Special Meeting
MATIT Board of Trustees Meeting Minutes
July 10, 2023
MAT Building, Board Room
St. Michael, Minnesota

ATTENDANCE

Trustees Present:
Gary Burdorf, President, Green Isle Township
Sandy Hooker, Secretary, Medo Township
Jill Hall, New Solum Township
Rex Edge, Wasioja Township

Trustees Absent:
Frank Hard, Treasurer, Langola Township

Staff:
Heather Tidmore, MATIT Director
Steve Fenske, Staff Counsel

Others:
Jeff Krueger, MAT Executive Director
Sandy Cook, CliftonLarsonAllen LLP (remote)
Kate Lyons, BMO Harris (remote)
John Uker, BMO Harris (remote)
Lafonda Leshousky, State Fund Mutual
Julie Peterson, State Fund Mutual
Natalie Lund, Aafedt Forde Gray Monson and Hager PA (remote)

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CALL TO ORDER

000 President Burdorf called the Special Meeting of the MATIT Board of Trustees to order at 1:00 p.m. on July 10, 2023 at the MAT building in St. Michael, MN. He led the board in the Pledge of Allegiance.

AGENDA

23-07-01 Motion by Edge, seconded by Hooker to approve the minutes of the Regular Meeting held on June 13, 2023 and the Special Meeting held on June 24, 2023. Motion carried. Voting Yes: Burdorf, Hooker, Hall and Edge. Absent for Vote: Hard.

TREASURER'S REPORT

000 **In the absence of** Treasurer Hard, Director of MATIT Tidmore and Finance Manager Peterson presented the report on the finances of the Trust as of June 30, 2023.

23-07-02 Motion by Hooker, seconded by Hall to approve the financial report for the period ending June 30, 2023 (on file). Motion carried. Voting Yes: Burdorf, Hooker, Hall, Edge. Absent for Vote: Hard.

2023-2024 BUDGET DISCUSSION

000 Tidmore presented the proposed 2023-2024 budget (on file).

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000 Tabled from the last meeting, the board continued a discussion regarding the merits of including board expenses in the MATIT budget vs. inclusion in fees paid to MAT. The board also reviewed a draft of policy regarding board compensation and reimbursement. The consensus of the board was to make no change.

23-07-03 Motion by Edge, seconded by Hooker to approve the 2023-2024 MATIT budget as presented subject to removal of expenses for board compensation and reimbursements. Motion carried. Voting Yes: Burdorf, Hooker, Hall, Edge. Absent for Vote: Hard.

CLAIMS INFORMATION

000 Tidmore provided a report on open, closed and litigated claims. Later in the meeting, Staff Counsel Fenske updated the board on the settlement discussions involving Moltke Township..

YEAR END 2022 AUDIT REPORT

000 Sandy Cook, CliftonAllenLarson, presented the completed 2021-2022 audit to the board (on file. She noted the audit was delayed due to staff changes at MATIT and the transition from a third-party provider to performing work in-house. There were no conflicts with management in the preparation of the audit and added that management provided supplemental information as needed. When compared to the previous year, MATIT's net position decreased $1.8M due primarily to a decrease in the fair market value of the Trust's investments and an increase in the cost of claims and claims' administration. After reviewing footnotes in the report, she opined that the financial statements of the Trust are fairly stated, in all material respects. No action was taken.

000 Representatives of BMO Harris participated in a discussion regarding the insuring/collateralizing of MATIT investments and cash accounts. To ensure that MATIT funds are not unnecessarily exposed to risk, particularly when the cash accounts exceed FDIC limits, close attention will be paid to monthly cash flow needs.

COVERAGE DOCUMENT DISCUSSION

000 Tidmore advised that work on the re-write of the coverage document is making progress. As issues or questions arise, it is necessary to solicit the board's input. It was the consensus of the board to enhance coverage for legal challenges to extinguish a township's claim to a roadway; specifically, quiet title and Torrens actions that may affect a township's property interest to a roadway. This enhancement is not intended to provide coverage for claims alleging a takings by eminent domain. This coverage will be effective upon distribution of MATIT's revised Coverage Document unless an endorsement is sent to members.

WORKERS' COMPENSATION STEWARDSHIP REPORT

000 Representatives of MATIT's workers' compensation administrator fmpensation, State Fund Mutual (SFM), presented the annual stewardship report. Lafonda Leshousky (account manager) and Julie Peterson (claims adjuster) provided an historical overview of claims history and associated costs (i.e., indemnity payments, medical and rehabilitation costs, defense fees). They also reviewed the positive financial impact of cost containment programs such as bill review and pharmacy benefits

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management. Natalie Lund, defense counsel with the firm Aafedt Forde Gray Monson and Hager PA, briefly discussed the fundamentals of Minnesota Workers Compensation. Legislative changes that will impact the cost of claims were highlighted.

REPORT OF DIRECTOR OF MATIT

000 Tidmore provided requested information regarding properties scheduled with "an agreed upon value". The board discussed how a member sustaining a partial loss would be compensated. Tidmore reminded the board that MATIT is appraising properties on a five-year cycle which will provide the total cost to replace a property. The purpose of the project is to better ensure that members' properties are properly valued in the event of a loss. She also noted that MATIT has never applied escalators to property values to help keep up with the increase in costs to repair or replace properties between appraisals. The consensus of the board was to advise members that effective with the July 1, 2024 renewal (for all members) MATIT will only schedule properties at replacement cost values. Tidmore was directed to begin advising members of this change at the 2023 fall MAT district meetings.

000 Tidmore requested authorization to attend the Origami Users' Conference in Florida, October 2-5. Origami is the software used by MATIT for claims administration, underwriting and membership services. According to Krueger, the budget includes this expense.

23-07-04 Motion by Hooker, seconded by Edge to authorize Tidmore's attendance at Origami's 2023 Users' Conference in Florida in October (2-5). Motion carried. Voting Yes: Burdorf, Hooker, Hall, Edge. Absent for Vote: Hard.

OTHER BUSINESS

000 The next regular meeting of the MATIT Board of Trustees is September 12, 2023 at 1:00 at the MAT building in St. Michael, MN.

ADJOURN

23-07-05 Motion by Hooker, seconded by Hall to adjourn (3:42 p.m.). Motion carried. Voting Yes: Burdorf, Hooker, Hall, Edge. Absent for Vote: Hard.

Respectfully submitted as prepared by staff – Heather Tidmore, Director of MATIT

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