

WORKERS' COMPENSATION BOARD OF DIRECTORS

GOVERNANCE COMMITTEE

THURSDAY, OCTOBER 4, 2007, 10:00 AM
BWC MANSFIELD SERVICE OFFICE
240 TAPPAN DRIVE, NORTH
MANSFIELD, OHIO 44906

Members Present: Alison Falls, Chair
Robert Smith
William Lhota

CALL TO ORDER

Mr. Lhota called the meeting to order at 10:00 AM and the roll call was taken.

ELECTION OF OFFICER

After some discussion, Mr. Lhota made a motion nominating Alison Falls as Chair of the Governance Committee. Mr. Smith seconded. The motion was approved by a unanimous vote.

AGENDA

For the Committee's first meeting, Mr. Smith requested that the Board's Committees' structure and size be discussed. In addition, Mr. Smith requested that John Williams provide some information regarding the Attorney General's role with the Board of Directors. Mr. Lhota added his request that the Governance Committee discuss the charters for all the Committees of the Board. Finally, Administrator Ryan advised the Committee members that BWC had received a request from Senator Stivers for all the Board members to attend a confirmation hearing before the Ohio legislature on either October 10th or October 17th, depending upon Board members' availability.

CHARTER

Don Berno, BWC Liaison to the Board of Directors, presented a draft of the Governance Committee's charter.

Purpose: Mr. Berno discussed the purpose section, including the Governance Committee's function of nominating Board members to the various committees. In addition, the Board members discussed the wording of the ethics portion of the charter.

Membership: The Committee members discussed the manner in which Committee Chairs should be selected, and whether this issue should be addressed in each Committee Charter. Mr. Lhota suggested that the Board adopt corporate governance guidelines that would assist in answering these and other issues. The Committee members discussed changing the portion of the draft that states that the Chair of the Governance Committee will be responsible for the annual performance evaluation of the Board members, to the

whole Committee being responsible for this function. The Committee members discussed that portion of the draft that states that other members will be invited to attend. The members agreed that this language should be modified to reflect that all Board members are encouraged to attend all Committee meetings.

Meetings: The Committee members discussed how often they should meet. While other Governance Committees for other organizations typically meet four times a year, the other Committees of the Board will be meeting at least nine times. The Committee members also noted that the Governance Committee will need to meet more often early in its formation, but less often as time goes on. At a minimum, the members agreed to meet quarterly. In addition, the members noted that they will need to meet at least once a year in executive session to discuss confidential personnel issues. The Committee members noted a yearly review of the Administrator will need to be performed, which process will begin with the Governance Committee. The Governance Committee will need to develop a process for handling this function, which will facilitate the whole Board's final review.

Duties and Responsibilities:

- 1.) For the education piece, the Governance Committee members noted that the statutory reference requiring the Board to have an education and orientation program should be included. (R.C. §4121.12(F)(16))
- 2.) The Committee members noted that each Committee should independently review the Committee's charter on an annual basis in addition to the Governance Committee review. The Committee members also agreed to change "Governance Principles" to "Governance Guidelines."
- 3.) The Committee members agreed to modify the language of annual evaluation of the Board members and instead use language of "self assessment."
- 4.) This duty was noted to be repetitive to #2, and was recommended for deletion.
- 5.) There was discussion regarding the meaning of this section, with general agreement that it related to information flow between BWC and the Board. The Committee members agreed that this section went into too great a level of detail for the charter, and should be removed.
- 6.) The duty was noted to be repetitive to #3 (self-assessment.) It was recommended that this duty be deleted.
- 7.) For reporting requirements, Mr. Lhota noted that all committees should be making reports to the full Board following committee meetings. Mr. Lhota further recommended that the Resolution from the last Board meeting regarding the minimum number of meetings to be held by the committees be reviewed to determine if an amendment is necessary to make it a requirement that the committees report after every committee meeting.

The remainder of the duties and responsibilities of the charter was determined by the Committee members to be acceptable as written.

Additions to the Charter:

Ms. Falls recommended that the Governance Committee take a lead role in preparing reports and recommendations that the full Board of Directors must make to either the Governor or the General Assembly. In addition, Ms. Falls noted that the Governance Committee would coordinate the review of the Administrator for discussion with the full Board. Ms. Falls further clarified that the Governance Committee would recommend

nominations for Vice-Chair of the full Board of Directors and Committee Chairs to the Chair of the full Board of Directors for his approval. The Governance Committee would also review and recommend retention of fiduciary counsel to the full Board of Directors. Finally, Ms. Falls recommended that the purpose section of the charter be modified to note that the Governance Committee is a standing committee of the Board of Directors.

FIDUCIARY COUNSEL DISCUSSION

Administrator Ryan and Assistant Attorney General John Williams gave some background information concerning the AG's role and past work in obtaining fiduciary counsel. The AG's office issued a request for quotes from law firms to provide these services. A panel of judges has screened the applicants, and has provided several recommended candidates. The Board can review and provide input. After some discussion about this process, the members of the Governance Committee agreed to request the AG to conduct an additional review for fiduciary counsel with additional criteria to be provided by the Governance Committee. Specifically, the Governance Committee would like to review candidates whose primary practice area is fiduciary issues, and candidates with no other engagements with BWC. A similar request regarding investment counsel will be made to the AG's office.

ATTORNEY GENERAL ROLE

AAG John Williams provided a brief explanation of the role of the Attorney General's office with the BWC Board of Directors. Mr. Williams explained that the AG's office serves as legal counsel to the Board. The BWC Board is Mr. Williams' client/agency.

MEETING SCHEDULE

The Committee members discussed their upcoming meeting schedule. For the next meeting, the members agreed that fiduciary counsel candidates would be interviewed. Ideally, the Governance Committee would meet before the next full Board meeting so that fiduciary counsel could be selected. The Governance Committee agreed to meet on October 24, 2007 from 4:00 to 6:00 PM. In addition to interviewing fiduciary counsel, the Committee will also review all committee charters for consistency.

COMMITTEE SIZE

Mr. Smith discussed the issue of committee size. He noted that if committees are too small, there is a potential for issues to be blocked by a small number of Board members. Ms. Falls asked whether a committee could report a motion to the full Board, explaining that the motion was not passed by the committee, but requesting the full Board to consider the issue if it is one involving fiduciary responsibility. The Committee members discussed who can make motions at committees, who can vote on those motions, and what a quorum might be for the committees. The group agreed to continue to review these questions, and agreed to consult with legal counsel and with Robert's Rules of Order on these matters. Once all issues are resolved, the Governance Committee agreed to provide explanation in its charter.

Mr. Smith made a motion to adjourn, and Mr. Lhota seconded. The meeting was adjourned at 12:00 PM.

OHIO BUREAU OF WORKERS' COMPENSATION

AUDIT COMMITTEE CHARTER DRAFT

Purpose

The Audit Committee has been established to assist the Board of Directors of the Ohio Bureau of Workers' Compensation in fulfilling its fiduciary oversight responsibilities through:

- Oversight of the integrity of financial reporting process.
- Compliance with legal and regulatory requirements.
- Monitor the design and effectiveness of the system of internal control.
- Confirm external auditor's qualifications and independence.
- Review performance of the internal audit function and independent auditors.

Membership

The Committee shall be composed of a minimum of three (3) members, appointed by majority vote of the Board of Directors of the Ohio Bureau of Workers' Compensation. One member must be a certified public accountant. The Chairperson is designated by the Board, based on the recommendation of the Board chair and the Governance Committee.

Meetings

The Audit Committee shall meet at least nine (9) times annually, or as frequently as needed and will provide activity reports to the Board of Directors. The Committee will invite members of management, external auditors, internal auditors and/or others to attend meetings and provide pertinent information, as necessary. Subject to open meeting laws, the Committee will hold executive sessions with external auditors, when deemed appropriate in the performance of their duties. A quorum shall consist of a majority of the Committee members. The Committee will have a staff liaison designated to help it carry out its duties.

Duties and responsibilities

The Audit Committee shall have responsibility for the following:

1. Oversight of the integrity of the financial information reporting process:
 - a. Review with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
 - b. Review with management and the external auditor the results of the audit.
2. Developing an oversight process to assess the adequacy and effectiveness of internal controls and provide the mechanisms for periodic assessment of system of internal controls on an ongoing basis.
3. Overseeing the assessment of internal administrative and accounting controls by both the external independent financial statement auditor and internal auditor.
4. Consulting on the appointment and/or removal of the Chief of Internal Audit and have oversight on the work of the Internal Audit Division.

5. Serving as the primary liaison for Bureau of Workers' Compensation Board of Directors and providing a forum for handling all matters related to audits, examinations, investigations or inquiries of the Auditor of State and other appropriate State or Federal agencies.
6. Ensuring the independence of the external auditor and approve all auditing, other attestations services and pre-approve non-audit services performed by the external auditor.
7. After every meeting, report to the Board of Directors of the Bureau of Workers' Compensation on all activities, findings and recommendations of the Committee.
8. Establishing policies and procedures to function effectively.
9. At least once every 10 years, have an independent auditor conduct a fiduciary performance audit of BWC's investment program, policies and procedures. Provide a copy of audit to the Auditor of State.
10. Review all internal audit reports on regular basis.
11. Recommend to the Board an accounting firm to perform the annual audit required under R.C. 4123.47. Recommend an auditing firm for the Board to use when conducting audits under R.C. 4121.125.
12. Retain and oversee consultants, experts, independent counsel, and accountants to advise the Committee on any of its responsibilities or assist in the conduct of an investigation.
13. Seek any information it requires from employees—all of whom are directed to cooperate with the Committee's requests, or the requests of internal or external parties working for the Committee. These parties include, but are not limited to internal auditors, all external auditors, consultants, investigators and any other specialists working for the Committee.
14. Review results of each annual audit and management review; if problems exist, assess appropriate course of action to correct, and develop action plan. Monitor implementation of any action plans created to correct problems noted in annual audit.
15. All Committee actions must be ratified or adopted by the Board of Directors of the Bureau of Workers' Compensation to be effective.
16. Coordinate with the other Board Committees on items of common interest.
17. The Audit Committee Charter will be reviewed on an annual basis.

Audit Committee Charter.doc
Draft 092607
Review & Approved 102507, Ken Haffey, chairperson

Actuarial Committee Charter
Second Draft
October 25, 2007

Purpose

The Actuarial Committee has been established to assist the Ohio Bureau of Workers' Compensation Committee Board of Directors in fulfilling their responsibilities through:

- Monitoring the actuarial soundness and financial condition of the funds and reviewing rates, reserves and level of net assets
- Oversight of the integrity of the actuarial audit process
- Compliance with legal and regulatory requirements
- Monitor the design and effectiveness of the actuarial studies
- Confirm external actuarial consultants' qualifications and independence
- Review performance of independent external actuarial work product

Membership

The Committee shall be composed of a minimum of three (3) members, elected by the Board of Directors' of the Ohio Bureau of Workers' Compensation.

Each committee member will be independent from management. At least one member of the Committee must be a certified actuary. The Board shall designate the Committee chairperson based on the recommendations of the Governance Committee and the Board Chairperson.

The chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee will have a staff liaison designated to assist it in carrying out its duties.

Meetings

By majority vote the Committee will recommend to the Board of Directors their meeting schedule. There shall be not less than nine (9) meetings each year. Reports shall be made to the Board after each meeting. The Committee also has the authority to convene additional meetings, as circumstances require. The Committee will invite members of management, external actuarial firms, internal actuarial staff and/or others to attend meetings and provide pertinent information, as necessary. Subject to open meeting laws, the Committee will hold executive sessions and private meetings with actuaries and auditors, when required in the performance of their duties. A quorum will be a majority of the Committee members.

Duties and Responsibilities

The Actuarial Committee shall have responsibility for the following:

1. Recommend actuarial consultants for the Board to use for the funds specified in the Ohio Revised Code.
2. Review calculation on rate schedules and performance prepared by the actuarial consultants with whom the Board contracts.
3. Supervise for the Board's consideration the preparation of an annual report of the actuarial valuation of the assets, liabilities and funding requirements of the state insurance funds to be submitted to the Workers' Compensation Council and the Senate and House.
4. Coordinate with other Board Committees on issues of common interest.
5. At least once every five (5) years have actuarial investigation of experience of employers; mortality, service and injury rate of employees; payment of benefits in order to update the assumptions on the annual actuarial report.
6. Have actuarial analysis prepared of any legislation expected to have measurable financial impact on the system, within 60 days after introduction of legislation.
7. This charter shall be reviewed annually; any changes shall be approved by the Governance Committee and the Board.
8. Consult in the appointment of and oversee the work of any actuarial firm engaged by Ohio Bureau of Workers' Compensation to complete actuarial studies.
9. Recommend retention and oversight of consultants, experts, independent counsel and actuaries to advise the Committee on any of its responsibilities or assist in the conduct of an investigation.
10. Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests, or the request of internal or external parties working for the Committee. These parties include the internal actuaries, all external actuaries, consultants, investigators and any other specialties working for the Committee.
11. Make recommendations to the Board of Directors of the Ohio Bureau of Workers' Compensation for Board decisions.

Actuarial Committee Charter.doc Draft 092607 Review & Approved 102507, Chuck Bryan, Chairman
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Hahn Loeser Parks

attorneys at law



Alan S. Kopit

Partner

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askopit@hahnlaw.com

Alan is Partner in Charge of the Firm's Cleveland Office. He focuses his practice in the areas of Commercial Litigation; Construction Law; Creditors' Rights, Reorganization and Bankruptcy (a practice he Co-Chairs); and Government Relations (another practice he Co-Chairs). Alan is also Chair of the Information Management Committee.

Among his accomplishments, Alan served as President of the Cleveland Bar Association for the 1996-97 term. In 1987, he was appointed by President Ronald Reagan to serve as a White House Fellow, assigned as the Special Assistant to Secretaries of Defense Caspar Weinberger and Frank Carlucci. Alan was also appointed by Cleveland Mayor Michael White to serve as Co-Vice Chair of the Cleveland Bicentennial Commission. He currently provides regular "on-air" commentary on legal issues on The Today Show (NBC).

Among his accomplishments, Alan was named as one of the "Best Lawyers in America" for 2007 and 2008.

EDUCATION

The University of Chicago Law School

1977 J.D.

Tufts University

1974 B.A., summa cum laude

ASSOCIATIONS

American Bar Association

Member, Litigation Section Governing Council; Member, ABA Litigation Section Task Force on Hurricane Katrina; Fellow, American Bar Foundation; Former Chairperson, Young Lawyers Division; Member, Standing Committee on Public Education; Member, Standing Committee on Scope and Correlation of Work; Former Member, Board of Trustees, American Bar

Areas of Emphasis
Government
Complex Commercial Litigation
Construction
Bankruptcy Reorganization
Creditors' Committees
Debtor Representation
Key Creditors
Lenders (Secured & Unsecured)
Out-of-Court Transactions
Purchasers of Insolvent Businesses

Endowment

Cleveland Bar Association

Member; President, 1996-97



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OUR CLIENTS

The description "creative minds, dedicated professionals" aptly captures the philosophy of Hahn Loeser + Parks. This philosophy is highlighted in the following items that give you a sense of who we are and what we do:

- Dedicated, diverse legal counsel championing the success of industries, institutions and individuals since 1920.
- Clients include Fortune 500 corporations, privately-held businesses, non-profit institutions, governmental entities, and individuals.
- Second-largest in-house patent team of any general practice firm in northern Ohio.
- Hahn Loeser won a \$41 million jury verdict for Security Title Agency in the Superior Court of Arizona, Maricopa County. The verdict, following a seven week trial, included an award of \$6.3 million in compensatory damages and \$35 million in punitive damages.
- Steve Goldfarb and Andrew Polis led a team from the Firm's litigation area in representation of Chicago Title Insurance Co. in a noncomplete case, resulting in a jury verdict of \$43 million, which included a punitive damage award of \$32.4 million - one of the largest such awards in the history of Ohio.
- Steve Chappellear was awarded the Bar Service Medal by the Columbus Bar Association for his dedicated service to local, state and national bar associations.
- Hahn Loeser's new Akron office at One GOJO Plaza garnered the IIDA (International Interior Design Association, Mid-Atlantic Chapter) Bronze Award for Commercial Interiors and was featured in the May 2005 issue of Interior Design magazine.
- Lee D. Powar was elected President of the American College of Commercial Finance Lawyers.
- Andrew J. Krause and David J. Simmons are Florida Board Certified Wills, Trusts and Estate Lawyers.
- Katharine Essex, a paralegal at Hahn Loeser, received the second annual John W. McCormac Award for Outstanding Service to the Paralegal Profession.
- Alan Kopit is the consumer attorney for NBC's Today Show, and a former White House Fellow.
- Eighteen of Hahn Loeser's young attorneys were named "Rising Stars" in 2006 among Ohio Super Lawyers in Law & Politics magazine.
- Twenty-six attorneys at Hahn Loeser were named Ohio Super Lawyers by Law & Politics magazine.

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- Twenty-one Hahn Loeser attorneys were included in The Best Lawyers in America 2007, published by Woodward White, Inc.
- Hahn Loeser is dedicated to the community through our "Helping Hands Volunteer Program," where the Firm grants paid-time to staff when they participate in a volunteer day.
- Hahn Loeser owns a renowned art collection comprised of primarily local artists' work.

OUR VISION STATEMENT

Hahn Loeser + Parks is a full-service law firm focused on large case litigation, financial restructuring, intellectual property, and sophisticated business transactions.

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August 1, 2005

Hahn Loeser opens an office in Naples, FL.

May 2005

Hahn Loeser's Akron office is featured in Interior Design Magazine (highlighting unique design and style)

2005

June 28, 2004

Hahn Loeser's Columbus office expands and relocates to the Capitol Square Office Building

October 1, 2004

The Akron office expands and relocates to Plaza

2004

April 16, 2004

The Firm's new website is launched

December 1, 2003

Hahn Loeser opens an office in Bonita

2003

September 1, 2001

Intellectual Property firm, Oldham & Oldham in Akron, joins Hahn Loeser

June 2002

Managing Partner of the Columbus office, Chappelle, becomes President of the Association

2002

2001

June 1996

Partner Alan S. Kopit becomes President of Cleveland Bar Association

1996

January 1, 1992

Hahn Loeser names its first African American Partner, Craig O. White

1992

1991

Hahn Loeser names its first CEO

1991

September 30, 1991

The Cleveland office relocates to its current location at Public Square

Friday March 18, 1988

Fire consumes the first Hahn Loeser Cleveland office located in the National City Building. The Firm is up and running by Monday morning.

1989

October 2, 1989

The Columbus office of Riley, Ucker & with Hahn Loeser

1988

January 1, 1984
Hahn Loeser names its first female Partner, Deborah A. Coleman

1977
First Cleveland law firm to develop a Maternity Leave Program

1970
Hahn Loeser hires its first female attorney

1960
The Firm's name changes to Hahn, Loeser, Freedheim & Dean

June 1986
The 50 lawyer firm of Hahn, Loeser, Dean & Wellman merges with the 15 lawyer firm of Eisele, Bates & Wilsman to become Hahn Loeser & Parks

Early 1980s
Hahn Loeser begins its art collection with a-kind pieces, all done by artists with connection

1972
Firm adopts first formal management

1962
The Firm's name changes to Hahn, Lo Dean, & Wellman

January 1, 1920
Mooney, Hahn, Loeser & Keough formed

OUR VISION STATEMENT

Hahn Loeser + Parks is a full-service law firm focused on large case litigation, financial restructuring, property, and sophisticated business transactions.

attorney

Hahn Loeser + Parks

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OUR CLIENTS

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OUR CLIENTS

Our clients are successful businesses, institutions and individuals who expect and appreciate attention and results. All too frequently, it is said that lawyers tell clients what cannot be done. We start from the opposite premise and help our clients achieve their business and personal objectives quickly and efficiently.

We make a commitment to know the complexities of our clients' operations, their goals and aspirations, and their future needs. It's just the way we do business, and we think it's the kind of value that clients expect from their professional service providers.

Below is a list of the clients we represent:

ABB, Inc.	International Marketing, Inc.
Aetna Inc.	Jacobs Entertainment, Inc.
Allied Machine and Engineering	Johnson Controls, Inc.
Amedisys, Inc.	Kent State University
American General Finance, Inc.	Liberty Bank, N.A.
American Wireless Providers, Inc.	Marathon Shoe Company
Bank of America/Fleet Financial	Market Scan Information Systems, Inc.
Bechtel Power Corporation	Matco Tools
Biotronik	Matrix Media Services, Inc.
BMW Financial Services NA, LLC	Max Sports Center, Inc.
Braun Industries, Inc.	Micro Electronics, Inc.
Budget	Mid-American Packaging
Cameratta Properties L.P.	MidCoast Financial, Inc.
Cargill, Inc.	Mobley Homes
Case Western Reserve University	Moosehead Breweries
Cendant Corporation	MP Equipment Co.
Chicago Title	Myers Industries
City of Akron	Navistar Financial Corporation
The CIT Group	Norco Industries, Inc.
Clean Harbors, Inc.	Notre Dame College of Ohio
Cleveland-Cliffs Inc	Nucor Corporation
The Cleveland Museum of Art	The Ohio State University
Coeur, Inc.	OM Group, Inc.
Corrpro Companies	Paro Services Corporation
Country Pure Foods	Pasco, Inc.
Crown Castle USA Inc.	Pete Miller Inc.
DAC Group, Inc.	Plaza Ft. Myers LLC
Davel Communications	ProQuest Business Solutions
DeBartolo Holdings, LLC	Q3 Industries, Inc.
Donley's, Inc.	Safeco Insurance Companies
Dover Chemical Corporation	Santa Clara University

Exxon Mobil Corporation	Standard Parking
Fidelity National Financial, Inc.	Textron Financial Corporation
First Union Mortgage Investments	Thomson Consumer Electronics, Inc.
Glimcher Realty Trust	Total Office Products, Inc.
Great Lakes Cheese Co., Inc.	TransTechnology Corporation
Grover Musical Co.	Travelers Insurance Companies
Gulfshore Playhouse, Inc.	Tumbleweed, Inc.
Harley-Davidson Motor Company	United American Sales, Inc.
Head USA	University of Akron
Heidelberg USA	University of Cincinnati
High Point Place L.P.	U.S. Bancorp
HFI, Inc.	ViaHealth
Homewood Corporation	Winthrop Realty Trust
HUGO BOSS USA, Inc.	Youth Haven, Inc.
Imperial Parking Corp.	Vanderbilt Bay Construction, Inc.
Inside Outfitters, Inc.	Vornado Development, Inc.

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Hahn Loeser + Parks is a full-service law firm focused on large case litigation, financial restructuring, intellectual property, and sophisticated business transactions.

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Draft
Governance Committee Charter
October 24, 2007

Purpose

The Committee shall assist the Ohio Bureau Board of Directors in fulfilling its oversight responsibilities relating to developing and implementing sound governance policies and practices. The Committee is responsible for:

- reviewing and recommending to the Board the adoption of governance guidelines and committee charters;
- recommending director assignments to Board committees; overseeing compliance with Ohio ethics laws, regulations and policies;
- developing a process for the Board's assessment of its performance and the performance of Board committees and a self assessment by Directors; and
- making recommendations for Board Vice-chair and committee chairs for the Chairman's consideration and the Board's approval.

Membership

The Committee shall be composed of three or more Directors appointed annually by the Board. The Board shall designate the Chair of the Committee.

The Chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee encourages all Board members to attend their meetings. The Governance Committee is a standing committee of the Ohio Bureau of Workers' Compensation (BWC) Board of Directors. The Committee will have a staff liaison designated to assist it in carrying out its duties.

Meetings

The committee shall meet quarterly or more frequently as it shall determine is necessary to carry out its duties and responsibilities. The Chair will schedule regular meetings; additional meetings may be held at the request of two or more members of the Committee, the Administrator or the Chair of the Board. A majority of the members shall constitute a quorum. At least one meeting shall be in executive session for the purpose of personnel review.

Duties and Responsibilities

In carrying out its oversight responsibilities, the Committee shall:

1. Oversee the BWC orientation process for newly appointed members of the BWC Board and assist the Board in its implementation. The Committee shall also regularly assess the adequacy of and need for additional continuing director education programs. At a minimum, the education components must meet the requirements of ORC 4121.12(F)(16).

2. Annually review the Board's Governance Guidelines and the charters of the Board's standing committees, and making such recommendations as the Committee determines necessary or appropriate, including recommendations concerning the structure, composition and functioning of the Board and its committees, subject to Board approval.
3. The Committee shall develop and coordinate the annual self-assessment of the Board and its Committees.
4. The Committee shall make reports to the Board following their meetings.
5. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
6. The Committee shall make recommendations for Board Vice-chair and committee chairs for the Chairman's consideration and the Board's approval.
7. The Committee shall review any reports, recommendations and materials prior to approval by the Board for submission to the Governor, General Assembly or the Workers' Compensation Council.
8. The Committee shall oversee compliance with Ohio Ethics laws, regulations and policies.
9. The Committee shall oversee annual review process of the Administrator, and report to the Board.
10. Make recommendations to the Board for retaining fiduciary counsel.
11. Coordinate with other Board committees on issues of common interest.
12. Perform such other duties required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as the Board may from time to time assign to the Committee.

Draft reviewed Oct. 4, 2007

Approved as edited Oct. 24, 2007; Alison Falls, Chair

Draft October 24, 2007

OHIO BUREAU OF WORKERS' COMPENSATION BOARD OF DIRECTORS

INVESTMENT COMMITTEE CHARTER

Purpose

The purpose of the Investment Committee is to ensure that the assets of the Ohio Bureau of Workers' Compensation (BWC) are effectively managed in accordance with the laws of the State of Ohio, and the Ohio Bureau of Workers' Compensation Statement of Investment Policy and Guidelines. The Investment Committee:

- provides assistance to the Board of Directors in the review and oversight of the State Insurance Fund and each Ancillary Fund (collectively the Funds) assets;
- responsible for developing and monitoring the implementation of the BWC's investment policy.

Membership

The Investment Committee must consist of at least five members, two of whom must be the investment and securities expert members of the Board. Based on the recommendations of the Governance Committee, the Board, by majority vote, must appoint two additional members to serve on the Investment Committee and may appoint one additional member, either from the Board or someone not on the Board. Each additional non-Board member appointed must have at least one of the following qualifications: a) experience managing another state's pension funds or workers' compensation funds; or b) expertise that the Board determines is needed to make investment decisions. The Chairperson is designated by the Board, based on the recommendation of the Board chair and the Governance Committee.

Meetings

The Investment Committee will meet at least nine (9) times annually; additional meetings may be scheduled as the Committee or its chairperson deem advisable. The Investment Committee is governed by the same rules regarding meetings, notice, quorum and voting requirements as are applicable to the Board. A quorum at any Investment Committee meeting will consist of a majority of the Committee members.

The Chairperson of the Committee will be responsible for establishing the agendas for the meetings of the Committee. An agenda, together with information/background materials, will be sent to members of the Committee prior to each meeting. Minutes for all meetings of the Committee will be prepared to document all actions to the Committee's discharge of its responsibilities. The Committee will have a staff liaison designated to help it carry out its duties.

Duties and Responsibilities

The Investment Committee is charged with overseeing all investment-related matters and activities of the BWC. The Committee evaluates proposals requiring Board action and makes recommendations for consideration by the Board.

1. Develop and recommend the strategic asset allocation and investment policy for the Funds and submit to the Board for approval. The Committee will periodically review the investment policy in light of any changes in actuarial variables, market conditions, etc. and make recommendations for any changes, as appropriate to the Board for approval. Assist the Board to assure that the investment policy is reviewed and approved at least annually, published, and copies are made available to interested parties.
2. Review the annual report on the investment performance of the funds and the value of each investment class and submit to the Board for approval. Once approved, this report must be submitted to the Governor, the president and Minority Leader of the Senate, and the Speaker and Minority Leader of the House of Representatives.
3. Evaluate and recommend an outside investment consultant to assist the Investment Committee in its duties. Submit a contract with the recommended investment consultant to the Board for approval.
4. Develop and recommend rules on due diligence standards for employees of BWC to follow when investing in each asset class. Develop and recommend policies and procedures to review and monitor the performance and value of each asset class. Submit these recommendations to the Board for approval.
5. Monitor implementation of the investment policy by the Administrator and the Chief Investment Officer. Review performance of the Chief Investment Officer and any investment consultants retained by the BWC to assure compliance with the investment policy and effective management of the Funds.
6. Monitor and review the investment performance of the Funds on a quarterly basis to determine achievement of objectives and compliance with this investment policy.

7. Recommend prohibited investments, on a prospective basis, the Committee finds to be contrary to the investment objectives of the Funds and submit to the Board for approval.
8. Recommend the opening and closing of each investment class and submit to the Board for approval.
9. Recommend to the Board for approval the criteria and procedures for the selection of the Investment Managers and General Partners. Approve the final selection, funding and termination of all Investment Managers and General Partners.
10. Recommend investment counsel to the Board for engagement.
11. Report all activities/recommendations to the Board following each meeting of the Investment Committee.
12. The Investment Committee will coordinate with other Board committees on items of common interest.
13. At least annually, this charter must be reviewed by the Investment Committee and any proposed changes submitted to the Governance Committee and to the Board for approval.

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