

BWC Board of Directors

Governance Committee Agenda

April 24, 2008

William Green Building

Level 2, Room 3

8:30 am – 9:15 am

Call to Order

Alison Falls, Chair

Roll Call

Larry Rhodebeck, Scribe

Approve Minutes of March 27, 2008 meeting

Alison Falls, Chair

Discussion Items

1. Review draft purpose of the Ad Hoc Legal Affairs Committee
2. Calendar
 - Future Calendar Topics

Adjourn

Next Meeting: May 28, 2008 4:00 – 6:00 pm, William Green Building, L-2 Room 3

BWC Board of Directors
Governance Committee
Thurs., March 27, 2008, 8:30 A.M.
Ohio Center for Occupational Safety and Health
13430 Yarmouth Drive, Room B
Pickerington, OH 43147

Members Present: Alison Falls, Chair
Bill Lhota

Member Absent: Robert Smith

Call to order

Ms. Falls called the meeting to order at 8:30 a. m. and the roll call was taken. Also present were Workers' Compensation Board members Charles Bryan, Philip Fulton, Kenneth Haffey, James Hummel, James Matesich, and Larry Price.

Minutes of Feb. 25, 2008

Mr. Lhota moved that the minutes of February 25, 2008, be approved. Ms. Falls seconded and the minutes were approved by a unanimous voice vote.

Discussion items

Process and form for Administrator evaluation

Workers' Compensation Board directors present and discussing the Administrator evaluation included: Mr. Lhota, Ms. Falls, Mr. Matesich, Mr. Hummel, and Mr. Bryan only. Mr. Fulton, Mr. Haffey, and Mr. Price did not participate. Marsha Ryan, BWC Administrator, was present and participated.

Ms. Ryan reported that the performance evaluation consists of two parts: The first is the policy objectives critical to the agency and laid out in the Flexible Performance Agreement between Ms. Ryan and Governor Ted Strickland. The second part is a typical CEO evaluation with points drawn from several examples.

Mr. Bryan asked if there are any areas of staffing concern other than selection of the Chief Operating Officer and Chief Actuary. Ms. Ryan replied that BWC needs a Superintendent of Safety and Hygiene and a Superintendent of Research and Statistics; the Investment Division needs additional licensed professionals; and the Internal Audit Department needs personnel with auditing backgrounds. Ms. Ryan stated staffing issues were challenging considering the state's current budget situation.

Mr. Bryan noted that BWC lacked incentives in personnel compensation and asked what could be done to address that. Ms. Ryan replied that she is working to propose restructuring BWC differently from other agencies. For example, other state agencies are pushing to reduce executive staff, whereas BWC, in the area of investments, for example, may need more. Otherwise, BWC senior staff, middle managers, and bargaining unit employees receive somewhat higher levels of compensation than employees in other agencies. Changes in types of employees will require changes in dealings with the bargaining unit.

Mr. Matesich stated that the biggest challenge in rating the performance objectives is in evaluating several multi-year objectives when the Workers' Compensation Board has been seated less than one year. Ms. Ryan responded this is addressed by flexible Performance Agreement set forth on page 1 of the evaluation form.

Mr. Lhota commented that a rating system which enables numeric ranking with comments seems sufficient for the evaluation. Ms. Falls added that she is comfortable with the flexible performance agreement, but perhaps this section could benefit in the future with thought given to metrics. .

Mr. Bryan observed that with other insurance entities the board represents policy holders or stock holders. He asked who the Workers' Compensation Board represents. Ms. Ryan responded that for this evaluation, the Governor needs to know performance of the Administrator.

Mr. Lhota requested details of HB 100 on evaluation of Ms. Ryan. James Barnes, Chief Legal Counsel, advised that HB 100 is limited to directing the Workers' Compensation Board to meet with the Governor on an annual basis to discuss the performance of Ms. Ryan. The only topic of discussion is the duties of the Administrator.

Accordingly, Ms. Falls requested that a full copy of the Flexible Performance Agreement be distributed to the Workers' Compensation Board for the March 28 meeting; that Ms. Ryan also provide her report on progress to-date to the Workers' Compensation Board on accomplishments to date; and that the actual language of HB 100 on Workers' Compensation Board evaluation and details of the Administrator's duties shall be distributed. Ms. Ryan added that the Administrators' duties include many more than in HB 100.

Ms. Falls further reported that F. Ronald O'Keefe, Fiduciary Counsel would join the Workers' Compensation Board on Friday; the Workers' Compensation Board will review details of the evaluation form; and Mr. O'Keefe will have a presentation on his role as the compiler of the evaluations.

After some discussion regarding the form, its components and interpretation of the ratings, it was agreed to move forward to present the current format to the Board of Directors. In addition, it was noted that Administrator Ryan and the Board would meet in Executive session with an opportunity to provide additional information to the Directors as might be helpful in the evaluation process.

Calendar

Ms. Falls requested that in the future the calendar distributed with the meeting materials show a twelve months' schedule. The November and December meetings have many deadlines for the Workers' Compensation Governance Committee.

Ms. Falls reported there would be no meeting in April. The May meeting will include a discussion of a potential self-evaluation process of the Workers' Compensation Board.

Mr. Matesich asked about the progress of nominating the Workers' Compensation Board directors whose terms end this year. Ms. Ryan reported that Lt. Governor Lee Fisher is head of the nominating committee. There is currently a legal review of the requirements. Governor Strickland's office is unsure if current members who wish to remain on the Board are required to go through a renomination process. The Governor should be able to meet the June 13 deadline for nomination.

Mr. Lhota reported that item 7 of the Ethics Commission reporting form contained space to disclose participation as fiduciary or as participant in other businesses and associations. He requested that the March 28 Board agenda be amended to include a presentation on ethics disclosures. Assistant Attorney General John Williams and Mr. Barnes advised that an Ethics Commission opinion suggested that the Workers' Compensation Board create its own disclosure form to cover issues not included on the Ethics Commission form. Mr. Lhota suggested that an alternative might be to advise the Board to interpret the disclosure requirements of Section 7 in the broadest terms. It was agreed that the Governance Committee would request that Board members use a very broad interpretation and disclose all board memberships.

Mr. Matesich reported he had been advised by Mr. O'Keefe that it was not necessary to resign from the board of the Wholesale Beer and Wine Association of Ohio (WBWAO). When dealing with workers' compensation issues on the WBWAO board, he has been advised he should recuse himself. Mr. Matesich also reported he resigned from the board of the Ohio Association of Wholesaler-Distributors because it is an affiliate of The Ohio Council of Retail Merchants.

Adjournment

There was a motion by Mr. Lhota, second by Ms. Falls and adjournment by Ms. Falls.

Prepared by: Larry Rhodebeck, Staff Counsel
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April 3, 2008

BWC Board of Directors **Legal Affairs Sub-Committee**

Purpose: The Audit Committee may create Sub-committees. The Legal Affairs Subcommittee will assist the Audit Committee in dealing with specific law related issues. These issues could include current litigation, settlement negotiations, and preparation for future litigation that may be brought by or against the Bureau and/or the Board. The sole responsibility of the Committee is to work with Bureau legal staff and, as necessary, outside legal counsel and make recommendations to the Board based on their discussions.

Membership: The Audit Committee will determine the number of members of the Subcommittee. Subcommittee members must be members of the Board, but do not need to be members of the Audit Committee. The Chair is designated by the Board, based on the recommendation of the Board Chair. Members of the Legal Committee serve at the pleasure of the Board and the Board, by majority vote, may remove any member.

It is expected any Subcommittee may recommend its dissolution at such time as it considers its work completed.

