

**BOARD OF DIRECTORS MEETING**  
**MINUTES**  
**08/23/07**

**MEETING CALLED TO ORDER:**

*OATH OF OFFICE:*

Meeting called to order by Chairman Lhota @ 1 pm 8/23/07

Board members sworn in by Chairman Lhota 1 pm; certificates presented to members by Administrator Ryan

*ROLL CALL:*

Minute taker took roll call – all members present; quorum present

*INTRODUCTIONS:*

Self introduction of all members

Introduction of BWC by Administrator Ryan:

- Expressed appreciation of board members
- Provided BWC background to members
- Introduction of senior management team: James Barnes, Toni Brokaw; Bob Coury, Bruce Dunn, Leo Genders, Tina Kielmeyer, Keary McCarthy, John Petrick, Tracy Valentino, Christina Madriguera, David Hollingsworth, Don Berno, AAG John Williams, Deputy Inspector General Joe Montgomery
- Reviewed HB 100 issues, particularly, bonding issues
- Covered administrative issues
- Discussed preparation of fiscal year 07 reports, prepared for governor (financial audit; year end report RC 4123.22)
- Discussed fiduciary duties / discussed other duties required of Board

## **ORGANIZATION DISCUSSION:**

### *BOARD TRAINING:*

Chairman Lhota provided overview of training (2 presentations) for the meeting.

Discussed Board Governance issues for September meeting discussion

### *BOARD GOVERNANCE:*

Chairman Lhota discussed format of future meetings, referred to attachment 3 in “meeting binder” given to members; suggested that each monthly meeting include an in depth discussion of a particular area of BWC; emphasized board’s role of governance; emphasized importance that all members play a role in meeting agendas

Chairman Lhota emphasized importance of following Open Meetings Laws requirements; AAG Williams / ALD Ann Shannon provided brief background on Open Meetings laws / Public Records law and fulfilling requirements; emphasized that if a member is on the telephone, they are not present for a meeting; discussed process of executive session / notice (meetings) requirements; discussed committee meetings

Member Fulton raised issue of participation in discussion by attendees of meetings

### *COMMITTEE STRUCTURE:*

Discussion of three committees: Chairman Lhota discussed conduct of the three committee meetings, whether they be held concurrent or consecutive, board unanimous with conducting committees consecutively

Chairman Lhota raised idea of creating a Board Governance Committee, as authorized by law

Motion by member Bryan, seconded by Mr. Caldwell to create a Governance Committee,

- motion passed unanimously to create this committee;
- roll call taken by minute taker

*COMMITTEE ASSIGNMENTS:*

Chairman Lhota suggested that committees have odd number of members

Motion made by member Caldwell, seconded by member Matesich to approve committee assignments as proposed in attachment 3 of binder

- motion passed unanimously

Motion, made by member Price, seconded by Member Fulton, to appoint member Harris as Vice Chairman

- motion approved unanimously
- member Harris abstained from voting

*ACTUARIAL:*

- i) Charles Bryan (chair)
- ii) James Hummel
- iii) Jim Matesich

*INVESTMENT:*

- i) David Caldwell
- ii) Alison Falls (vice chair)
- iii) James Harris
- iv) Larry Price
- v) Robert Smith (chair)

*AUDIT:*

- i) Philip Fulton
- ii) Kenneth Haffey (chair)
- iii) Bill Lhota

*FUTURE MEETING DATES:*

December meeting date changed to December 19.

Committee meetings will meet concurrently, August 24, 2007, 8:00 am as follows:

- audit – room 1
- investment – room 2
- actuarial – room 3

Break taken for members to complete administrative paperwork

All members reconvened at 2:30 pm

## **FIDUCIARY DISCUSSION:**

Presentation by Thomas R. Anderson: discussion of governance of public funds, in particular, large institutional public funds

- elements of fiduciary responsibility
- reasonably prudent standard by which board will be measured
- seeking of expert advice
- utilization of fiduciary counsel
- documentation of processes / decisions
- solid administrative systems in place
- exclusive benefit rule
- three levels of fiduciary
  - i) governing
  - ii) managing
  - iii) operating
- asset allocation decision making
- setting of contribution rates
- metrics for evaluation

presentation followed by general discussion between speaker and board members of issues raised in presentation

meeting adjourned for a break at 3:17 pm

## **ETHICS TRAINING:**

Reconvened at 3:30 pm

Presentation by David Freel, as described in attachment 5 of member binder.

Chairman Lhota raised issue of moving date of September meeting to September 26, with committee meetings on September 27. The date change was made.

Motion to adjourn meeting made and seconded. Meeting adjourned at 5:35 pm, August 23, 2007.

Minutes prepared by Tom Woodruff BWC Staff Counsel.

