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MONTANA STATE FUND
BOARD MEETING
September 13, 2019

The Montana State Fund (MSF) Board meeting was held September 13, 2019 at Montana State Fund, 855 Front Street, Helena, Montana.

Directors Attending

Lance Zanto, Helena
Lynda Moss, Billings
Jack Owens, Missoula
Jan VanRiper, Helena
Matt Mohr, Big Sky
Cliff Larsen, Missoula

MSF Staff Attending

Laurence Hubbard, President/CEO
Verna Boucher, Special Asst to Pres/CEO
Kevin Braun, General Counsel
Mark Burzynski, Corporate Support VP
Sam Heigh, Insurance Ops Support VP
Rick Duane, Human Resources VP
Julie Jenkinson, Operations VP
Al Parisian, CIO
Mike Worden, HR Specialist
Kris Anglin, Marketing Development Specialist
Rene Martello, Controller
Shannon Copps, Director, ESPM
Patti Grosfield, Internal Auditor
Nick Hopkins, Marketing Dev. Director
Dan Gengler, Internal Actuary
Tammy Lynn, Safety Services Team Leader
Darcie Dunlap, Senior Actuarial Analyst
Peter Strauss, Compliance Specialist
Kent Schlosser, Financial Analyst
Will Anderson, Underwriting Services Director

Others Attending

Russell Greig, Willis Towers Watson
Russell Ehman, CSI
Pat Murdo, Legislative Services
Rep. Derek Harvey, Butte
Eric Strauss, DOLI
Ann Conway, Willis Towers Watson
Bob Biskupiak, CSI
Troy Smith, CSI
Rep. Joshua Kassmier, Fort Benton
Sonia Powell, OBPP

I. Meeting Preliminaries

A. Call to Order

Chair Lance Zanto called the meeting to order at 8:35 a.m. He welcomed and thanked those present for attending. He reminded attendees that MSF's Board meetings are live streamed and recorded which makes it important to speak into the microphone at the podium so that an accurate and clear recording can be achieved. He also noted that there will be a closed session later in the afternoon for the Board to speak with President Hubbard regarding his mid-year performance. He then welcomed Rep. Derek Harvey and Rep. Josh Kassmier, the Legislative Liaisons from the Economic Affairs Interim Committee (EAIC). He recognized Bob Biskupiak, Deputy Insurance Commissioner and thanked him for attending.

B. Approval of June 7, 2019 Board Meeting Minutes

Chair Zanto noted that the first order of business was the approval of the Board meeting minutes for June 7, 2019.

Chair Zanto made a motion to approve the June 7, 2019 minutes as presented. The motion was seconded by Jack Owens. Chair Zanto called for discussion from the Board, MSF staff and members of the public. There being none, he called for the vote and the motion was unanimously *approved. [Note: Sonia Powell from the OBPP was listed as an attendee at the June 7, 2019 meeting; however, she had not been in attendance that day.]*

II. Miscellaneous – Laurence Hubbard, President

A. Miscellaneous – Laurence Hubbard, President/CEO

President Hubbard also welcomed attendees to the Board meeting.

He noted that he had some miscellaneous items to cover and later in the meeting would be presenting MSF's Statewide Media Campaign Update on behalf of Mary Boyle, MSF Communications and Public Relations Specialist.

He asked the Board to review the proposed 2020 Board meeting schedule and compare the dates to their schedules to determine any conflicts which he asked to be shared with Ms. Boucher. He said if there were conflicts, other days of the week and other days of the month could and would be considered if necessary. He also noted that these were the mandatory meeting dates where key Board decisions are made; however, other meetings could also be called as needed.

Chair Zanto sought clarification on the propriety of calling additional meetings.

President Hubbard stated that the four meetings planned for each year cover the key items; however, the number of meetings held each year is up to the discretion of the Chair and the Board based on the needs of the Board.

President Hubbard provided an update on the presentation that he and Mark Burzynski, Vice President, Corporate Support, provided to the EAIC the day prior. He noted that though MSF's budget is approved by the Board and not the legislature, MSF reports to the EAIC for oversight purposes during the interim legislative sessions. He said MSF's budget is presented for review which provides the committee with information on MSF's investments and operational activities and costs. He noted that this was Mr. Burzynski's first presentation to the EAIC and commended him for his presentation and for deftly handling the numerous questions that were posed regarding the budget. President Hubbard added that he provided a historical overview of MSF and shared his viewpoints on some of the potential future headwinds including a possible economic recession.

President Hubbard told the Board that MSF remains challenged with an aging workforce in terms of the number of insureds as well as with MSF employees. He said MSF has taken a number of actions to soften the blow of continued retirements. He said MSF has a number of very experienced claims personnel that have retired and new claims examiners are being hired and trained. MSF is investing in year-long training programs. He said the consequences of inexperience are sometimes felt by injured workers or policyholders who are unhappy about how a claim is being handled. He added that the newer employees have to learn and the aging workforce turnover does not happen without some unintended consequences. MSF is trying to mitigate that and has made this an Enterprise Risk Management (ERM) identified risk. MSF is strategically addressing that through considering internships, flex schedules, and remote work. He noted these approaches are novel concepts for MSF and other insurance companies; however, adjustments must be made to retain as much experience as possible.

He said the last item that arose for discussion at the EAIC meeting was one posed by Rep. Harvey regarding Senate Bill 60, the presumptive disease law which was passed by the 2019 Legislature. He said a number of stakeholders have been meeting frequently and exploring what is necessary to effectively implement the law, including the cost levels for voluntary coverage for volunteer firefighters. He noted that MSF was also in the process of evaluating the impacts of the presumptive disease law and though has not yet received any claims that apply to this law, strives to be prepared for when one is received. He said the challenge of this law is the latency period by which these diseases become apparent, even years after the last date of employment. The losses incorporated into rates going forward will be the key challenge.

Chair Zanto called for questions; there were none.

B. *Report of Internal Auditor – Patti Grosfield, Internal Auditor*

Ms. Grosfield noted there was not a lot of external audit activity currently occurring. She said for the Calendar Year 2019 Statutory Financial Statement audit the Eide Bailly team of auditors will be on-site for planning and preliminary fieldwork December 9-13, 2019.

She noted that neither the governmental financial compliance audit for calendar year 2018 nor the GASB report have yet been released and presented to the Legislative Audit Committee (LAC); however, the report will be presented at the October 30, 2019 meeting. She told the Board that she has not been notified of any issues.

Internal

Ms. Grosfield said she is currently reviewing and testing the ERM top risk controls to assure they are in place and working effectively. She noted that one risk currently being worked on is Policy 4 which is the risk of incorrectly and/or inaccurately underwriting/pricing policies. She reported that she worked with an MSF staff member on his Leadership Development Project and assisted in developing an audit plan. She mentored him through the process of interviewing key players and gathering information. She said she will be completing the report which will include any potential recommendations.

Ms. Grosfield said MSF switched to medical bill payment vendor Rising Medical Solutions (RMS) in 2019. She said she has been working to implement controls to ensure findings and corrections are completed timely by RMS. She noted that MSF has a team of medical bill payment auditors that audit about 10 percent of the bills to assure that the vendor is adhering to the rules and requirements that are in place. The auditors are doing a very good job of identifying discrepancies and notifying RMS; however, she identified one item of concern which was that MSF was not adequately following up after the errors were identified to assure that RMS fixed the error. She said controls have not yet been thoroughly adopted though the process is being developed.

She said effective January 1, 2016, MSF was placed under the regulatory authority of the Commissioner of Securities and Insurance (CSI). In 2016/2017 MSF contracted for a Mock Market Conduct Exam to identify areas that need to be addressed as well as determine best practices going forward. The results of that exam contained recommendations MSF needed to implement to meet the standards within the market regulation handbook and best practices. She is in the process of reviewing the findings and comparing them to what controls are now in place at MSF. She noted that 15 of the findings will be dealt with upon implementation of the Policy Billing and Replacement Initiative (PBRI) project and she will be reviewing that project to assure the findings are adequately dealt with.

Ms. Grosfield provided information on the Service Organization Control (SOC-1) report to demonstrate to the Board as part of the oversight that MSF utilizes for vendors. She said MSF receives SOC-1 reports from its pharmacy benefit manager, Express Scripts; the medical bill payment processor, RMS; State Street Bank and Montana Board of Investments (BOI). The lengthy reports are completed by external auditors hired by the vendor to review money handling practices and IT controls. The auditor tests the systems for deficiencies and reports accordingly. She highlighted the "User Entity Controls" portion of the report which is a listing of the controls that are recommended to be implemented by the user (MSF in this instance) to assure the controls that the vendor is employing will work properly.

She said upcoming activity includes: 1) on-going work from 3rd quarter, 2) should a dividend be declared, she will audit for adherence to policy and spot check calculations, 3) she will be continuing ERM controls testing which includes testing the risk of investment market volatility and suboptimal allocation of investment types as well as control testing on the PBRI project, 4) she will continue support of the external auditors, and 5) she will provide reminders to the Board and MSF staff regarding the Multiple Public Disclosure requirement due to the Commissioner of Political Practices by December 15th. She added that beginning in January the Code of Conduct, the Felony Disclosure and the Data Confidentiality and Acceptable Use disclosure forms will be disbursed for signature.

Chair Zanto called for questions or comments. There were none.

C. Willis Towers Watson Actuarial Contract

President Hubbard explained it was contract renewal time for MSF's consulting actuary, Willis Towers Watson. A Request for Proposal (RFP) was conducted two years ago in which Willis Towers Watson was selected for this up to seven-year contract. The contract is addressed every two years due to market pricing adjustments and the current contract is due to expire. He noted that the actuary offers valuable services to the Board for rate making and the adequacy of MSF's loss reserves. He said the total contract price was increasing by $150,000 over the next two-year period to cover an economic modeling process that Willis Towers Watson will complete to support the consideration of how much equity is necessary for MSF to be adequately capitalized and will also provide a review of the data that supports the tier rating process. The charges for these off-cycle projects will be experienced in the 2020 and 2021.

Cliff Larsen made a motion to approve extending the Willis Towers Watson contract for actuarial services until October 31, 2021. Jan Van Riper seconded the motion. Chair Zanto called for discussion from the Board and the public. Seeing none, he called for the vote and the motion passed unanimously.

D. Statewide Media Campaign Update – Mary Boyle, Communications and Public Relations Specialist

President Hubbard noted that Ms. Boyle had been called to jury service and asked that he present the MSF 2019 statewide campaign. He noted that every few years MSF presents a new campaign to keep the content and the safety messages fresh and keep the Montana citizen's interest. He said the campaigns are kept simple and short and focused around workplace safety in a recognized effort to improve workplace safety and culture in Montana. He said there are two dimensions to MSF's safety campaign focus; 1) to increase the overall awareness of the need for an improved safety culture in Montana and, 2) a focus on younger workers.

He said this year's campaign theme is "Safety Works Here." This campaign uses a bit of nostalgia with a sign board to show that safety works for all Montana businesses and Montanans of all ages. The campaign will run from September 9 through October 21 and the total cost is $230,000. The campaign will include online, print, radio and television ads as well as a website page, posters and sticker and window clings. He noted that the television ads are run during the University of Montana and Montana State University football games to leverage the large number of people that can be reached in one place at one time. He shared some of the print ads that will be sent throughout the state and played the television ad for the Board. He promised to provide any feedback that MSF receives regarding the campaign to the Board.

Chair Zanto thanked the Board for supporting and approving the advertising endeavors to fund the safety campaigns. He said he believes that MSF is taking the lead in promoting safety in Montana.

E. *Annual Business Plan Update – Shannon Copps, Director of Enterprise Strategy and Project Management*

Ms. Copps provided the Calendar Year 2019 Business Plan performance update. She shared the Key Success Measures outlined below.

Key Success Measures

KSM	2019 BP	2019 Projected
Net Earned Premium	$151.1M	$153.8M
Loss Ratio	80.9%	77.6%
Expense Ratio	35.2%	36.0%
Investment Income	$43.4M	$52.0M
Net Operating Income (before dividend)	$16.0M	$27.4M

Achieve Enterprise Wide Initiatives

Ms. Copps noted that net earned premium is expected to be $2.7 million higher than planned at $153.8 million. The planned loss ratio was 80.9 percent; however, projected is 77.6 percent. Total incurred losses are projected to be $2.9 million below plan due to a decrease in benefit payments in the 2019 accident year and $2.1 million in adverse development on prior years. Total expenses are expected to be higher than planned which is driven by higher loss adjustment expenses. Projected net investment is $52 million which includes $42 million in realized gains. Net operating income before dividend is projected at $27.4 million and the increase is driven by investment results.

Chair Zanto called for questions. There were none.

Ms. Copps said the three Enterprise-Wide Initiatives are all focused in the Customer Service category and include PBRI, WorkSafe Champions and Growing a Safer Montana.

She explained that 2019 was the fourth year of the PBRI project to replace MSF's policy and billing system with a modern application that enhances MSF's customer service and efficiency. She reported that this project was off track and development has continued seven months past the integrator's (HCL) planned completion date. Given the schedule slip, the project will not implement this year. She said after two years of development on the five applications, data conversions and system integration was largely complete. She noted that the final sprint included the most complex functionality so there are a few outstanding items that HCL will complete in parallel to their system integration testing. The slow down on complex work at the end was not a surprise; however, HCL chronically under resourced the project and MSF is paying a price with the scheduled delays due to the vendor's lack of enough technical and business analysis expertise on the project. She said MSF is committed to delivering a quality product for its stakeholders which is the highest priority for the project team and HCL. At the same time, the project leadership team maintains constant contact with HCL leadership to stay on top of issues and move the project forward. She noted a huge milestone for the team was that HCL received approval from MSF on August 19 to move to system integration testing. This phase contains three pieces of work: 1) HCL is executing a test to determine if the system will work as intended, 2) HCL is resolving any defects, and 3) HCL is completing the carryover development work from the final sprint. She said after successful system integration testing the user acceptance testing will begin. Currently the MSF team is working on test cases, establishing the test plan and processes to assure MSF is ready to go when the time comes. A new implementation date has not yet been set; however, a Statement of Work (SOW) amendment is in development between MSF and HCL which will establish a new plan and schedule. Change management activities are on-going and the interactive sessions continued through July and most of the functionality has been demonstrated. The on-demand access remains available and MSF employees are encouraged to use this to familiarize themselves with the systems. Formal training will occur closer to implementation and work has begun to tailor each of those training plans based on each role. For example, the customer service training is much more complex in detail than for someone in claims or finance.

She said the business process flows are a work in progress and will capture the business value realization. As the team completes a current vs. future state analysis they will look for value from the new systems such as less manual data entry to improve quality and timeliness and improved efficiencies.

Chair Zanto called for questions, there were none.

Ms. VanRiper asked if due to HCL under staffing and resourcing the project were they going to experience any consequences?

Ms. Copps said the contract is a fixed price contract so MSF will not experience increased costs for their extension of the schedule. She noted that HCL is continuing to keep people at MSF to complete the project with no increase in the amount of money they will make.

Mr. Hubbard added that this is a concern for the Board and management. He also noted that several board members have asked how long MSF will continue with this vendor or if there is an option to move away from them. He said there is an option for either party to terminate the contract; however, there is an incentive for HCL to continue to perform which is an evergreen letter of credit for the value of the contract that is accessible to MSF if there are damages. He said he believed MSF built in quite a few protections under the contract and said the real goal is not to see an end to the contract but rather to keep them focused to finish the job and get the product that we requested.

Ms. Copps continued her report with the Worksafe Champions project, which was on track and educates policyholders on identifying safety challenges at work and reducing those risks. She said there are three options to participate; one is an on-site training of eight modules from one of MSF's Safety Management Consultants. There are 11 policyholders with 77 employees working through the safety modules. The second option is for smaller employers to attend one of the regional workshops held throughout Montana - 40 people from 24 policyholders are attending workshops in Billings, Bozeman, Great Falls, Glasgow, Helena, Kalispell and Missoula. She noted that the WorkSafe Champion Elite program was designed as the next level of engagement and continuing education for MSF's WorkSafe Champion alumni. There are nine policyholders who have earned the Elite designation which makes them eligible for additional training and safety grants.

She said the Growing a Safer Montana project, also on track, is designed to reach young workers and invest in the safety future of Montana. Twenty-two high school safety grants were awarded and the instructors selected from a variety of personal protective equipment (PPE) for their class up to a maximum of $750. The equipment is being delivered in September and depending on the class need, PPE such as ear protection, safety googles, welding gloves or hard hats were provided. She said over the past three years, this program has impacted 4,500 students with safety equipment and MSF's safety message. The second part of Growing a Safer Montana awards scholarship to students in college trade and occupational safety and health programs. The deadline for the applications is November and the scholarships will be awarded in January 2020.

Chair Zanto thanked Ms. Copps and reminded the Board that there was some press coverage of a welding class in Butte that had an MSF employee there to present the PPE to the students. He commended the Growing a Safer Montana program and the message of getting younger workers into a safety mindset. He noted that Eric Strauss from the Department of Labor and Industry (DOLI) was in attendance and mentioned that DOLI was also in the schools teaching Occupational Safety and Health Administration (OSHA) ten-hour classes.

Lynda Moss commented that part of Montana's population is in Indian country and reservation communities and she asked if MSF was working with tribal colleges or high schools to provide an opportunity to participate in these programs?

President Hubbard said MSF does not want to ignore that segment of the population; however, he noted that that the program has been rolling out slowly and has been focused in Southwest and Western Montana. He said the vision is to move East and added that any high school that has an industrial arts course can apply for these programs. He said that one of the areas that needs to be recognized is that Indian country is sovereign country and the requirement to have workers' compensation insurance does not always apply though MSF does insure many tribal entities that work across reservation boundaries.

Ms. Moss added that she had attended a number of the conferences hosted by the Montana Indian Business Alliance and there is an emerging young workforce in Indian country and she said she felt it was worthwhile for MSF to be collaborative in working with tribal governments in the sovereign nations that are in Montana.

Chair Zanto said he sought clarification of Mr. Strauss about the number of kids per year that the ten-hour OSHA course was being presented to. Mr. Strauss reported that the program is reaching about 1,000 kids per year and they receive a completion card when done.

Chair Zanto called for additional questions or comments; there were none.

III. Corporate Support – Rene Martello, Controller

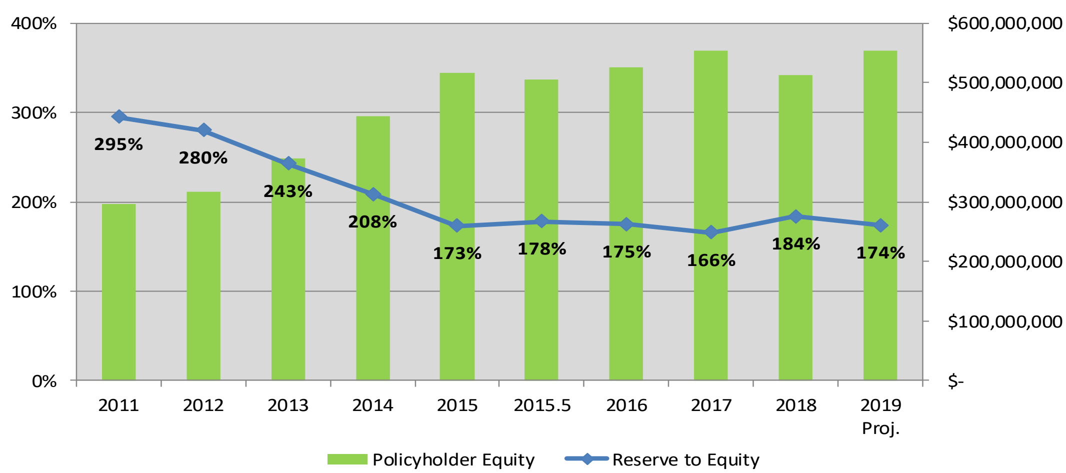
A. *Calendar Year 2019 Second Quarter Financial Report – Rene Martello, Controller*

Ms. Martello took a moment to recognize Kent Schlosser, MSF's Financial Reporting Analyst. She said he is the person who orchestrates completing the statutory financials, GASB financials and quarterly filings with CSI. She said Mr. Schlosser is the reason MSF is so successful on all of the audits and reviews of of MSF. She noted that he also leads up the dividend team which means he and Darcie Dunlap, Actuarial Analyst, have already completed the pre-work to ensure dividend notice and payments are ready to go should a dividend be declared.

Ms. Martello noted that the financial report she would be providing will highlight MSF's policyholder equity which is a key discussion point when determining a dividend declaration. She reported that at the end of the second quarter 2019, total admitted assets were up $28.8 million compared to end of Fiscal Year 2018. She said cash and invested assets increased by $40.2 million which is a typical cycle. She said MSF experienced neutral cash flow as premium was collected and benefits paid. She noted that other admitted assets decreased by $11.4 million which is also normal cyclic activity as premium billed is collected. She said total liabilities decreased by $4 million. Unpaid losses and loss adjustment expenses increase by $11.4 million which includes some adverse development of $2.4 million. This was offset by other liabilities decreasing $15.4 million; which was due to an accounts payable reduction when the SB-4 transfer payment was made in early 2019. Policyholder equity is projected to increase by $32.8 million.

Ms. Martello said the net income before any dividend consideration is $27.4 million or $11.5 million better than planned, although the projection for 2019 was $7.5 million less than 2018 which was planned for in consideration of the approved rate reduction. She noted that underwriting expenses were projected to be $38.4 million which is less than 2018. The 2018 amount also contained the Senate Bill 4 transfer to the general fund. She noted that there are still significant project investments being made for the PBRI project which means higher expenses than have been previously experienced. She said net investment income was approximately $57 million in 2018 with realized gains and for 2019 is expected to be $52 million. She said projected equity for 2019 is $553.3 million; up from $512.5 million at year end 2018; however, this includes the net income estimate of $27.4 million without a dividend. The was a net unrealized loss of $30 million in 2018 and through the second quarter of 2019, MSF has seen $13.7 in unrealized gains, though there is no way of predicting how that will end up by the end of the year.

She provided a review of the volatility of the equities market and explained the actions taken by BOI to address some of those market concerns and noted that by the end of 2018 total equities were down to a total portfolio value of $153 million. There have been ups and downs since then; however, overall current equity value is set at $167 million which indicates some improvement.



Ms. Martello provide the graphic above that indicates the reserve to equity ratio from 2011 and the improvements that have been made over the past ten years.

Chair Zanto asked if the dip in equity from 2017 to 2018 was after the dividend declaration?

Ms. Martello said that was correct.

Chair Zanto asked if the 2019 equity level was projected to today?

Ms. Martello said that was correct which means the 174 percent reserve to equity ratio is without any estimated dividend amount. For comparison purposes, a $10 million reduction in policyholder equity would add about 3 points to that percentage. A $20 million reduction would bring the ratio to 1.81 and $30 million would be about 1.84.

Chair Zanto called for questions.

B. *Analysis of Equity Adequacy and Policyholder Dividend Program – Russell Greig, Director and Ann Conway, Senior Consultant – Willis Towers Watson*
Mark Burzynski introduced Ann Conway, the managing director of Willis Towers Watson, MSF's external actuary.

Ms. Conway provided an overview of the items Willis Towers Watson will be presenting that summarize their analysis of MSF's policyholder equity adequacy and MSF's policyholder dividend program. She said each year they are asked to evaluate what is the right amount of policyholder equity and how should we evaluate the current level in light of what has happened over the last 12 months. The actuary is also asked if the current year's financial situation supports a dividend declaration and if so at what level. She noted that this is the 21st year that the MSF Board has explicitly considered these questions. She said that premium and loss reserves have stabilized while policyholder equity has increased over recent years. Premium is a combination of the exposure or covered payroll and the rate level that MSF charges. The bulk of the net operating earnings is derived from investments as opposed to the underwriting side of the balance sheet. Loss reserves have stayed relatively stable over the last ten years which reflects the fact that the loss experience has generally been favorable over the past period, the impact of HB334 and also the claim strategy changes that MSF has made. Policyholder equity is significantly higher than in 2011 and conversely the reserve to surplus ratio has decreased.

She said dividends have been significant, ranging from $35 and $40 million. If the dividends had not been distributed, the policyholder equity would be significantly higher. She provided context on what the workers' compensation market looked like compared to most of the overall property casualty market. Workers compensation is in a better place all across the country and the industry has been making money from writing workers compensation over the last several years. MSF's market share is significant at about 60 percent on a premium basis and about 40 percent on a payroll basis. MSF's operations have strengthened over the last several years with a particular focus on claims which is the biggest piece of an insurer's operation. Reserves have stabilized and equity has generally increased.

Ms. Conway said MSF's historical experience also illustrates the difficulty of quantifying workers' compensation obligations, even after policies have expired. She said the primary focus from the regulatory standpoint for an insurance operation and policyholder equity is focused on the financial security of an insurance organization. The idea that MSF will be able to fulfill its obligations to the policyholders and stakeholders creates a strong emphasis on the necessary success of the insurance company.

She said policyholder equity is not surplus. She said zero is not the right amount and an insurer would have a 50 percent chance of becoming insolvent in a year; however, infinity is not the answer either because the cost to keeping that equity would make insurance prohibitive to buy and larger employers would self-insure and smaller employers would find worker's compensation too costly to buy. The actuary must come up with what is a reasonable range of policyholder equity.

She also noted that MSF is in a different position with regard to the necessary equity level compared to stand-alone insurers. There are extremely long obligations associated with workers' compensation claims, especially as medical benefits continue to grow. MSF writes one line of highly regulated insurance in a single state and provides the guaranteed market. There is also uncertainty for MSF from significant benefit changes; if HB334 were repealed, MSF would not be able to retroactively collect $223 million from policyholders in years 2012 to 2019. MSF has increased risk of future political/budget appropriation from MSF's policyholder equity and has no way to access additional capital to finance future growth or to cover adverse financial results. She added that MSF's equity must be adequate not only to cover current and next year's obligations, but also to support the long-term strategy.

Ms. Conway clarified that for the same reason that policyholder equity is necessary, policyholder equity fluctuations are to be expected. One of the reasons MSF wants to have a strong equity position is the ability to react in a measured way to things that happen in an unexpected adverse way.

She said dividends are really a way for MSF to return a portion of earnings to policyholders and manage the level of policyholder equity. More importantly, they are a way to align the interests of the policyholders with the interest of MSF. By using policyholder dividends strategically, it allows the policyholder to make efforts to improve the safety of their workers thus reducing the claim frequency and building a long-term relationship between the policyholder and MSF.

Chair Zanto called for questions.

Russell Greig, Director, Willis Towers Watson, thanked the Board for renewing their contract and said he appreciates the Board's confidence. He added that he is spoiled a bit by Dan Gengler, MSF's Internal Actuary and Darcie Dunlap, MSF's Senior Actuarial Analyst who provide Willis Towers Watson with excellent data which allows them to focus on the message in the data.

He said their analysis concurs with MSF management that MSF needs to maintain strong policyholder equity relative to loss reserves. He explained how MSF has achieved its long-term goal over many years to achieve a strong equity level to assure continued health of the company and continued operations. He provided an example that illustrated how quickly a strong company can become insolvent in a few short years due to inadequate rates and adverse medical development. He noted that their analysis includes the heightened awareness of potential exposures to terrorism and other catastrophes.

Mr. Greig said their annual rate level analysis supports MSF's objective of producing modest operating income which refers to the contribution to policyholder equity for each underwriting year. He noted that MSF's operating income recognizes the transfer of risk from the individual policyholder to MSF and reflects the apparent uncertainty in predicting the future when pricing future business. It also makes on-going contributions to growing policyholder equity as needed and supports the Board's dividend strategy.

He said MSF's policyholder equity of $512 million exceeds the "regulatory solvency perspective" equity benchmarks. He provided a review of the perspectives and also explained that MSF's company-action-level Risk Based Capital (RBC) is four times the authorized-control-level RBC versus two times for other insurers.

Mr. Greig explained the comparison depicted below and noted that MSF's December 31, 2018 equity position of $512 million placed MSF below the middle of the range indicated by A- and A state funds and by the workers' compensation industry.

SUMMARY OF ANALYTICAL RESULTS

Comparisons to A- and A rated State Funds and the workers' compensation industry (assumes reserve adequacy) suggest a 12/31/18 MSF policyholder equity range of approximately $340 - $855 million

	Peer Group				
	Private Carriers				
	Mean of Lower Quartile	Median	Mean of Upper Quartile	A- and A State Funds*	Workers' Compensation Industry
Premium-to-equity ratio	1.5	0.8	0.4	0.4	0.5
Implied MSF equity	$105 million	$198 million	$396 million	$396 million	$338 million
Gross leverage **	4.6	2.7	1.8	1.8	2.2
Implied MSF equity	$274 million	$466 million	$699 million	$699 million	$577 million
Net leverage **	4.8	2.7	1.9	1.9	2.2
Implied MSF equity	$260 million	$463 million	$658 million	$658 million	$561 million
Reserve to equity ratio	2.6	1.4	0.9	1.1	1.4
Implied MSF equity	$362 million	$673 million	$1,046 million	$856 million	$664 million
Equity to RBC ratio **	1.8	3.5	5.6	6.5	N/A
Implied MSF equity	$230 million	$448 million	$716 million	$831 million	N/A

MSF's December 31, 2018 equity position of $512 million places MSF below the middle of the range indicated by A- and A state funds and by the workers' compensation industry

* Unweighted average of Hawaii, Kentucky, Louisiana, Maine, Missouri, Nevada, New Mexico, Texas, and Utah.

** Gross Leverage =(Gross Written Prem + Gross Loss Reserves + Other liabilities)/equity, Net Leverage = (Net Written Prem + Net loss reserves + other liabilities)/equity using MSF's CY2018 statutory financial statements, Equity to RBC ratio = Policyholder Equity / Risk-Based Capital

Mr. Greig noted that though the likelihood, or frequency, of terrorism events with workers' compensation implications, in Montana is low, the potential severity of a very extreme event could exceed $133 million. He said MSF's current equity is available to withstand the workers' compensation cost of terrorist events and MSF also is covered for terrorism through its reinsurance program.

He said that MSF's policyholder equity has done its job extremely well. It has withstood adverse loss and LAE reserve development, retroactive benefit changes reflected in court decisions and volatile investment climates. It has also allowed for relatively stable rates since 2005 and lower rates via a smaller profit and contingencies provision. Willis Towers Watson views MSF's financial position as financially strong; however, it remains important for MSF to maintain equity relative to loss reserves.

Mr. Greig said that the Willis Towers Watson analysis concluded that MSF has the financial performance and financial strength to declare a large dividend this year.

Chair Zanto called for questions. There were none.

C. *Surplus Level Determination and Declaration of Dividend – Management Recommendation - Laurence Hubbard, President/CEO*

President Hubbard provided an overview of the Board's dividend policy and noted that the Board has the authority, on an annual basis, to consider whether or not a dividend can be declared. He said the MSF management team analyzes loss and frequency trends and indicators, claim performance and frequency trends to add a judgmental perspective to the financials for the Board's consideration. He said MSF's basis of consideration for dividend declaration includes the current level of surplus, the projected end-of-year level of surplus and accident-year financial results for 2017, which is the dividend year in consideration at this meeting. Also included in the analysis is consideration of Montana's very competitive workers' compensation soft market conditions and the potential for impact on future dividend considerations. He said one of the underlying principles of MSF's management philosophy has been to stabilize results for MSF's customers and to stabilize the results for the economy in Montana.

He noted that the amount of the dividends declared are what get the overall attention; however, also important is maintaining the level of dividends year over year, if at all possible. He noted that the Board has the discretion to declare or not declare the dividend based on management's and Willis Towers Watson's recommendations. He said that legislative actions such as SB4 and the $28.7 million transfer could be a strong consideration in determining not to declare a dividend. He added that court decisions could also be a strong consideration such as overturning HB334. The recent Hensley decision to deny the request to overturn the HB334 impairment rating provision by the Workers' Compensation Court was held to be constitutional; however, it is expected to be appealed to the Montana Supreme Court. He noted that there are recessionary trends in the economy which should also be considered. MSF operates at an underwriting loss which is endemic to the ratemaking process and the Board, by law, must discount rates in anticipation of future investment earnings and income. He also noted that recent stable trends that MSF has observed in its loss experience and year-over-year loss development are a good sign for the Board that any dividend decision made gives management time to react should more capital be needed for MSF. The ending position of MSF in 2018 was $512 million in policyholder equity which included the $40 million dividend declared last year by the Board. That resulted in a reserve-to-equity ratio level of approximately 1.78 to 1. He said post-recession reserve-to-equity ratios were higher; however, those levels have rebounded with the economy and the assets have done a lot of heavy lifting. MSF's investment income is really the reason the Board has been able to declare the record-level dividends to its safe policyholders; however, the continued successful performance of investments cannot be predicted or expected going into the future.

President Hubbard said in consideration of MSF's reserve-to-equity target ratio of 1.5 to 2.5 to 1, and its current ratio hovering around the 1.7 range, he believes that the Board is in a position to declare a large dividend, thought not as large as those declared in the last two years. He said it is important to note that the Board has not embedded any contribution to equity in the last several years of rate level, which is significant. It means MSF has been writing business with no anticipation of contribution to equity and the Board has been relying on the profits from MSF's invested assets to assure MSF's operational soundness was achieved. He said MSF should still be looking to deliver a dividend to policyholders and continuing to reinforce the safety message. He recommended the Board declare a $30 million dividend for 2017 policyholders. He noted that results in about 95 percent of MSF's policyholders receiving a dividend and approximately a 21 percent average return of premium paid in 2017.

Chair Zanto called for a motion to begin Board discussion on this item.

Ms. Moss made a motion the Board, based on the unreserved surplus of $512,475,039 as of December 31, 2018, declare a dividend to dividend year 2017 policies of approximately $30 million dollars, not to exceed 2% above or more than 2% below the declared dividend, exclusive of any uncashed warrants. Mr. Mohr seconded the motion. Chair Zanto called for questions or discussion from the Board.

Chair Zanto said that the Board had been given a lot of information regarding the dividend and added that his concern was that MSF has given large dividends over the last four years and he is concerned that this has set an expectation with MSF's policyholders that large dividends would continue. He said the Board knows that volatility can definitely change MSF's position and what that would mean for the policyholders in that regard. He said he also has an additional concern that by giving large dividends the expectation out there is that our rates are too high. He said he believes there is a disconnect out there with the understanding that MSF's investment income has been the resource that has allowed the Board to declare the larger dividends. He said communicating that is a key issue for the Board going forward. He asked each Board member to weigh in on the proposed dividend declaration.

Mr. Larsen said he shared the concerns of the Chair and believed that the MSF staff had done a tremendous job earmarking a good possibility here. He said he understood that the Chair had asked for this number to be tested at $28 million.

Chair Zanto confirmed that he had.

Mr. Larsen said he does not believe that the world out there is as predictable as it may have been four to ten years ago and the international marketplaces drive deeply into our national marketplaces which then affect our state marketplaces. He said he shared some of the Chair's concerns. He noted that he is not a fiscal conservative; however, he is a businessman and careful consideration must be taken. He said he shared the concern that the expectation among the policyholders, of which he is one, is that they will continue to expect to get this "refund." He also noted his concern of the international marketplaces was bothering him more than the local marketplace.

Chair Zanto noted that modeling the difference between $28 and $30 million is somewhat of a rounding issue. He said the Legislative Liaisons reminded the Board in their pre-meetings that $2 million is a lot of money. When looking at the optics of this declaration though it seems insignificant in terms of millions of dollars, that is real dollars being discussed here.

Ms. VanRiper said she shared all of these concerns and said it is a very delicate balance. She said she believed part of the issue is some of the terminology that is used in these considerations. She said for instance, when the discussion points out that MSF is well above statutory minimums, that is just to say we are not going into insolvency which is not saying much. She also said equity discussions tend to bring to mind something like equity in your house which people tend to consider free money; however, that is not the case. MSF's equity is just a type of reserve. She said she was voicing this because she thinks in the future, the Board might want to give some thought to changing the terminology. She noted that $30 million would be a $10 million drop from 2018 which is going in the right direction in terms of lowering expectations and moving closer to not having the concerns that premium rates are too high. She said she could also be happy with $25 million.

Mr. Owens said that he was comfortable with management's $30 million recommendation. He said it is going in the right direction of dropping the amount. And given some of the head winds facing MSF with the upcoming presidential election and some of the economic woes of the trade wars, he believed that was a move in the right direction and he supported the dividend at $30 million.

Mr. Mohr noted that he worked for two employers that are policyholders of MSF and he tries to educate his boss when he receives a dividend and asks "Why don't they just reduce rates?" He said he believed MSF needs to be financially conservative. He said he would prefer a lower dividend; however, he also agrees with not reducing or increasing too fast. He said he would support a dividend of $30 million at this time.

Ms. Moss thanked Mr. Greig and Ms. Conway for their reports. She said MSF has benefited from the positive market of the past few years and many individuals and forecasters are saying there is a bubble and lower returns should be expected eventually. She said she believed that the dividends that MSF issues to its policyholders could also be considered investments in the small business owners and investments in safety. In the future, with the headwinds that could be faced as the market unfolds and how they will impact MSF, more and more MSF will need to rely on those small businesses and policyholders to provide that safety that will help MSF operate effectively, lower medical costs and get people back to work quicker. She said she sees the dividends as a way to say thank you to Montana's small businesses and policyholders for their attention and commitment to safety and we are honoring your work. She said there are cautionary indicators out there; however, this would be a way for the Board to say that it is important for MSF to continue its investment in the small business owners work and indicating to them that we are their partners. She said she thought the $30 million dividend was justified and was also a forward-looking proposal that MSF can present to its policyholders.

Chair Zanto noted that the Board members clearly did their homework on this issue and their comments seemed to indicate that they were all comfortable with the $30 million declaration. He said he supported it as well and he recommended that Board members continue their efforts to educate their colleagues on where the dividends come from and that MSF is operating at a $5 million loss annually. He said the Board must be careful in its efforts to take a measured approach in their work here.

Chair Zanto called for further discussion and public comment.

Mr. Biskupiak, Deputy Commissioner from the CSI said he had two viewpoints. The first was from the regulator approach which prefers a fiscally conservative approach and supports that MSF has done its due diligence in coming up with this recommendation. He said during his producer days, as an agent, delivering the dividend checks to consumers he found that a year-after-year declaration does create an expectation; however, that is because they have earned it. He said he thought that needed to be stressed because they have earned it based on criteria of the dividend program which creates better safety cultures.

Chair Zanto called for further public comment; there was none. He called for the vote and the motion passed unanimously.

Chair Zanto asked Mr. Biskupiak to provide a comment that they had discussed during the break.

Mr. Biskupiak said Ms. Grosfield's presentation included a discussion point of a 2017 mock market conduct exam and he noted that CSI was moving to make that a reality in 2020. He said a date had not yet been set nor had any timeframes; however, he thought it would be helpful to MSF to let them know. He said CSI was hoping that the policy and billing system would be complete because he believed that would create a more effective market conduct exam; however, he felt it was to the point where CSI needed to moved forward on this. He noted that the line of communication with MSF is wide open and these discussions will continue.

Chair Zanto thanked Mr. Biskupiak and noted that the Board members have had several discussions about PBRI and he asked President Hubbard to use the regulators standpoint in MSF's discussion with the contractor to encourage continued forward movement on the project.

President Hubbard referred to the transition plan to regulation in 2016; there is one particular rule that needs to be complied with that relates to domestic workers classification which was exempted from the compliance requirements until the PBRI system was implemented. That the system is not completed means MSF will need to ask again that the Commissioner indulge MSF with a request for additional time to implement that feature. He said he concurred that at a certain point, it is absolutely appropriate for CSI to go forward with the market conduct exam regardless of where the project is. He said he and his team believe the project is delayed about six months and that in terms of large-scale technology implementation that is not much of a delay. He confirmed that MSF will continue to coordinate, work with and maintain open communications with the Commissioner's office and keep them informed of where the project is.

Chair Zanto asked if there was a means of determining how policyholders are utilizing this dividend?

President Hubbard said there is a point at which this may become intrusive; however, there is no problem in asking what their intentions are. MSF's communications encourage them to invest in safety equipment and to recognize and reward employees for their safety records. He said even throwing a pizza party can indicate to employees that their safety efforts are appreciated.

Chair Zanto noted that from past work in the private world, he could attest to the fact that the parties and a small bonus to the employees were very much appreciated.

IV. Dividend Distribution – Rene Martello, Controller

A. *Minimum Dividend and Level of Warrant Amount or Credit to Account*

Ms. Martello provided the parameters used to distribute the dividend to MSF's customers. She said the policyholder must not have any outstanding payroll reports or audits from the dividend period which is July 1, 2016 to June 30, 2017 and have six months of continuous coverage during that time period. She requested that the Board approve a proposed minimum payment amount of $10, and a minimum warrant amount at $100. She said that would mean anything less than $100 would be applied to their account; anything over $100 would trigger a check. She said within the dividend distribution parameters there is a requirement that the dividend be applied to the account unless the Board chooses differently if the following exist:

- A current policy has a past-due premium or other debt pending
- A canceled policy with an obligation owed to MSF or an outstanding payroll report is due.

She noted that this has been the process in the past and staff was requesting that no action or changes be made on this item.

Chair Zanto called for questions. There were none.

Ms. VanRiper made a motion that the Board approve a minimum dividend payment amount of $10.00 and a minimum warrant amount of $100.00. Mr. Owens seconded the motion. Chair Zanto called for discussion or questions from the Board and the public; there were none. He called for the vote and the motion passed unanimously.

B. *Authority to Issue Dividend Warrant to a Cancelled Policy with a Past Due Premium or Other Debt Pending*

The Board did not make any changes or take action on this item.

C. Table of Dividend Factors and Actuarial Certification of Approved Table of Dividend Factors – Dan Gengler, Internal Actuary

Mr. Gengler presented the table of dividend factors for the $30 million declaration distribution. He noted that there would be some variance around the $30 million amount due to rounding, which is why the motion contains plus or minus language. The dividend is payable to policies written July 1, 2016 to June 30, 2017 with at least six months of continuous coverage. He explained that the table distributes the dividend pro rata to the level of contribution of each account to the underwriting results of that policy year. He said the average return of premium is 21.9 percent which is fairly even and constant across all accounts size ranges which is exactly what would be expected; however, it is somewhat lower at the larger account size. This is not because the large accounts that MSF writes have high losses, instead it is the fact that the larger accounts that MSF writes tend not to have extremely low loss ratios and therefore the average rate of return is a bit lower than the overall average. He provided the Board with an overview of the methods used to establish the table and utilized to assure the table distributed the dividend equally to all qualifying actuarial standards. He said the MSF underwriting and rating rules provide that the dividend be distributed based on loss ratio and account size be consistent with generally accepted actuarial principles and be reviewed and certified by the independent consulting actuary. He noted that the table of dividend factors was reviewed and certified by the consulting actuary, Willis Towers Watson, and the certification letter was provided to each Board member. He said management requests that the Board approve the table of dividend factors for the $30 million dividend declaration.

Chair Zanto called for questions. There were none.

Chair Zanto made a motion to approve the recommendation of staff to approve the table of dividend factors as presented and as certified by the independent actuary; and distribute the dividend to all qualifying policyholders with new or renewal dates within the dividend year of July 1, 2016 through June 30, 2017, and who had at least six months continuous coverage during their policy period. Mr. Larsen seconded the motion. Chair Zanto called for discussion or questions from the Board and the public; there being none, he called for the vote. The motion passed unanimously.

Chair Zanto thanked Mr. Gengler for tolerating the Board members questions and requests for additional modeling amounts during the pre-Board meetings.

V. Reserve Report – Old Fund

A. Overview of Old Fund statutes – Rene Martello, Controller

Ms. Martello provided an overview of the Old Fund statutes. She said 39-71-2351 of Montana Code Annotated establishes separate funding of the Old Fund and the New Fund. The legislature has determined that the most cost-effective and efficient way to provide a source of funding for, and to ensure payment of the unfunded liability, and the best way to administer the unfunded liability is to separate the liability of the State Fund on the basis of whether a claim is for an injury resulting from an accident that occurred before July 1, 1990, or an accident that occurs on or after that date.

She said MCA 39-71-2352 establishes a separate payment structure and sources for the claims for injuries of the Old Fund and MSF. It also determines the cost to administer and pay claims of the Old Fund and separately determine the cost to administer and pay claims of MSF. It states that the administrative expenses and benefit payments for the Old Fund and MSF are funded separately from the sources provided by law. This statute also establishes that an independent actuary must be engaged by MSF to project the unpaid claims liability for injuries resulting from accidents that occurred before July 1, 1990 each fiscal year until all claims are paid. Further, it states that if in any fiscal year the Old Fund is not adequately funded, which has been the case since 2011, any amount necessary to pay claims for injuries resulting from accidents that occurred before July 1, 1990, must be transferred from the General Fund.

Chair Zanto called for questions; there were none.

B. *Old Fund Fiscal Year 2019 Reserve Report – Russell Greig, Director – Willis Towers Watson*

Mr. Greig explained that their assigned objective as the independent consulting actuary is to estimate the aggregate amount of unpaid future claims benefits, including a provision for claim administration and future Montana Department of Labor and Industry (DOLI) assessments, and also to forecast the payout timing. He noted the Old Fund consists of claims that occurred prior to July 1, 1990.

He provided an overview of the methodologies used to determine the actuarial estimate and range of estimates of the unpaid liability of the Old Fund as of June 30, 2019. He noted that in the last four fiscal years, actual medical payment activity has been above expectations and those higher activity levels have been weighted into their projections. He said there have been more claims closures in the last 12 months than were expected. He said Old Fund payments have not been declining as expected over recent fiscal years and as a result estimated unpaid losses have been increased. He explained the factors and considerations that Willis Towers Watson applied to the Old Fund to determine their final projections for FY2019.

Mr. Greig said the Old Fund forecast of unpaid benefits has increased by $20.7 million from their estimate last year and the total undiscounted benefits-only related unpaid actuarial central estimate is now estimated at $38.6 million timed out to Fiscal Year 2050-2051. He said as of June 30, 2019 there are 554 open claims in the Old Fund which are less than was forecast by Willis Towers Watson in last year's analysis. In addition, the unpaid claims administration expense and DOLI assessments drive the overall conclusion as of June 30, 2019 for estimated unpaid losses and claims administration to $44.3 million.

Chair Zanto called for questions.

C. *Old Fund Fiscal Year 2019 Reserve Recommendations – Laurence Hubbard, President/CEO*

D. *Adoption of Old Fund Fiscal Year 2019 Unpaid Loss and Loss Adjustment Expense Reserve Estimate – Laurence Hubbard, President/CEO*

Chair Zanto called for questions or comments from those present; there were none and he called for a motion.

Mr. Mohr made a motion to adopt for the Old Fund, based on the actuary's best estimate of unpaid losses and loss adjustment expenses for Fiscal Year 2019, the amount of $44,265,565 undiscounted as of June 30, 2019. Mr. Larsen seconded the motion. Chair Zanto called for further discussion.

President Hubbard reminded the Board that there are no assets supporting the Old Fund. The monies come from the General Fund and MSF works closely with the Budget Office to assure that the claims are funded appropriately.

Chair Zanto called for questions or comments from the Board and the public. Seeing none, he called for the vote and the motion passed unanimously.

VI. Corporate Support – Rene Martello, Controller

A. Calendar Year 2019 Second Quarter Budget Report

Ms. Martello provided a summary of the second quarter budget report. She said overall expenditures are expected to be 5 percent under budget for the year. Within each of the three areas indemnity is expected to be $3 million under budget, medical without settlements is $4.3 million under and medical settlements are slightly over. She said year to date MSF is seeing savings in the benefit claim payments which is a result of settlement activity that has occurred.

She said operational expenditures are 40 percent of the budget. She noted that personal services were under budget due mostly to vacancy savings and operating expenses were also under due to the PBRI project not advancing to the milestone completion dates that were expected; however, those expenses are expected to be incurred in 2020. She said the ALAE or the cost to administer claims is over budget by approximately $453,000 due to increased costs incurred due to the new billing vendor, Rising Medical Solutions. There are additional review fees, but MSF has benefited from additional medical bill savings identified by the vendor. The other states coverage program had increased premium activity.

Ms. Martello provided an overview of the expenditures as of June 30, 2019 for MSF safety programs and projects. She said the $3.1 million projected expenditure is approximately 4.7 percent of total operational expenditures. She noted that the communications safety support area projected at $885,903 was comprised of the safety team as well as the communications department which dedicates approximately half of their time to developing the safety messaging and campaigns that MSF runs.

Chair Zanto called for questions. There were none.

B. Old Fund Funding Status – Fiscal Year 2019

Ms. Martello then provided the closing report for the Old Fund Fiscal Year 2019 as of June 30, 2019. She said the overall funding estimate was $9.8 million and actuals were about $15,000 under that estimate. She reminded the Board that MSF requested funding estimate adjustments to work with the Budget Office due to the number of claim benefit settlements that occurred in the fiscal year. She said overall claim benefits were estimated to be $8.9 million and came in at $8.7 million. She noted that the $625,000 legislative cap was in place for FY2019 and MSF was under target at $620,812. She said the legislative cap sunsetted on June 30, 2019 and will no longer apply for Fiscal Year 2020. She said the medical bill payment fees and settlement costs for Medicare set aside reviews put the ALAE slightly over budget by $154,000.

Chair Zanto called for questions. There were none.

Chair Zanto asked Mr. Greig what his opinion was of the impacts that MSF might see as a result of the presumptive illness law for firefighters that was passed in the 2019 session.

Mr. Greig said he has been having that discussion with Mr. Gengler and believes that the impact MSF will see is that a few of those claims will appear over time; however, those claims and costs will not be reflected in the loss costs that are produced by NCCI. He said that MSF will have to do an occupational disease load because the classic rate making process uses a five-year window; however, some of these claims can be filed ten years after the last exposure. That lag will have to be reflected in the base loss costs for that class code. He said it is not material in the grand scheme; however, it is material for firefighters.

Chair Zanto asked if Willis Towers Watson was accounting for this coverage for MSF's book of business going forward.

Mr. Greig said Willis Towers Watson has not done anything to include these considerations yet. Mr. Gengler has indicated that he will take it to the NCCI actuarial committee to begin developing a process to embed those considerations in the loss cost.

Chair Zanto asked is this situation was unique to Montana?

Mr. Greig said it was not and Willis Towers Watson has done an analysis for a large self-insured municipal pool in Florida that provided coverage for firefighters.

Chair Zanto moved to close the meeting for the President/CEO Performance Review and asked President Hubbard if he wished to waive his rights to privacy.

President Hubbard said he did not wish to waive his rights to privacy.

The meeting was closed at 12:07 p.m.

VII. President/CEO Performance Review

A. Call to order
B. President/CEO's Mid-Year Performance Review

Chair Zanto reconvened the meeting at 2:10 pm and noted that Board members had a very good discussion at this mid-year review and commented that the Board remains very impressed with how things are going and will continue to watch the progress moving forward.

VIII. Old Business/New Business

Chair Zanto called for Old or New Business. There was none.

IX. Public Comment

Chair Zanto called for Public Comment. There was none.

The meeting was adjourned at 2:11 p.m. The next scheduled board meeting will be held on Friday, December 13, 2019 at Montana State Fund, 855 Front Street, Helena, Montana in the first floor Board Room.

Respectfully submitted,

Verna Boucher
Special Assistant to the President/CEO