEOs become more engaged in corporate strategy and break down barriers to work more productively together.

Role of the Board in Risk Oversight

A practical guide to identifying and providing effective oversight for major types of corporate risk – fiscal, physical and informational -- as well as best board practices for dealing with crises when they do occur.

Board Evaluation: Improving Director Effectiveness

This interactive program will demonstrate how directors, collectively and individually, can become and remain effective enhancers of corporate performance. *NACD will also conduct board evaluations and facilitate the process.**

CEO and Board Succession Planning

Explore examples of the best and the worst in succession planning. Find out what the key roles in succession planning are and who the players are. Identify a succession planning process that will work for your board.

Board Dynamics: Improving Communication and Decision Making

Discuss effective communication methods and processes that will help your board eliminate barriers to productivity and decision-making. Learn the most effective procedures for setting board agendas, communicating between meetings, and establishing expectations for director roles and responsibilities.

The Board's Role In Mergers & Acquisitions

This program focuses on the duties and responsibilities of board members in determining whether a merger or acquisition is in the best long-term interest of the shareholders and whether to recommend it for approval.

Current Environment Facing Directors Today

A timely update on the critical issues affecting directors and the work of the board. Includes current regulatory updates and benchmarking data from NACD's most recent Public Company Governance Surveys. Keeps directors ahead of the curve.

Committee Specifics Topics:

Audit Committee: Improving Quality, Independence, and Performance

Ensure that you and your audit committee are completely up to speed on today's issues. Clearly define committee goals, processes and responsibilities. Examine the implications of new governance reforms from the SEC, NYSE and NASDAQ.

Effective Compensation Committees

Address planning issues, industry findings, and guidelines for determining the best board and executive compensation strategies. This program also provides in-depth guidance on the role of the compensation committee, leading practices, and the responsibilities of committee members.

Role of the Governance Committee: Raising The Bar

Investor confidence in board governance is putting more pressure than ever on boards with regard to director nominations. Explore how the governance committee can raise the bar of board performance through effective oversight of the board's governance practices, code of ethics and the process for director recruitment and retention.

Not Sure Which Topics to Choose?

NACD has also developed several standard programs consisting of specific combinations of modules that work well together and address closely related topics. Examples:

Role of the Board in Corporate Strategy and Risk Oversight:

The interaction between these two topics provokes intense discussion regarding key issues, such as the relationship between the board and management. Even the most seasoned board will benefit from this program.

Current Environment for Committees

In addition to looking at the key committee roles and responsibilities, this program explores how the evolving environment – including regulatory and legal developments -- will affect committee work now or in the near future.

Board Leadership

This program combines the Current Environment, Creating and Sustaining Board Value, Structure and Membership of Board Committees, and Fulfilling Fiduciary Duties as well as NACD's 2007 survey data, to provide an excellent overview of leading practices and trends in corporate governance.

**See Board Evaluation Services at <http://www.nacdonline.org/services/services.asp>*

Specialization:

For a modest daily development fee, our faculty is also available to review, analyze and incorporate your company's by-laws, charters or financial statements into the program – making it entirely unique for your board.

Faculty:

Our faculty are seasoned directors, CEOs or board advisors who are highly respected for their governance expertise. They are deeply experienced in corporate governance and bring years of insight and a refreshing objectivity to your problem solving. They can direct discussion without steering it, they can clarify without defining, and they can help reach closure without precipitating dissent.

Accreditation:

NACD's programs are accredited by Institutional Shareholder Services (ISS) as "Preferred Boardroom Education Programs." Completion of eight hours of education will result in the maximum adjustment to your board's Corporate Governance Quotient (CGQ) rating.

In addition, NACD's In-Boardroom programs provide credits for renewing the Certificate of Director Education.

As the only U.S. membership organization specifically for corporate directors, and the only organization devoted exclusively to improving board effectiveness, NACD's governance standards and recommendations have been sought by Congress, the New York Stock Exchange, Nasdaq, ISS, the World Bank, International Monetary Fund and numerous professional and industry groups.

NACD comes to you.

In-Boardroom education programs ensure that your entire board is receiving consistent, quality information:

- on a date that fits your schedule
- on site, in your own boardroom
- in conjunction with your board meeting
- or as a board retreat
- with director-experienced faculty

For additional information, please call or e.mail:

**Janis Boyce
Manager, Board Advisory Services
National Association of Corporate Directors
1133 21st Street, NW, Suite 700
Washington, DC 20036**

**202-775-0509
jrboyce@nacdonline.org**

**OBWC Board of Directors
Actuarial Committee Charter
January 24, 2008**

Purpose

The Actuarial Committee has been established to assist the Ohio Bureau of Workers' Compensation Committee Board of Directors in fulfilling their responsibilities through:

- monitoring the actuarial soundness and financial condition of the funds and reviewing rates, reserves and level of net assets
- oversight of the integrity of the actuarial audit process
- compliance with legal and regulatory requirements
- monitor the design and effectiveness of the actuarial studies
- confirm external actuarial consultants' qualifications and independence
- review performance of independent external actuarial work product

Membership

The Committee shall be composed of a minimum of five (5) members. One member shall be the appointed actuary member of the Board. The Board, by majority vote shall appoint four additional members. The Board may also appoint additional members who may or may not be on the Board. Members of the Actuarial Committee serve at the pleasure of the Board and the Board, by majority vote, may remove any member except the member of the committee who is the actuary member of the Board.

Each committee member will be independent from management. The Chair and Vice Chair is designated by the Board, based on the recommendation of the Board Chair. The Board Chair if not a member is an ex-officio member, shall not vote if his/her vote will create a tie vote when serving as ex-officio.

The Committee Chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee will have a staff liaison designated to assist it in carrying out its duties.

Meetings

By majority vote the Committee will recommend to the Board of Directors their meeting schedule. There shall be not less than nine (9) meetings each year. Reports shall be made to the Board after each meeting. The Committee also has the authority to convene additional meetings, as circumstances require. The Committee will invite members of management, external actuarial firms, internal actuarial staff and/or others to attend meetings and provide pertinent information, as necessary. Subject to open meeting laws, the Committee will hold executive sessions and private meetings with actuaries and auditors, when required in the performance of their duties. A quorum will be a majority of the Committee members.

Duties and Responsibilities

The Actuarial Committee shall have responsibility for the following:

1. Recommend actuarial consultants for the Board to use for the funds specified in the Ohio Revised Code.
2. Review calculation on rate schedules and performance prepared by the actuarial consultants with whom the Board contracts.
3. Supervise for the Board's consideration the preparation of an annual report of the actuarial valuation of the assets, liabilities and funding requirements of the state insurance funds to be submitted to the Workers' Compensation Council and the Senate and House.
4. Coordinate with other Board Committees on issues of common interest.
5. At least once every five (5) years have actuarial investigation of experience of employers; mortality, service and injury rate of employees; payment of benefits in order to update the assumptions on the annual actuarial report.
6. Have actuarial analysis prepared of any legislation expected to have measurable financial impact on the system, within 60 days after introduction of legislation.
7. Consult in the appointment of and oversee the work of any actuarial firm engaged by Ohio Bureau of Workers' Compensation to complete actuarial studies.
8. Recommend retention and oversight of consultants, experts, independent counsel and actuaries to advise the Committee on any of its responsibilities or assist in the conduct of an investigation.
9. Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests, or the request of internal or external parties working for the Committee. These parties include the internal actuaries, all external actuaries, consultants, investigators and any other specialties working for the Committee.
10. Make recommendations to the Board of Directors of the Ohio Bureau of Workers' Compensation for Board decisions.
11. At least annually, this charter must be reviewed by the Actuarial Committee and any proposed changes submitted to the Governance Committee and to the Board for approval

Actuarial Committee Charter.doc Draft 092607 Review & Approved 112107, Chuck Bryan, Chair Revised 012408

National Association of Corporate Directors
Board Leadership
Brief Outline

**I. WHAT HAS REALLY CHANGED IN THE BOARDROOM
(...AND WHAT HAS NOT CHANGED)**

- The Current Environment of Directorship
 - Regaining the Public Trust: More Rules, Legislation & Oversight
 - Discomfort with Liability Exposure, D & O Coverage
 - Decline in Arrogant Board and CEO Behavior
- The Responsibilities of Directorship
 - Focus on Independence Rules, and Conflicts of Interest Policies
 - Key Board Governance Guidelines
 - Defining “Tone-at-the-Top” – CEO and Board
- The Evolution of Directorship
 - Rush to Improve Board and Director Understanding of Finance & Accounting
 - Closer Collaboration with the CEO, Governance Committee & Board
 - Quantum Leap in the Amount of Information Heaped on Directors
 - Continuing Education – Building on Industry Issues

II. CREATING AND SUSTAINING BOARD VALUE

- Getting Started
- Board Responsibilities
- Relationship of Board to Management
- Board Structure and Leadership
 - Separating the Chair and CEO Roles
 - Lead Director
- Conducting Productive Board Meetings
- Executive Sessions
- Key Issues for Creating and Sustaining Board Value
 - Developing Corporate Strategy
 - CEO Succession Planning
 - Overseeing Risk Management
 - Avoiding Runaway Crises
 - Board Evaluation
 - Shareholder Relations

III. PROFILES OF BOARD PERFORMANCE

IV. TOP ISSUES IN CORPORATE GOVERNANCE

Highlights of the 2007 NACD Public Company Governance Survey

V. COMMITTEES OF THE BOARD: STRUCTURE AND MEMBERSHIP

- Audit Committee Charter
- Compensation Committee Charter
- Governance/Nominating Committee Charter

VI. FIDUCIARY DUTIES IN BOARD GOVERNANCE

- General Principles
- Duty of Loyalty
- Duty of Care
- Business Judgment Rule
- Directors' Liability
- Indemnification
- Exceptions

VIII. NASDAQ & NYSE REFORMS

**OBWC Board of Directors
Audit Committee Charter
January 25, 2008**

Purpose

The Audit Committee has been established to assist the Board of Directors of the Ohio Bureau of Workers' Compensation in fulfilling its fiduciary oversight responsibilities through:

- oversight of the integrity of financial reporting process;
- compliance with legal and regulatory requirements;
- monitoring the design and effectiveness of the system of internal control;
- confirming external auditor's qualifications and independence; and
- reviewing performance of the internal audit function and independent auditors.

Membership

The Committee shall be composed of a minimum of three (3) members. One member shall be the appointed certified public accountant member of the board. The Board, by majority vote, shall appoint two additional members to serve on the Audit Committee and may appoint additional members, who are not Board members, as the Board determines necessary. Members of the Audit Committee serve at the pleasure of the board and the board, by majority vote, may remove any member except the member of the committee who is the certified public accountant member of the board.

Each committee member will be independent from management. The Chair and Vice Chair is designated by the Board, based on the recommendation of the Board Chair. The Board Chair if not a member is an ex-officio member, shall not vote if his/her vote will create a tie vote when serving as ex-officio.

The Committee Chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee will have a staff liaison designated to assist it in carrying out its duties.

Meetings

The Audit Committee shall meet at least nine (9) times annually, or as frequently as needed and will provide activity reports to the Board of Directors. The Committee will invite members of management, external auditors, internal auditors and/or others to attend meetings and provide pertinent information, as necessary. Subject to open meeting laws, the Committee will hold executive sessions with external auditors, when deemed appropriate in the performance of their duties. A quorum shall consist of a majority of the Committee members. The Committee will have a staff liaison designated to help it carry out its duties.

Duties and responsibilities

The Audit Committee shall have responsibility for the following:

1. Oversight of the integrity of the financial information reporting process:
 - a. Review with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
 - b. Review with management and the external auditor the results of the audit.
2. Review all internal audit reports on regular basis.
3. Review results of each annual audit and management review; if problems exist, assess appropriate course of action to correct, and develop action plan. Monitor implementation of any action plans created to correct problems noted in annual audit.
4. Serve as the primary liaison for Bureau of Workers' Compensation Board of Directors and providing a forum for handling all matters related to audits, examinations, investigations or inquiries of the Auditor of State and other appropriate State or Federal agencies
5. Develop an oversight process to assess the adequacy and effectiveness of internal controls and provide the mechanisms for periodic assessment of system of internal controls on an ongoing basis.
6. Oversee the assessment of internal administrative and accounting controls by both the external independent financial statement auditor and internal auditor.
7. Consult on the appointment and/or removal of the Chief of Internal Audit and have oversight on the work of the Internal Audit Division.
8. Ensure the independence of the external auditor and approve all auditing, other attestations services and pre-approve non-audit services performed by the external auditor.
9. After every meeting, report to the Board of Directors of the Bureau of Workers' Compensation on all activities, findings and recommendations of the Committee.
10. Establish policies and procedures to function effectively.
11. At least once every 10 years, have an independent auditor conduct a fiduciary performance audit of BWC's investment program, policies and procedures. Provide a copy of audit to the Auditor of State.
12. Recommend to the Board an accounting firm to perform the annual audit required under R.C. 4123.47. Recommend an auditing firm for the Board to use when conducting audits under R.C. 4121.125.
13. Retain and oversee consultants, experts, independent counsel, and accountants to advise the Committee on any of its responsibilities or assist in the conduct of an investigation.
14. Seek any information it requires from employees—all of whom are directed to cooperate with the Committee's requests, or the requests of internal or external parties working for the Committee. These parties include, but are not limited to internal auditors, all external auditors, consultants, investigators and any other specialists working for the Committee.
15. All Committee actions must be ratified or adopted by the Board of Directors of the Bureau of Workers' Compensation to be effective.
16. Coordinate with the other Board Committees on items of common interest.
17. At least annually, this charter must be reviewed by the Audit Committee and any proposed changes submitted to the Governance Committee and to the Board for approval.

Audit Committee Charter.doc
Draft 092607
Review & Approved 112107, Ken Haffey, Chair
Revised 012408
Revised 012508

OBWC Board of Directors
Investment Committee Charter
January 24, 2008

Purpose

The purpose of the Investment Committee is to ensure that the assets of the Ohio Bureau of Workers' Compensation (OBWC) are effectively managed in accordance with the laws of the State of Ohio, and the Ohio Bureau of Workers' Compensation Statement of Investment Policy and Guidelines. The Investment Committee:

- provides assistance to the Board of Directors in the review and oversight of the State Insurance Fund and each Ancillary Fund (collectively the Funds) assets; and is
- responsible for developing and monitoring the implementation of the BWC's investment policy.

Membership

The Committee shall be composed of a minimum of five (5) members. Two of the members shall be the members of the Board who serve as the investment and securities experts on the Board. The Board, by majority vote, shall appoint three additional members to serve on the Investment Committee and may appoint additional members, either from the Board or someone not on the Board. Each additional non-Board member appointed must have at least one of the following qualifications: a) experience managing another state's pension funds or workers' compensation funds; or b) expertise that the Board determines is needed to make investment decisions.

The Chair and Vice Chair is designated by the Board, based on the recommendation of the Board Chair. The Board Chair if not a member is an ex-officio member, shall not vote if his/her vote will create a tie vote when serving as ex-officio.

Members of the Investment Committee serve at the pleasure of the Board and the Board, by majority vote, may remove any member except the members of the Committee who are the investment and securities expert members of the Board.

Meetings

The Investment Committee will meet at least nine (9) times annually; additional meetings may be scheduled as the Committee or its chairperson deem advisable. The Investment Committee is governed by the same rules regarding meetings, notice, quorum and voting requirements as are applicable to the Board. A quorum at any Investment Committee meeting will consist of a majority of the Committee members.

The Chair of the Committee will be responsible for establishing the agendas for the meetings of the Committee. An agenda, together with information/background materials, will be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee will be prepared to document all actions to the Committee's discharge of its responsibilities. The Committee will have a staff liaison designated to help it carry out its duties.

Duties and Responsibilities

The Investment Committee is charged with overseeing all investment-related matters and activities of the BWC. The Committee evaluates proposals requiring Board action and makes recommendations for consideration by the Board. The Committee shall:

1. Develop and recommend the strategic asset allocation and investment policy for the Funds and submit to the Board for approval. The Committee will periodically review the investment policy in light of any changes in actuarial variables, market conditions, etc. and make recommendations for any changes, as appropriate to the Board for approval. Assist the Board to assure that the investment policy is reviewed and approved at least annually, published, and copies are made available to interested parties.
2. Evaluate and recommend an outside investment consultant to assist the Investment Committee in its duties. Submit a contract with the recommended investment consultant to the Board for approval.
3. Review the annual report on the investment performance of the funds and the value of each investment class and submit to the Board for approval. Once approved, this report must be submitted to the Governor, the president and Minority Leader of the Senate, and the Speaker and Minority Leader of the House of Representatives.
4. Recommend investment counsel to the Board for engagement.
5. Recommend to the Board for approval the criteria and procedures for the selection of the Investment Managers and General Partners. Approve the final selection, funding and termination of all Investment Managers and General Partners.
6. Monitor implementation of the investment policy by the Administrator and the Chief Investment Officer. Review performance of the Chief Investment Officer and any investment consultants retained by the BWC to assure compliance with the investment policy and effective management of the Funds.
7. Develop and recommend rules on due diligence standards for employees of BWC to follow when investing in each asset class. Develop and recommend policies and procedures to review and monitor the performance and value of each asset class. Submit these recommendations to the Board for approval.
8. Monitor and review the investment performance of the Funds on a quarterly basis to determine achievement of objectives and compliance with this investment policy.
9. Recommend prohibited investments, on a prospective basis, the Committee finds to be contrary to the investment objectives of the Funds and submit to the Board for approval.
10. Recommend the opening and closing of each investment class and submit to the Board for approval.
11. Report all activities/recommendations to the Board following each meeting of the Investment Committee.
12. The Investment Committee will coordinate with other Board committees on items of common interest.
13. At least annually, this charter must be reviewed by the Investment Committee and any proposed changes submitted to the Governance Committee and to the Board for approval.

InvestmentCommitteeCharter.doc Draft 092607 Review & Approved 112107, Bob Smith, Chair Revised 012408
--



Governance Committee Calendar 2008

January	February
23rd - Governance Committee Meeting > Governance Guidelines <p style="text-align: right;">4:00 pm, Columbus, Level 2, Room 3</p>	25th - Governance Committee Meeting > Governance Guidelines > Framework for Administrator evaluation and Board input process > Board self-evaluation and feedback <p style="text-align: right;">3:30 pm, Cleveland Airport (exact location TBD)</p>
March	April
27th - Governance Committee Meeting > Framework for Administrator evaluation and Board input > Board self-evaluation and feedback <p style="text-align: right;">8:30 am and continue at 6:00 pm if necessary Columbus, Level 2 Room 3</p>	4th - Governance Committee Meeting > Framework for Administrator evaluation and Board input > Board self-evaluation and feedback <p style="text-align: right;">9:00 am, Columbus, Level 2, Room 3</p>
May	June
	25th - Governance Committee Meeting > Educational Schedule (both new member and continuing) <p style="text-align: right;">4:00 pm, Columbus, Level 2, Room 3</p>
July	August
	27th - Governance Committee Meeting > TBD <p style="text-align: right;">4:00 pm, Columbus, Level 2, Room 3</p>
September	October
24th - Governance Committee Meeting > TBD <p style="text-align: right;">4:00 pm, Columbus, Level 2, Room 3</p>	
November	December
19th - Governance Committee Meeting > TBD <p style="text-align: right;">4:00 pm, Columbus, Level 2, Room 3</p>	