**MONTANA SELF INSURERS’ ASSOCIATION**

**June 16, 2022, Board Meeting Minutes**

**11:00a Mountain**

**Zoom Meeting ID: 837 1855 1040**

**Passcode: 428439**

Members Present: A. Komac (Chair) MMIA, J. Haun (Vice Chair) Rosauers, M. Marsh (Sec’y/Treas) Midland Claims, D Haeder Northwestern Energy, D. Walcheck Logan Health, P. Strauss (Exec Dir) ex-officio and non-voting member.

1. **Approval of 5/18/2022 Board Meeting Minutes**

The May 18, 2022 Draft Meeting Minutes were provided to the Board as part of the meeting invitation sent 6/10. Strauss reviewed the draft Board meeting minutes. There were no questions, corrections or comments.

**Marsh moved and Komac seconded a motion to approve the minutes of the 5/18/22 meeting as presented. Motion passed unanimously, with no abstentions.**

1. **Director’s Report**:

**Financials**

The May 2022 monthly statements from First Interstate Bank, the DA Davidson Savings and Investment accounts and the most current Financial Transactions spreadsheet, which is more up to date, were sent to Board members with the meeting invitation sent on 6/10.

First Interstate Balance                               = $28,561.95

DA Davidson Bond Fund Balance        = $9,405.23

DA Davidson Investment Acct                   = $23,0042.43

In addition, we have the Valley Bank 12-month CD deposit of $10,240 which matures on 8/27.

Association expenses incurred in May included the usual domain name and CardSetter website maintenance charge. In addition, we had the Webinar CE credit charge of $78.48 and the MSAE Annual Meeting registration for $25. The total was $158.48.

Expenses in June will include the usual domain name and CardSetter charges, the charges incurred for Strauss’s attendance at the NCSI Annual Conference, which will include the air transportation, the hotel, transit to and from the hotel and any residual charges associated with that trip. Strauss reported he was mistaken in thinking NCSI would pick up some of those costs as he is a member of the Executive Committee. As a result, we will be spending about $1700 more than originally anticipated. However, as discussed later, we remain in the black in our budget estimates and projections for the current fiscal year. There will also be a $64 charge from Allegra Marketing to provide a good quality color print of the NCCI Webinar material so it could be scanned in as the final presentation package for the 6/8 CE webinar.

The board discussed the recent investment account returns and as this is reserve monies only – there is no desire to change our investment strategies at this time.

**Membership**

Strauss reported he was incorrect last month in reporting the numbers of members– we have 19 Associate and 19 Employer members. We have commitments from others, but no payments yet. MES Solutions, an IME provider has committed and paid dues for 22 – 23. Strauss continues to expect MSQ, Rising Medical Solutions and One Call to join as Associates. As a result of attending the NCSI meeting, Strauss has learned Albertsons appears to have made the decision to drop or reject all self-insurer association memberships. As a result, they are no longer a high priority potential member. Other employer member targets are CHS and UPS – a new contact made at the NCSI meeting. Strauss will keep the Board informed of the progress we are able to make.

The first 2022 -23 Membership Dues request was sent out electronically during the week of 6/6. Strauss reports we already have members requesting more information about how much they might owe and how they can pay via credit card.

1. **Bylaws Review**

At our May 18 meeting, the Board discussed proposed Bylaws changes as suggested by Strauss:

1. Article III – Membership: Permit Captive Groups and Employers with a Captive as defined by MT law to be employer members
2. Article IV – Meetings: Permit Associate members to be counted to make a Quorum
3. Article V – Board of Directors: Identify that the Executive Director serves as an ex-officio, non-voting member of the Board.

The suggested changes were attached in revision marking mode to the meeting invitation sent out on 6/10.

Strauss reiterated his thoughts in proposing the changes –

1. We have members, particularly a group, who is actively considering creating a Captive. By definition, a captive or a captive risk retention group is a carrier/group that is owned and controlled by the employer/group. It may be contractually operated by a third party, but their contract and control of the organization remains with the employer/group and they get whatever financial benefit there may be to forming a captive. I have two drivers for my thought – I do not want to lose employer members and permitting captive or captive risk retention groups provide another potential source of members.
2. Associate members do not have a vote (other than the Associate seat on the Board) and we are not proposing to change that. We have a tough enough time to make a quorum with only employer members and our numbers are slightly skewed toward Associates. We picked up one employer member during this year and I am working on another to maintain about a 50/50 balance. We have had a tough time getting employer members to make the annual meeting or provide their proxy. Admittedly, I have only worked for MSIA during a pandemic so do not have a “normal” time experience. It could be different this year. Regardless, we rarely have controversial issues hit our Annual Meeting and you provide active guidance on how to address them anyway. With the growing membership, it would be easier to manage the Annual Meeting and would give me another opportunity to keep the Associates involved in our Association.
3. I don’t think we suffer if we do not clarify that the Executive Director serves as an ex-officio, non-voting member of the Board, but it is how we are operating. Formally, it provides me the basis for committing the organization to things you have approved or directed me to address. Everyone assumes the ED is an officer of the organization; our bylaws do not specifically make the statement.

The Board approved moving forward with the proposed changes at the May meeting and would have to formally adopt the changes at this meeting.

**Komac moved and Marsh seconded a motion to amend the Bylaws as presented. The motion passed unanimously with no abstentions.**

1. **MSIA Webinar Series** –

Strauss reported our most recent CE Webinar, reviewing the MT Workers’ Compensation System Results with NCCI and ERD information appeared to have gone well. We had 27 attendees, 9 of whom are not members. A copy of the presentation package was delivered to all 44 people who registered to attend.

This webinar is designed less for our membership and more to enhance the state-wide credibility of MSIA with the Montana workers’ compensation community, including public policymakers. One of the reasons to provide this Webinar to all interested in our state system was to build up a mailing list for future webinars where we can charge non-members to attend.

Strauss anticipates putting on another webinar in early September with Clarus (formerly WellCare), an IME group in Missoula. They have been active in the marketplace and would provide a speaker, at no cost, about IME examinations in the state system.

1. **Web Site**

The Web Site has been updated with the most recent MSIA Updates and the new member contacts.

1. **Budget**

Strauss prepared a draft budget proposal for the Board’s consideration and sent it out Tuesday 6/14 with his highlights (below). As proposed, we would be adopting a budget with a $1200 deficit. This year, we adopted a budget with a $750 deficit. Strauss reported it is not his intention to continue to propose increasing budget deficits, even though we finished the year with a significant budget balance. The most significant increase in our expenses is Strauss’s retainer. Strauss again thanked the Board for their support.

**Some income highlights:**

* Last year, we set a goal to bring in two new Employer Members. We were only able to secure one. We did meet the objective of adding 5 new Associate members. We are exactly at a 50/50 split of Employer and Associate members with 19 each.
* We brought in $1000 in unanticipated revenue this year through the Business & Annual Meeting Sponsorships. After speaking with last year’s sponsors, Strauss is proposing to increase the charge for sponsors and to offer sponsorships for each of the proposed four Continuing Education Webinars. If all goes to plan, we will see an additional $3500 in revenue from this effort.
* At the same time, we had not planned on the CE Webinar series in our budget last year – CE credits cost about $80 for each webinar. Through the webinar on June 8, Strauss has increased our email list for webinars and proposes to charge $25 for NON-MEMBERS to attend. Based on a conversation with his counterpart at the CA Self Insurers Association, this is an appropriate charge and we can anticipate four non-member participants. That may vary based on the quality and topic of the webinar.

**Some expense highlights:**

* The biggest change is Strauss’s contracted retainer. We discussed at the last Board meeting the changed financial, membership, activity and credibility the Association has since we started our relationship in May 2020. We have accomplished all the goals we had set in that time and Strauss reported his gratitude for the Board’s support, guidance and encouragement. We could not, and would not, have been able to reach these goals without your approach towards management and leadership. Strauss has included a proposal to increase his retention level to that of Larry’s for the next two-year contract.
* With our tax-exempt issue resolved, we should be able to get more reasonable prices for D & O Coverage. With that, the proposal reduces the estimate for coverage.
* We do not know how much our new accounting requirements will increase our accounting fees. Tax exempt filings are more detailed than for-profit filings.
* We are anticipating minor increases in the domain name and registration fees.
* We have seen more members take advantage of the credit card processing for dues payments than anticipated. Making it easier for members to pay their dues is good; there is a 3% processing fee for each transaction.
* We are planning 4 MSIA Continuing Education Webinars in the coming year.

We are projected to end 2021-22 with about a $5400 budget balance based on not purchasing the D & O coverage as planned, the B & A Meeting sponsorships, reduced travel and WCRI registration costs being comped. Including Strauss’s retention level increase, we are estimating a deficit of about $2200.

The Board discussed the stated goal of a 50/50 membership split between Associate and Employer members and encouraged Strauss to exceed that goal up to about 24 Associates, while continuing to solicit Employer members The Board was not very concerned with more Associates than employers nor in the potential perception that we are an Associate member organization. While we do not want to become such an organization, a few more than a 50/50 split is not an issue. As a result, Strauss will create a new proposed budget reflecting the increased income from more Associate members.

The Board also discussed the likelihood of mileage reimbursement rates increasing and the expectation that flights are more likely to be less expensive out of Bozeman than Helena. As a result, The Board requested Strauss increase travel costs to include an additional $300 in mileage expenses.

Our investments to date have performed poorly – mostly since the beginning of the calendar year. Our reserve accounts still reflect almost a full year of operating revenue.

**Marsh moved and Haun seconded a motion to approve the proposed budget, with amendments increasing Associate membership numbers to 24 and increasing travel expenses by an additional $300 as discussed. Motion passed unanimously with no abstentions.**

The Board requested Strauss prepare and distribute the budget as amended and passed ASAP. The estimated budget deficit will be reduced to just under $2000 with these changes. That budget was sent to the Board later that day, 6/16.

**7 Old Business / New Business**

**Election of Board Members -** Last year we adopted new bylaw language that provided for staggered two-year terms for Board members. As a result, we elected Komac as Chair, Haun as Vice Chair and Haeder for terms to expire next year, 2023. We also elected Marsh as Secretary/Treasurer and Walcheck for terms that expire this year at the Business & Annual Meeting. Both Marsh and Walcheck agreed to continue to serve in their capacities. Strauss reported he knows of no others who are vying to serve on the Board.

We will elect two Board members, expected to be Marsh and Walcheck in their respective positions at this year’s Business & Annual Meeting.

**Conflict of Interest Statement** – At the May meeting last month, we adopted a Conflict-of-Interest Statement for the Board and Executive Director, which was attached to the meeting invitation sent 6/10. We also agreed to start to use them effective with our fiscal year, July 1. Board members were requested to fill out the forms, identify any potential conflicts and sign and date them. Once completed, the Board was asked to return them to Strauss for inclusion in our business files. We will share with the membership at the B & A Meeting our having taken and completing this step.

**Business & Annual Meeting** – September 28, 8:30a

Our Business Meeting is for members only – both Employer and Associate membership. Strauss will be sending out our last B & A Meeting Minutes which were attached to the meeting invitation sent on 6/10 and will review our financials and will present our budget and bylaws changes for the membership to formally adopt. If the Board adopts a budget, our request of membership to approve is more a courtesy to provide them our financial information and projections, rather than a substantive discussion of budget items. We are a little odd in that we adopt a budget in time for our fiscal year, July 1 and then in September ask the general membership to ratify what we have been working with.

Strauss will also share with them our new Conflict of Interest Statement. Strauss will provide our annual issues survey to members during the summer and review the results and request any new or old business. Finally, Strauss will ask for nominations for the open Board positions (seats currently held by Marsh and Walcheck as discussed above) and will conduct the vote. That should conclude our Business Meeting.

At 9a, or earlier, we will then open the doors to anyone else to hear from our sponsors and then from Dr. Greg Vanichkachorn of the Mayo Clinic. Strauss will collaborate with him to see if we can get one continuing education credit available for his presentation. As in the past two years, our Annual Meeting will be open to all. The meeting will end at 10a.

**Other Old or New Business**

The Board discussed completing Strauss’s new contract prior to expiration of the current contract. There are no expected changes, other than the contracted retention rate which will go from $30,000 per year to $40,000 per year. Strauss offered that he provided a discounted rate to secure the contract and knowing something of the financial situation of the Association. The Board offered their appreciation for Strauss’s work and our accomplishments over the past two years. The Board also noted the proposed and adopted budget took into consideration this change.

**Marsh moved and Walcheck seconded a motion to authorize the Chair to enter into another two-year agreement with CF Parry Associates for Strauss’s retention as Executive Director, to take effect on October 1, 2022 at a remuneration level of $40,000 per year. The motion passed unanimously without abstentions.**

1. **Adjourn**

The next meeting is scheduled for July 21 at 11:00a MDT.