

**BWC Board of Directors
Governance Committee
Thursday, June 25, 2008, 4:00 P.M.
William Green Building
Neil Schultz Conference Center
30 W. Spring St., 2nd Floor (Mezzanine)
Columbus, OH 43215**

Members Present: Alison Falls, Chair
Bill Lhota
Robert Smith

Member Absent: None

Other Directors Present: Charles Bryan, David Caldwell, Philip Fulton, James Harris,
James Hummel, and James Matesich.

Counsel Present: John Williams, Assistant Attorney General

CALL TO ORDER

Ms. Falls called the meeting to order at 4 p. m. and the roll call was taken.

MINUTES OF MAY 28, 2008

Ms. Falls requested that the minutes be corrected for proper capitalization in subject headings. Mr. Lhota moved that the minutes of May 28, 2008, be approved as amended. Mr. Smith seconded and the amended minutes were approved by a unanimous voice vote.

NEW BUSINESS/ACTION ITEMS

BOARD SELF-ASSESSMENT PROCESS

Ms. Falls highlighted the key points in the June 18th memo to the Governance Committee regarding the self-assessment process. of the Workers' Compensation Board. First, she has been advised by Mr. Williams that the Board may review the assessment in executive session. James Barnes, BWC Chief Legal Officer, has concurred in this opinion. Second, the Workers' Compensation Board will use Mr. O'Keefe, Fiduciary Counsel to compile the assessment responses. Third, Mr. O'Keefe endorsed the time-line: compile the assessment by July 18, review the results by

the Governance Committee in executive session on July 24, and review by the Workers' Compensation Board in executive session on July 25.

Ms. Falls indicated that if the Committee decided to proceed with the schedule the Governance Committee would add a new meeting on July 24 from 9:30 to 11:30 a.m. to discuss the self-assessment. Mr. O'Keefe will likely participate by phone, but would be available to meet with the Committee, at its discretion. Ms. Falls noted one edit to the self-assessment form suggested by Mr. Lhota that the term "financial position" replace the term "overall health."

Mr. Smith moved that the Governance Committee recommend to the Workers' Compensation Board the process and form for self-assessment as presented today. Mr. Lhota seconded and the motion was approved by unanimous roll call vote.

REVIEW COMMITTEE ASSIGNMENTS

Ms. Falls reviewed the role of the Governance Committee in the role of committee assignments. Per the Committee Charter, "The Committee shall make recommendations for Board Vice-chair, committee chairs and committee members for the Chair's consideration and the Board's approval."

The Committee discussed several recommendations, as follows – recommend Mr. Harris and Mr. Matesich be added to the Audit Committee, Mr. Caldwell be added to the Actuarial Committee in place of Mr. Harris, and Mr. Price and Mr. Hummel added to the Governance Committee, with Mr. Price serving as vice-chair of the Governance Committee. There are no changes to the membership of the Investment Committee.

There was a general discussion of the general composition of the committees and some specific requirements of HB 100. No motion is needed, and the recommendation for the new committee assignments has been made to Mr. Lhota. A document with the new committee assignments was distributed by Mr. Lhota at the June 25 Board meeting, and is included by reference in these minutes.

REVIEW MANDATED BOARD REPORTS AND COMMITTEE OVERSIGHT RESPONSIBILITIES

Ms. Falls presented the Schedule of Mandatory Reports of the Workers' Compensation Board, as prepared by BWC staff. The schedule lists the reports, the responsible committees, and the date due for each. She inquired as to when the annual report and the Safety and Hygiene report is due. Marsha Ryan, BWC Administrator, replied that the annual report is compiled by September 1 and submitted in October. and that the Safety and Hygiene report was part of the annual report. Committee oversight responsibilities were added for these reports.

Mr. Bryan asked for the distinction between the Board's annual actuarial report and the yearly actuarial audit of the Administrator. Ann Shannon, Legal Counsel, replied that BWC is construing the requirement as the same report, but the issue will be subject to discussion by the Actuarial Committee on June 26.

Mr. Smith moved that the Governance Committee recommend to the Workers' Compensation Board that it adopt the Schedule of Mandatory Reports presented as amended by the discussion, with the understanding that the respective committees would determine the appropriate due dates for the reports. . Mr. Lhota seconded and the motion was approved by unanimous roll call vote.

DISCUSSION ITEMS

REVIEW BOARD EDUCATION PROGRAM AND BEGIN FY2009 CURRICULUM PLANNING

Ms. Ryan stated that HB 100 requires the Workers' Compensation Council (WCC) to approve the educational program of the Workers' Compensation Board. Ms. Falls asked if the approval is retroactive or prospective. Ms. Ryan provided materials reflecting the Board's education effort to date to WCC. In addition, Ms. Shannon indicated the WCC may wish to review the education program periodically. Ms. Falls stated that the Governance Committee calendar should include an annual review of the coming year's schedule of education.

Ms. Falls solicited suggestions for educational sessions. Mr. Lhota requested annual ethics training by David Freel, Executive Director, Ohio Ethics Commission. Mr. Smith suggested several sessions on investments, and consideration of inviting outside experts to make presentations. Mr. Fulton added he would not object to an additional meeting which was devoted to injured worker compensation and benefits. Ms. Falls stated she envisions six meetings of the Governance Committee per year on the same day as the other committee meetings and that in other months the time would be taken up with education sessions. Ms. Falls indicated she would consult with Mr. Berno and they would propose a schedule for the 2008/2009 education sessions for the next committee meeting.

ADMINISTRATOR EVALUATION PROCESS AND MODIFICATIONS

Ms. Falls solicited comments and requested ideas for changes for future administrator evaluations. Mr. Lhota commended the Workers' Compensation Board for the presentation and full participation before Governor Strickland.

Mr. Hummel inquired as to the feed-back from the Governor. Ms. Ryan reported that he felt the meeting was great and uplifting. The only media coverage was from Gongwer's Ohio Report and the Hannah Report. Mrs. Strickland asked Ms. Ryan to summarize the meeting for the Cabinet meeting. There have been several commendations from BWC staff as well.

CALENDAR

Ms. Falls asked the Administrator for a status on her recommendation to the Board on the Administrator's goals for 2009. Ms. Ryan replied that she intended to have the 2009 objectives

ready for review at either the July or August meetings. Ms. Ryan also indicated that the Deloitte report would provide a blueprint for key issues to be addressed over the coming year.

The first draft of the education calendar will be submitted in July for the Board's consideration and subsequent submission to the Workers' Compensation Board. Mr. Hummel asked when the Workers' Compensation Board will know their meeting schedule for next year. Mr. Lhota stated it will be discussed at the June 27, 2008 board meeting and will involve comments from directors. Mr. Berno reported on requests for changes of meeting dates for 2009.

ADJOURNMENT

There was a motion by Mr. Lhota, second by Mr. Smith and adjournment by Ms. Falls at 5:30 pm.

Prepared by: Larry Rhodebeck, Staff Counsel
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June 30, 2008