

# 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 10<sup>th</sup> or October 17<sup>th</sup>, 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.