

**BWC Board of Directors
Governance Committee**

Mon., Feb. 25, 2008
Sheraton Hotel
5300 Riverside Dr.
Cleveland, OH 44135

Members Present: Alison Falls, Chair
Bill Lhota
Robert Smith

Other Board Members Present: Kenneth Haffey

Other Attendees: Ron O'Keefe, John Williams

Call to order

Ms. Falls called the meeting to order at 3:30 P.M. The agenda for the meeting was reviewed, and there were no changes to the agenda. Ms. Falls indicated that if time permitted, she would like to open the floor to discussion of additional topics.

Minutes of the Jan 23, 2008 Meeting

The minutes of the January 23, 2008 meeting were briefly discussed. Mr. Lhota pointed out that the minutes indicated "NACB" in three to four places where the minutes should have reflected "NACD." Ms. Falls indicated that she found some typos that she would provide to Don Berno, Board Liaison, for correction. With these amendments, Mr. Lhota moved for approval of the minutes from the January 23, 2008 meeting. Mr. Smith seconded, and the minutes were approved by a unanimous vote.

New business/Action items

**Review and adoption of Ohio Bureau of Workers' Compensation Board
Governance Guidelines**

The members of the Governance Committee thanked Ann Shannon, BWC Legal Counsel, Ron O'Keefe, Board Fiduciary Counsel and Mr. Berno for their exceptional work in assisting the Committee in the creation of these guidelines.

The Committee reviewed the draft Governance Guidelines. The discussion was thorough, with a review of every section with respect to intent, specific language as well as format & typos. Their changes as approved for the Board consideration are attached as Appendix A, and are incorporated by reference.

The Committee discussion was intended to insure that the Guidelines reflected the legislation governing the BWC (especially those that addressed the Board's responsibilities), that the Board oversight process guidelines were clear and precise, and that the Committee and Board processes

for establishing agendas and conducting their meetings would, to the extent possible, meet the high standards of current corporate governance practice.

The Committee also requested staff to correct typographical errors and make format changes.

A motion was made by Mr. Smith to recommend the Ohio Bureau of Workers' Compensation Board Governance Guidelines, with changes noted above and as indicated in Appendix A, for approval by the Board of Directors. The motion was seconded by Mr. Lhota, and the motion passed by unanimous vote.

Administrator's evaluation process and timing

The discussion focused on the February 27, 2008 memorandum from Ms. Falls to the BWC Governance Committee. The memorandum outlines a proposed process and timing for the Administrator's performance evaluation. Ms. Falls noted that HB 100 requires that the Board meet annually with the Governor to review the Administrator's performance.

The changes to the document are indicated in Appendix B and are incorporated by reference. The Committee agreed that the role of the Governance Committee is to design a process that provides for input from all Board members regarding the Administrator's performance.

Mr. Smith said he thought the framework of the underlying evaluation process was very goal oriented, not personal. He was pleased that the evaluation reflected the Flexible Performance Agreement between Administrator Ryan and Governor Strickland. Mr. Smith also noted the structure of the evaluation process will provide an understanding of how individual Board members approach evaluations. This structure makes the evaluation richer. Mr. Smith indicated the evaluation form had no explanation of the rating scale.

Ms. Falls stated some Board member(s) have been restricted in their ability to participate in the Administrator's evaluation in recent ethics opinions. She emphasized the process must insure that these opinions from the Ethics Commission are followed. Mr. O'Keefe confirmed he would be able to provide advice to Board members in light of these recent opinions.

The Committee focused on several issues: the process to request Board input, either formal or informal, the compilation of input, either verbal or in writing, and the steps that would be completed after the input for the Administrator's evaluation was received. The Committee agreed that Mr. O'Keefe would play a key role to advise the Board on the process and then facilitate the compilation of the forms, rather than summarize the responses. This compilation would be provided directly to the Board Chair. The Board Chair would then lead the discussion with the Board of the Administrator's evaluation, solicit additional input and finalize. The Board would discuss the evaluation with the Administrator, and then the Board would meet with the Governor. Ms. Falls inquired as to whether or not an Executive Session could be held to review the performance evaluation with the Administrator. Mr. Williams indicated that it was his legal opinion that an Executive Session could be held, as the issue was a personnel matter. Mr. Lhota moved that this evaluation process as outlined in Ms. Fall's memorandum, as amended above, be recommended to the Board of Directors for approval. Mr. Smith seconded the motion, and the motion passed by a unanimous vote.

Administrator Ryan noted the Board is scheduled to meet with Governor Strickland to discuss the evaluation on Wednesday, May 28th between 1:00 P.M. and 2:30 P.M., which is the Wednesday before a scheduled Board of Directors meeting.

After brief discussion regarding the Board of Directors Governance Committee calendar, Mr. Smith moved to schedule the May Board of Directors Governance Committee meeting for Wednesday, May 28th at 4:00 P.M., and the scheduled April meeting of the Board of Directors Governance Committee would be cancelled. Ms. Falls seconded this motion, and the motion passed by a unanimous vote.

BWC Board of Directors Administrator's Evaluation (Form)

A discussion commenced as to the BWC Board of Directors Administrator's Evaluation form, led by Ms. Falls. Ms. Falls noted that the form was created by Administrator Ryan, with the exception of the last two questions added at Ms. Fall's suggestion.

Mr. Smith began the discussion by stating he generally liked the form, and the last two questions suggested by Ms. Falls were good in that they asked for Board members' specific input on priorities. Mr. Lhota also agreed with the general format of the form.

Ms. Falls noted that there were no words associated with the scales used on the form, and asked for discussion on the merits to add qualitative wording to the numerical ratings, e.g. "5 – Superior, 4 – Exceeds, 3 – Acceptable, 2 – Needs Improvement, and 1 – Unacceptable." Mr. Smith and Mr. Lhota compared their private practice use of evaluation forms. Mr. Smith noted his firm used a four point scale, but conceded that the public may not accept the scale because a "2" rating meant acceptable. Mr. Lhota's firm used a similar five point scale.

Ms. Falls noted some typographical changes to the form. Staff will make the necessary corrections.

Finally, Ms. Falls indicated that there was an issue as to whether or not to have a signature line for the Board member completing the evaluation form to sign. At this juncture, it was decided the signature line will remain, and the decision of whether or not to retain the signature line will remain at the Board of Directors' discretion.

The Evaluation Form, as amended was approved for consideration by the Board.

Discussion items

At 4:57 P.M., Ms. Falls wished to discuss two items: a Board of Directors Self Assessment Form, and the Board of Directors Governance Committee's calendar. The Committee concurred.

Board of Directors Self Assessment Form

Ms. Falls distributed a draft of the Board of Directors' Self Assessment Form to the members, and a discussion commenced on the form.

Ms. Falls stated the form was a process oriented form. Mr. Smith supported the form's concept, indicating that it established the same standards as that to which the Administrator and the organization must adhere.

Mr. Smith remarked on the scales used on the form, specifically: whether a 3, 4, or 5 scale would be appropriate, and whether the scales should be condensed into one scale for each question. Mr. Lhota believed the form was an excellent draft, stating the form goes directly to what the Board is trying to accomplish. Ms. Falls stated there should be consistency between this form and with the BWC Board of Directors Administrator's Evaluation form.

Mr. Lhota discussed the timing of the form, as the other Directors may not be aware of it. Mr. O'Keefe recommended that the self assessment not be completed until after the Administrator's evaluation completed. Administrator Ryan remarked that the July/August time frame will mark the one year anniversary of the Board of Directors.

Ms. Falls indicated that further discussion of this form would be added to a future Board of Directors Governance Committee agenda.

Calendar

Ms. Falls proceeded to discuss the Governance Committee's calendar. She noted that March is the initiation of the Administrator's evaluation process, and in May, it was now the intent to reinstate a discussion of a potential Board of Director's Self Assessment process. June/August involves the Board's Education Program, and in November, there is an annual review of the Committee Charters scheduled.

Ms. Falls addressed the members, as well as the Administrator and legal counsel as to anything else they could foresee on the calendar. Administrator Ryan noted to Ms. Falls that three appointments/reappointments to the Board of Directors will be done in June. Thus, a new appointment may appear at the June meeting, which does involve the Board Education Program and Committee assignments. Administrator Ryan also indicated she would work with the Workers' Compensation Council to coordinate the Board Education Program with them.

Mr. Williams made some brief statements regarding the Worker's Compensation Council and how it was created.

Mr. Lhota mentioned that the ethics filings by Board members are due on April 15th. Mr. Lhota discussed the ethics opinion from the Ohio Ethics Commission related to some of the Board members, and Mr. Lhota indicated his own potential conflict had been resolved. Ms. Falls requested that the Ohio Workers' Compensation Board Governance Guidelines should have an amendment mentioned regarding annual ethics training and internal review of Board conflicts of interest.

Adjournment

Mr. Lhota moved for an adjournment of the meeting and the motion was seconded by Mr. Smith. There was a unanimous vote to adjourn at 5:22 P.M..

Prepared by: Michael J. Sourek, BWC Staff Counsel
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