

**BWC Board of Directors  
Governance Committee**

**Weds., Jan. 23, 2008, 4:00 P.M.**

William Green Building  
The Neil Schultz Conference Center  
30 West Spring Street, 2nd Floor (Mezzanine)  
Columbus, Ohio 43215

Members Present: Alison Falls, Chair  
Bill Lhota  
Robert Smith

Members Absent: None

### **Call to Order**

Ms. Falls called the meeting to order at 4 p. m. and the roll call was taken. Also present were Workers' Compensation Board Directors Charles Bryan, Philip Fulton, James Matesich, and Larry Price.

### **Minutes of Nov. 16, 2007**

Mr. Lhota discussed a number of clarifications and edits to the minutes.

Ms. Falls requested that on page 6 there be added to the agenda item "Calendar" that she and Mr. Berno committed to present a calendar for 2008 for the Governance Committee. The calendar is included in the packet for today's meeting.

Mr. Smith moved that the minutes of November 16, 2007, be approved as amended. Mr. Lhota seconded and the amended minutes were approved by a unanimous voice vote.

### **New Business**

#### **Governance Guidelines**

Ms. Falls requested the article "Making Board Minutes Count" from the National Association of Corporate Directors (NACD) monthly magazine, be distributed to all board members .

Ms. Falls thanked Ann Shannon, BWC Legal Counsel, for drafting of the "Ohio Bureau of Workers' Compensation Board Governance Guidelines." Ms. Falls asked Ms. Shannon to review the Guidelines, and requested the Directors present to share their comments on its various sections.

Ms. Shannon first noted that the guidelines were written for reading by both Board members and an outside audience of readers.

There was a full and substantive discussion of the draft guidelines. Specifically, the committee members were satisfied that all the relevant provisions of HB 100 were addressed, issues discussed in the memo from the Board's fiduciary counsel, Ron O'Keefe, were included, communications process between the Board, BWC staff and the public were clear, concise and met the statutory requirements of public records retention, agenda development for Committee and Board meetings, functioning of the Board during meetings, and the detection, investigation and prevention of wrongdoing met the current best standards of corporate governance.

To conclude this portion of the meeting, Ms. Falls stated the draft of the governance guidelines will be shared with the Workers' Compensation Board of Directors on January 25; Mr. Price will revise provisions regarding the conduct of Workers' Compensation Board meetings; the revisions will incorporate the memo of Mr. O'Keefe. The Governance Committee will examine a revised draft at their February meeting. This revised draft will include all suggestions made during the January meeting, and recommendations of fiduciary counsel as the Committee feels appropriate.

## **Discussion Items**

### **Membership in the National Association of Corporate Directors (NACD)**

Ms. Falls offered information and asked for discussion about the benefits and cost for the Workers' Compensation Board to join the National Association of Corporate Directors (NACD).

Ms. Falls and Mr. Bryan reported that they are individual members of the NACD. He commented that NACD provides many valuable services, especially on the level of integrity which a board should meet. Mr. Smith stated he favored membership, but cautioned that the focus of NACD is corporate governance and that state pension and insurance funds should not be run like a business. Ms. Falls also noted the value of NACD's focus on best practices but observed that the NACD has few Ohio corporate board members. The information on the cost of joining as a Board vs. the cost of individual membership was discussed. The Committee asked that BWC explore providing an individual membership for Don Berno, Board Liaison.

## **Committee Charter Review**

Ms. Falls solicited input and discussion of any further, final changes to the Governance Committee charter.

Mr. Lhota questioned the rationale for including the Board Chair as a member of the Governance Committee. Ms. Falls stated it was added because the board chair is often the Governance Committee chair; the Governance Committee is a leadership function; and it keeps the chair "in the loop". Mr. Price endorsed the membership of the Board Chair on the Governance Committee.

Mr. Matesich asked why the Chief Audit Officer is selected by the Audit Committee, whereas there are different provisions in other charters regarding senior management. Mr. Smith replied this provision comes from HB 100. Ms. Shannon further reported that the Ohio Revised Code provides different roles for the Workers' Compensation Board in hiring and termination of specific members of senior management.

Mr. Lhota moved that the Governance Committee recommend to the Workers' Compensation Board that it approve the Governance Committee charter as amended. Mr. Smith seconded and the motion was approved by a unanimous voice vote.

Mr. Lhota recommended that voting procedures in other charters be changed so that the Chair of the Workers' Compensation Board vote does not create a tie. The language states: "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".

## **Calendar**

Ms. Falls reported that the next meeting would be February 25 in Cleveland. Agenda topics will include the process and form for the Administrator's evaluation, the questionnaire for the Board self-assessment, and a review of a revised draft of the Governance Guidelines, which will include comments made by the Committee members, other Board members as well as Fiduciary Counsel.

## **Adjournment**

There was a motion by Mr. Smith, second by Mr. Lhota, and the meeting was adjourned by Ms. Falls at 6:30 pm.

Prepared by: Larry Rhodebeck, Staff Counsel  
H:\Word\ldr\WCB Govrnc 0108.doc  
February 6, 2008