

**MONTANA STATE FUND
BOARD MEETING
January 20, 2023**

The Montana State Fund (MSF) Board meeting was held January 20, 2023 via Zoom.

Directors Attending

Richard Miltenberger, Clancy
Jack Owens, Missoula
Karen Fagg, Billings
Dexter Thiel, Sidney

Jan VanRiper, Missoula
John Maxness, Helena
Michael Marsh, Billings

MSF Staff Attending

Holly O'Dell, President/CEO
Verna Boucher, Special Assistant to the President
Matt Coy, CIO
Verena Maeder, Vice President, HR
Ethan Heverly, Director, Government Affairs

Rene Martello, Controller
Kevin Braun, General Counsel
Nick Mazanec, Assistant General Counsel
Bruce Johnsen, Chief Strategy Officer

Others Attending

Nancy Butler, Helena

I. Meeting Preliminaries

A. Call to Order

The meeting was called to order at 11:00 a.m.

II. Discussion Regarding LC985

Staff provided input on:

- MSF's mission and public purpose and the challenges to sustainability and evolution through the current format.
- The historic and ongoing threats to dissolve MSF and the importance of stability for policyholders.
- The historic takings from MSF's equity and ongoing takings threats.
- The value of agility and a competitive mindset.
- The difficulties delivering on mission while being connected to State Government.
- Examples of procurement and payment delays that impact MSF and its customers.
- Example of a successful not-for-profit state fund converting to a policyholder-owned carrier.
- An example of the delays and impacts to MSF when procuring computer products and services that enhance delivery of MSF's services to its customers.
- The key components of the proposed legislation and the vision for a mutualized MSF, the key commitments for MSF, and the need to protect the current employees.

Nancy Butler, retired General Counsel from MSF and retired Deputy Chief for the Commissioner of Securities and Insurance (CSI), addressed the historic perspective of MSF and highlighted key reasons she recommends the Board take action to support this proposal.

Holly O'Dell outlined the scenarios that would be stopping points should they occur as the process unfolds.

- 1) If the financial security of MSF were at risk going forward.
- 2) MSF must be able to continue to serve its current public purpose and mission through continuing to serve as a not-for-profit company maintaining the guaranteed market and continue to play a balanced roll in the system honoring injured workers and policyholders.
- 3) If the new solution did not honor our employees and their prior commitment to our work and offer a strong solution for our employees going forward.

A motion was made that the Board approve supporting legislation to convert the Montana State Fund into a policyholder owned not-for-profit mutual insurer with guaranteed market responsibilities and authorize staff to assist in the passage of that legislation. Mr. Maxness made the motion, Mr. Marsh seconded the motion. Chair Miltenberger called for Board discussion.

Board discussion identified additional concerns that Board members felt should be highlighted in the motion. President O'Dell provided clarification on the proposed process for MSF going forward and assured Board members that she and staff were prepared to address the items they had highlighted.

The motion was amended that the Board approve supporting legislation to convert the Montana State Fund into a policyholder owned not-for-profit mutual insurer with guaranteed market responsibilities and authorize staff to assist in the passage of that legislation so long as the new entity is positioned to remain financially strong, continues its public purpose, and MSF allows sufficient time and budget for transition, continues uninterrupted customer services during transition and identifies a transition solution that works for employees. Mr. Maxness amended the motion. Mr. Marsh seconded the amendment. Chair Miltenberger called for public input; there was none. The motion passed unanimously.

III. Public Comment

The Chair called for public comment; there was none.

The meeting was adjourned at 12:24 p.m. The next scheduled board meeting will be held on Friday, March 10, 2023 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