

BWC Board of Directors

BOARD MEETING

Friday, June 19, 2009, 8:00 A.M.

William Green Building

30 West Spring St. 2nd Floor (Mezzanine)

Columbus, Ohio 43215

MEMBERS PRESENT: William Lhota, Chair
Charles Bryan
David Caldwell
Alison Falls
Ken Haffey
James Harris
James Hummel
Jim Matesich
Thomas Pitts
Larry Price
Robert Smith

Members Absent: None

Counsel Present: John Williams, Assistant Attorney General

CALL TO ORDER

Mr. Lhota called the meeting to order at 8:00 a.m. and the roll call was taken. Mr. Lhota reported that all members were present and that the Workers' Compensation Board had a quorum.

MINUTES OF MAY 29, 2009

Mr. Pitts requested that the minutes for May 29, 2009, be amended to reflect that he had excused himself from the executive session while the Workers' Compensation Board conducted the evaluation of Administrator Marsha Ryan.

Mr. Lhota requested that first "\$" on page 7, paragraph 1 be changed to "%." He also requested that page 9, paragraph 2, be changed to read "the fiscal year 2009 budget is \$28 million . . ." Finally, he requested that paragraph 5 be revised to read ". . . a \$22 million positive different in the 2010 budget would be returned to employers through changes in premium rates . . ."

Mr. Haffey moved to approve the May 29, 2009, minutes as amended. Mr. Matesich seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

AGENDA

Mr. Lhota amended the agenda to undertake the committee membership recommendations before the committee reports. The Workers' Compensation Board self assessment approval will follow the executive session. A break will be inserted at an appropriate point. He reported that executive session would be on legal and employment issues and predicted a vote on the self-assessment process and the administrator's evaluation after the executive session had concluded.

Mr. Pitts moved to adopt the agenda as amended. Mr. Caldwell seconded and the agenda was adopted by a roll call vote of eleven ayes and no nays.

ADMINISTRATION OF OATH OF OFFICE

Mr. Lhota administered the oath of office to four directors who were re-appointed for a three year term to the Workers' Compensation Board by Governor Strickland: Mr. Caldwell, Mr. Smith, Mr. Haffey, and Mr. Matesich.

COMMITTEE MEMBERSHIP

Mr. Lhota reported that the Governance Committee met on June 18 and reviewed committee assignments for the year. He reported he fully supported the recommendations.

Mr. Lhota moved to approve the assignments to the Workers' Compensation Board committees as approved by the Governance Committee. Ms. Falls seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

COMMITTEE REPORTS

GOVERNANCE COMMITTEE

Mr. Price reported that he had chaired the June 18 meeting of the Governance Committee in place of Ms. Falls. The Governance Committee approved the

Administrator's objectives for FY 2010. The Governance Committee agreed on the progress and achievements of the Workers' Compensation Board and BWC.

Ms. Falls moved that the Bureau of Workers' Compensation Board of Directors accept the Administrator's Goals for FY 2010 as presented to the Governance Committee meeting of June 18, 2009. Mr. Bryan seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Ms. Falls moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendation to amend rule 4123-6-08 of the Administrative Code, Bureau Fee Schedule, to adopt the provider fee schedule effective September 21, 2009. The motion consents to the Administrator amending Rule 4123-6-08 and enacting Appendix A to the Rule as presented at the Governance Committee. Mr. Pitts seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Ms. Falls moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations on the five year rule review of Chapter 4123-14 of the Administrative Code, the Non Complying Employer Rules. The motion consents to the Administrator amending five rules, rescinding one rule and adopting one rule of the non complying employer rules of Chapter 4123-14, as presented at the Governance Committee. Mr. Hummel seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Price also reported there was a discussion of the Board's self-assessment in executive session. Fiduciary counsel Ron O'Keefe will be assisting the Board in the compilation of this material. Prior to going into executive session, the Governance Committee voted on approval of committee assignments to be forwarded to the Board Chair.

ACTUARIAL COMMITTEE

Mr. Bryan reported that the Actuarial Committee had voted to recommend that the board approve the Administrative Cost Fund (ACF) rates for July 1, 2009. The rates are slightly higher because of reduction in the premium base.

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations to amend Rule 4123-17-36 of the Administrative Code, Administrative Cost Fund Assessments. The motion consents to the Administrator amending the rule as presented at the Actuarial Committee. Mr. Caldwell seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan reported that the issue of self-insuring employer assessments was more complex. BWC must maintain a balance in the Self-Insuring employer's Guaranty Fund of 1.25 of one year's expenditures. The Safety and Hygiene assessment and program was discussed at length. In the end, the Actuarial Committee approved an overall assessment rate of .3199 of paid compensation. The biggest unknown is the effect of insolvency by the auto industry. BWC deems the balance in the Guaranty Fund of \$45 million to be adequate, but does not include the auto industry. It has been estimated that if General Motors were to default, the Guaranty Fund could absorb an additional \$10 million of payments and still have sufficient funds to meet the statutorily required balance. Also, the Common Sense Business Rule form for self-insured assessments was revised to indicate discussions staff held with stakeholders and is included in the board materials today.

Mr. Matesich asked if self-insurers are making timely payment of their assessments. Tracy Valentino, Chief of Fiscal and Planning, responded that self-insurers were not running behind in making their payments to BWC.

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations to amend Rule 4123-17-32 of the Administrative Code, Self Insuring Employer Assessments. The motion consents to the Administrator amending the rule as presented at the Actuarial Committee. Mr. Matesich seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan reported that the Actuarial Committee voted to recommend that the board approve a revised credibility table for Public Employer Taxing Districts. This is the same table approved for July 1, 2009, for private employers and includes a 77% maximum credibility.

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations to amend Rule 4123-17-33.1 of the Administrative Code, Public Employer Taxing District Credibility Table Used for Experience Rating. The motion consents to the amendment of Rule 4123-17-33.1 as presented at the Actuarial Committee. Mr. Hummel seconded and the motion was approved by a roll vote of eleven ayes and no nays.

Mr. Bryan reported that the Actuarial Committee had voted to recommend that the board approve a deductible plan table for public employers. On a per claim basis, employers may deduct from \$500 to \$10,000. The table was priced by BWC staff with the assistance of Oliver Wyman Consulting. The loss elimination ratio approach was used. Mr. Bryan noted that the table will need to be analyzed and adjusted regularly based on actual experience. He stated this program could increase the emphasis on safety and hence reduce claims.

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations to amend Rule 4123-17-72, Deductible Rule. The motion consents to the Administrator amending the rule as presented by the Actuarial Committee. Mr. Pitts seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan reported that the Actuarial Committee had voted to recommend that the board approve modifications to the group retrospective rating plan. The original rules deferred refunds to the third year. As revised, the amended rule would also permit deferral of assessments to the third year.

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations to amend Rule 4123-17-73 of the Administrative Code, Group Retrospective Rating Program. The motion consents to the Administrator amending the rule as presented at the Actuarial Committee. Mr. Caldwell seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan also reported on the Request for Proposal (RFP) on the new actuarial consultant. The consultant provides services in three areas: pricing, reserving, and special projects. Mr. Hummel and BWC staff served on the RFP selection committee. In the past, Oliver Wyman has served as consultant and performed excellently. The selection committee unanimously recommended Deloitte Consulting LLP be approved by the Actuarial Committee and the Board as the new consultant.

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors accept the recommendation of the Actuarial Committee to approve Deloitte Consulting as the Bureau's actuarial consultant for the reasons set forth in the Actuarial Consultant RFP Report prepared by the BWC Actuarial Division dated June 18, 2009, and upon such terms as are outlined in the Response to the Request for Proposals issued February 27, 2009, and such other terms as are favorable to the Bureau. Mr. Hummel seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan further reported that there will be a three-month overlap in services between Oliver Wyman and Deloitte. He thanked Oliver Wyman for its many years of excellent service.

Mr. Bryan reported that the Actuarial Committee voted to recommend approval of an amendment to Ohio Administrative Code Rule 4123-17-70 regarding the ten-step business plan, effective July 1, 2009. The amendment permits sponsors that are certified for the ten-step business plan to assist the employers affected by the experience rating cap in meeting the requirements of the ten-step plan..

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations to amend Rule 4123-17-70 of the Administrative Code, Ten Step Business Plan for Safety. The motion consents to the Administrator amending the rule as presented at the Actuarial Committee. Mr. Caldwell seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan reported that the Actuarial Committee had acted on a recommendation to change the date for the group retrospective rating plan. The original deadline was June 26, but stakeholders have urged moving it to July 31 to allow additional participants to apply to the program.

Mr. Bryan moved that the Bureau of Workers' Compensation Board of Directors approve the Administrator's recommendations to amend Rule 4123-17-73 of the Administrative Code, Group Retrospective Rating Program. The motion consents to the Administrator amending the rule as presented at the Actuarial Committee. Mr. Matesich seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Bryan reported that the Actuarial Committee had received the quarterly reserve reported from Oliver Wyman as of June 30, 2009. The report reflects the change of the discount rate from 5% to 4.5%. The impact of the change alone would be an increase of \$900 million in the State Insurance Fund liability. The analysis shows that this figure will be offset by favorable development due, in part, to lower than expected medical inflation in very recent years. The Actuarial Committee will receive a final report in August and roll that report into the audited financial statements for fiscal year 2009.

At hearings on the BWC budget bill, HB15, construction contractors reported they were disadvantaged by having experience rating of more than 1.00. Accordingly, BWC submitted a compromise provision which BWC will report experience ratings for contractors at 0.99 with an asterisk. Nevertheless, BWC will collect premiums at the correct rate and there will be no affect on revenue.

BWC will undertake a comparison of rate levels with other states. The report is due in autumn meetings. Another report on benefit levels will be prepared.

Mr. Pitts emphasized a portion of the Oliver Wyman report on lump sum settlements. The aggressive lump sum settlement program of 2007 and 2008 has not resulted in a material decline in the tail of claims. The recent audit of the lump sum settlement program has resulted in procedural changes and the Oliver Wyman report should be kept in mind.

AUDIT COMMITTEE

Mr. Haffey reported that the Audit Committee had not considered any action items. The Audit Committee did, however, receive three presentations. Caren Murdock, Chief of Internal Audit, led a discussion of the 2010 Internal Audit Division (IAD) plan. It included audit schedules and reviewed projects with 500 to 600 hours in five or six areas. A second discussion was held with Tracy Valentino, Chief, Fiscal and Planning, and Don Berno, Board Liaison, on the establishment of a net asset policy. This was a continuation of a discussion from May looking at guidelines and ranges for net assets. The setting of the net asset target would also include ratios such as a funding ratio and a leverage ratio. Before the July meeting, there will be additional discussions with the Chairs of the Investment and Actuarial Committees and BWC staff.

Third was a report from Ms. Murdock on the IAD organizational move to the Office of Budget and Management, commencing July 2. IAD will need to complete open audits. Recently, five were completed within the past week and five more remain in process. BWC will be in good shape in 2010 for its audit plan. Today is the last day for the two IT auditors, who will report next week to work for Joe Bell, Director, Office of Budget & Management. Ms. Murdock and Mr. Berno will be attending the July Ohio Audit meeting as BWC representatives. Finally, the Audit Committee held an executive session to receive the quarterly litigation update.

INVESTMENT COMMITTEE

Mr. Smith reported that for the month to date, the net assets of the Bureau had increased by \$45 million, or 0.3% from the estimated portfolio market value appreciation. The net assets of the Bureau is currently estimated at \$1.938 billion. The asset allocation is 77% in bonds, 20% in equities, and 2.8% in cash. As of the end of May, there had been a fiscal year to date total portfolio return of -2.9%. The committee had a discussion on the asset allocation and a presentation on the use of derivatives as appropriate investment tools. Many questions about risk were asked by the Committee members and other Directors present. By the end of the presentation, the Committee decided to recommend the appropriate use of derivatives.

Mr. Smith moved that the Bureau of Workers' Compensation Board of Directors adopt the recommendation of the Investment Committee that the Board authorize the BWC Investment Division staff to implement the second priority transition mandate of the 21st Century Transition Strategy Option for the State Insurance Fund, commencing August 2009, as that mandate is outlined in the Memorandum of the Chief Investment Officer dated June 12, 2009, and supported by the Memorandum of Mercer Investment Consulting, Inc., dated June 16, 2009. Mr.

Harris seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Smith moved that the Bureau of Workers' Compensation Board of Directors adopt the recommendation of the Investment Committee that the Board amend current Section IV.C.vi of the Statement of Investment Policy and Guidelines ("IPS") to permit investment transition managers to utilize both forward currency contracts and exchange traded funds, and further, amend current Section IV.C.viii of the IPS to permit the selling of futures contracts for risk control purposes, for the reasons set forth in the Memorandum of the Chief Investment Officer dated June 12, 2009, and in the Memorandum of Mercer Investment Consulting, Inc., dated June 11, 2009. The changes resulting from these amendments are shown in the red-lined version of the IPS language and will be incorporated into the minutes of this meeting of the Board of Directors. Mr. Harris seconded the motion.

Mr. Berno distributed a corrected version of the motion to change citations from those in the Investment Committee motion of June 18.

Mr. Price moved to amend the motion of Mr. Smith to insert "Section IV.C.vii (2)" in place of "Section IV.C.vi" and insert "Section IV.C.ix (a)" in place of "Section IV.C.viii." Mr. Bryan seconded and the amendment was approved by a unanimous roll call vote of eleven ayes and no nays.

Mr. Bryan asked if BWC owned the assets on which the derivatives are based. Mr. Smith replied affirmatively and that BWC would need until October or November to make the change in assets without the use of derivatives. However, using forward contracts will expedite the process. The use of derivatives is appropriate and prudent for this process. These derivatives carry the same risk as the assets themselves.

Mr. Bryan asked if BWC staff understand that BWC cannot use derivatives for any other purpose. Mr. Smith confirmed BWC staff understood that.

The motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Smith moved that the Bureau of Workers' Compensation Board of Directors adopt the recommendation of the Investment Committee that the Board approve the new management fee schedules for each of the two split long duration fixed income indexed portfolios for the State Insurance Fund proposed by State Street Global Advisors and Barclays Global Investors, for the reasons set forth in the Memorandum of the Chief Investment Officer dated June 12, 2009. Mr. Pitts seconded and the motion was approved by a roll call vote of eleven ayes and no nays.

Mr. Price commented that he appreciated the insights that Ms. Falls provides during the meetings, and regretted that she was not able to attend this month. He

thanked Bruce Dunn, Chief Investment Officer, and Lee Damsel, Director of Investments, for their work in explaining the proposal. Although he continues to have some concerns about this practice, he did ultimately vote in support of the proposal at the Investment Committee. He understands and expects that BWC investment staff will undertake daily monitoring of derivatives when they are used, and expects that this practice will be watched closely.

Mr. Harris seconded those comments and stated that he had voted for the proposal at the Investment Committee with reservations. He now had more assurance from staff and Mercer and was more comfortable with using derivatives.

Mr. Bryan urged BWC to consider the practical issues of using derivatives, because the stakeholders may not understand their use. BWC will need to educate its stakeholders regarding the real nature of the risk to using derivatives. He stressed that it is important to communicate that we are reducing risk because we know how to use derivatives.

Mr. Smith stated that derivatives are designed to maintain the same levels of risks the Investment Policy has already adopted as acceptable.

Mr. Caldwell gave credit to staff, Mercer, as well as fellow Board members Bob Smith and Alison Falls in educating him on derivatives. Had he been asked two years ago to approve the use of derivatives, he would not have done so. But now he is comfortable supporting their appropriate use.

Mr. Lhota stated that if the Workers' Compensation Board members received any further questions from outside constituents regarding BWC's use of derivatives, they were to refer them to the Administrator, staff, or Investment Division.

MONTHLY ENTERPRISE REPORT

Ms. Valentino provided the monthly enterprise report. She apologized for not providing it to the Board at an earlier date. Mr. Lhota acknowledged this meeting schedule made an earlier delivery all but impossible. Premium and assessment income was \$176 million, with net operating revenue of \$184 million after reducing the provision for uncollectible accounts receivable by \$8 million. Benefits and compensation adjustment expenses were \$180 million, with total operating expenses of \$189 million. The market values of the portfolio increased by \$283 million and BWC received interest and dividend income of \$72 million. The net investment income was \$355 million after investment expenses. The premium payments from Public Employer Taxing Districts and the second installment of the 50/50 program by private employers contributed receipts of \$338 million, with collections being \$68 million more than projected.

The second premium payment from public employers is due in September. After the first payment, eighty-eight public employers were lapsed, consisting mostly of village, townships, and charter schools. The unpaid amounts were certified to the Attorney General for collection and subjecting them to remedies as non-complying employers. Of private employers, 1,400 were lapsed in May for failing to make the second 50/50 payment, which is not a large number.

BWC net assets decreased by \$610 million, for a balance of \$1.9 billion as of May 31. The change included the impact of bankruptcies by self-insuring employers. Operating revenues for fiscal year-to-date 2009 are almost \$2 billion, a decrease of \$23 million compared to fiscal year 2008. Benefit and compensation adjustment expenses are \$329 million or 14% less than projected due to lower than projected disbursements for claims and claims adjustment expense. BWC will use the Oliver Wyman reserve reported in June results. Fiscal year-to-date premium collections are \$68 million less than the prior fiscal year and are \$74 million more than projected. Moving the due date for the second 50/50 installment from May 1 to June 1 contributed to the decline in premium collections. A total of \$185 million has been redeemed from investment managers in fiscal year 2009 to meet operating cash flow needs. Last year, \$155 million was redeemed.

Ms. Valentino reported that BWC will monitor costs closely following the guidelines of Governor Strickland for equipment purchases. New employees will be hired only when needed. The first report on the fiscal year 2010 budget will be due in August and will reflect reduced revenue. The statement of cash flows comparing May fiscal year 2008 with fiscal year 2009 reflects changes in the 50/50 payments. The net leverage ratio is projected to be a 6.4 average, showing investment revenues will be needed to meet operating expenses.

Mr. Bryan asked if the reserve level for the June 18 Oliver Wyman report was being used. Ms. Valentino replied that BWC will use the report it has in financial statements. If Oliver Wyman gives a different report later, BWC will use it as part of the financial audit.

Mr. Bryan stated that in a private enterprise, the Actuarial Committee would set the reserve, not the Audit Committee. Mr. Haffey replied that he agreed and that the two committees should discuss the audit reserve. Mr. Bryan added that the process should be that the Actuarial Committee sets the reserve, which then goes into the financial statements; afterwards, it receives the approval of the Audit Committee. Ms. Valentino added that the Oliver Wyman report will be available in August for approval by the Actuarial Committee. BWC currently books the existing report. The external auditors will look at the reserve report in August. Mr. Bryan added that the Oliver Wyman report will be an action item at the August meeting.

Mr. Pedrick stated that in the two past years, the Administrator recommended the reserve in the financial statements without approval of the Workers'

Compensation Board. Mr. Pedrick asked if this decision is at the discretion of the Administrator with the consent and advice of the Workers' Compensation Board or does setting the reserve require approval of the Workers' Compensation Board? Ms. Falls responded that because the reserve is so critical to the fiduciary duties of the Workers' Compensation Board, advice and consent is needed. Ms. Ryan added that she will put this process in writing, using March data so the decision is timelier. Mr. Haffey commented that the June financial results are not audited, so the audit requires BWC advice and consent. Mr. Pedrick described the actuarial audit process and opinion rendered by Jeff Scott, Principal with Oliver Wyman Consulting.

Mr. Matesich asked how BWC will report the withholding of group retrospective rating premiums or assessments. Ms. Valentino responded that BWC had not yet decided on how to report. It would depend on the materiality. Mr. Matesich requested that it appear in footnotes, at minimum.

Mr. Price asked how the Ohio Hospital Association case had affected the budget. Ms. Valentino replied that the cases did not affect the administrative budget. The payments would show in claims payments from the State Insurance Fund. Ms. Falls commented that the payments affected not only the reserves, but financial ratios as well. Ms. Falls further noted that the net leverage ratio that was added to the Enterprise Report on page 14 is up significantly from 8.4 in May of last year to 10.8 this May. This demonstrates the necessity for having a funding ratio and policy on net leverage ratio. The funding ratio moves more slowly. A framework is needed in order to monitor and manage potential risk.

ADMINISTRATOR BRIEFING

Ms. Ryan reported that the BWC budget had six hearings in the Senate Insurance, Commerce, and Labor Committee and was approved by the full Senate on June 17. The House of Representatives will vote next week and the budget is likely to go to a conference committee.

The budget bill proposed twenty amendments and it is not known how many will be in the final act. Some amendments range from clean-up of HB100 issues to major changes. Senator Timothy Grendell requested a task force on adding competition to workers' compensation. The ultimate version creates a task force appointed by the General Assembly and Governor composed of fourteen members. BWC has concerns on timing, coming at the time for implementing the recommendations of the Deloitte Study. Also, no funding was added for the task force. An additional consulting vendor would require a contract of one to two million dollars and would need express approval.

Three amendments were based on the Drug Free Workplace Program (DFWP) and Safety Program Incentives. The effect is unclear, but there are attempts to make the programs permanent in 2010. Actually, there is no limit now on participation by employers in DFWP.

There are several amendments on notice and timing of discounts. For example, if an employer merges with another, BWC must notify the TPA. However, the TPA usually knows first. There is also required a notice on discounts. For the \$15,000 medical-only program, providers are required to adhere to the BWC fee schedule; however, there is no enforcement authorization.

The construction industry has requested relief from high experience modifiers. Municipalities may self-insure construction projects. This is to cover the building of a coal-fired generation plant in Meigs County by AMP-Ohio.

HB15 provides funding assignment of the deputy Inspector General. Two more members are added to the Labor-Management Advisory Board from rehabilitation providers. The Workers' Compensation Council provision on selection of the public members is changed. The mandated HB100 study by the Workers' Compensation Council is deferred until September 2010. More details on HB15 will be available later.

Mr. Harris reported that the United Auto Workers is opposed to any privatization attempts to the workers' compensation system in Ohio. Mr. Caldwell reported that the AFL-CIO will oppose privatization as well.

Mr. Lhota asked if the amendment for self-insurance for municipalities was for all operations or whether self-insurance was limited to the construction project. Ms. Ryan replied that this is umbrella coverage solely for construction. Similar authority was granted in the past for construction of stadiums.

Mr. Price asked what the effective date of the task force is. Ms. Ryan replied it would be effective immediately. Gregg Paul, BWC Legislative Liaison, added that the task force is to be appointed within sixty days of the effective date and its report is due June 30, 2010.

Ms. Ryan reported on an article in the Columbus Dispatch regarding out-of-state travel expenses for state agencies. BWC is in the middle range among agencies. Most of BWC's out of state travel expense is for required due diligence research on investment managers and funds. Rarely does any person go out of state to attend a conference or symposium, and only for professional certification. Most agencies' travel is low, and is only a very small portion of the state's overall budget. Perhaps Ohio state employees travel too little for the size and scope of state government activities. BWC is searching for other ways to enhance professional development.

Rate reform is taking effect. Representative Kathleen Chandler held a forum for employers and Ms. Ryan reported hearing an employer able to make large savings because of the changes. With the change to the rates that BWC will be charging, this employer's premiums will be dropping considerably.

Mr. Matesich asked about the organization for group rating reform in northeast Ohio and how it has responded to BWC changes. Ms. Ryan reported she had nothing in writing and nothing has appeared on its website. Because of the San Allen lawsuit, channels of communication between BWC and the organization are not open.

CALENDAR

Mr. Lhota reported that there are changes to committee meeting times for the July meeting.

Mr. Lhota also reported that there was a request to change the January meeting from January 28 and 29 to January 21 and 22. This change in the date will be made unless any of the directors contact him with a conflict.

EXECUTIVE SESSION

Mr. Harris moved to enter executive session pursuant to Ohio Revised Code §121.22(G) (1) & (3) for the purpose of discussing litigation and employment issues. Mr. Pitts seconded the motion. Mr. Lhota reported that the executive session would discuss the Board self-evaluation and evaluation of the Administrator. However, Mr. Pitts would not be present for the evaluation of the Administrator. The motion was approved by unanimous roll call vote of eleven ayes and no nays.

Mr. Lhota recessed the meeting at 9:50 a.m. for fifteen minutes prior to entering Executive Session.

ADJOURNMENT FROM EXECUTIVE SESSION

Mr. Harris moved to adjourn from executive session at 10:40 a.m. Mr. Caldwell seconded and the motion was approved by a roll call vote of ten ayes and no nays.

Mr. Lhota reported that Mr. Smith had left executive session after discussion of the Administrator's evaluation. He also reported that Mr. Pitts was not in the executive session during the discussion of the Administrator's evaluation.

Ms. Falls moved to accept the evaluation of the Administrator as presented in the executive session. Mr. Matesich seconded and the evaluation was approved by a roll call vote of nine ayes, no nays, and one abstention. Mr. Smith was absent and Mr. Pitts abstained.

ADJOURNMENT

Mr. Caldwell moved to adjourn the meeting at 10:43 a.m. Mr. Hummel seconded and Mr. Lhota adjourned the meeting after the motion was approved by a roll call vote of nine ayes and no nays.

Prepared by: Larry Rhodebeck, Staff Counsel
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June 25, 2009