



Annual Meeting Minutes

December 4, 2017; 4:00 p.m.

State / Sunwood Room, Best Western Kelly Inn
St. Cloud, Minnesota

Attendance:

Board Members:

Scott Sanders, Trust Chair, Watonwan County
Felix Schmiesing Trust Vice Chair, Sherburne County
Don Diedrich, Secretary/Treasurer, Polk County
Dan Kuhns, Board Member, Waseca County
Charles Enter, Board Member, Brown County
Kevin Corbid, Board Member, Washington County
Randy Schreifels, Board Member, Stearns County
Ron Antony, Board Member, Yellow Medicine County

Board Members Absent:

Richard Downham, Board Member, Cass County

MCIT Staff:

Robyn Sykes, Executive Director
Steve Nelson, Deputy Director
Cheri Donovan, Finance Manager
Karen Clayton Ebert, Senior Staff Counsel for Risk Control
Sonya Guggemos, Senior Staff Counsel for Risk Control
Kevin Balfanz, Director of Field Services
Tom Suppes, Risk Management Consultant
Paul Hajduk, Risk Management Consultant
Heather Larson-Blakestad, Communications Manager

MCIT Members:

Ben Grimsley	Becker County
Richard Anderson	Beltrami County
Spencer Buerkle	Benton County
Brent Olson	Big Stone County
Kip Bruender	Blue Earth County
Scott Windschitl	Brown County
Sandra Noritake	Cass County
Jim Dahlvang	Chippewa County
Rick Greene	Chisago County
Grant Weyland	Clay County
Frank Gross	Clay County
Allen Paulson	Clearwater County
Tom Appel	Cottonwood County
Tim Tjosaas	Dodge County
Jim Stratton	Douglas County
John Roper	Faribault County

Bobbie Vickerman	Fillmore County
Robby Robinson	Goodhue County
Keith Swanson	Grant County
Mike Warring	Isanti County
Brett Skyles	Itasca County
Don Wachal	Jackson County
Rollie Nissen	Kandiyohi County
Peter Walsh	Lake County
Steve Rohlfing	Le Sueur County
Mic VanDeVere	Lincoln County
Joe Drietz	Lincoln County
Rick Anderson	Lyon County
Scott Peters	Marshall County
Elliot Belgard	Martin County
Mike Huberty	Meeker County
Craig Oscarson	Mower County
Gerald Magnus	Murray County
Lee Rogness	Otter Tail County
Darryl Tveitbakk	Pennington County
Gordon Wagner	Pope County
Larry Lindor	Pope County
John Lerohl	Red Lake County
John Stahl	Renville County
Jake Gillen	Rice County
Kyle Oldre	Rock County
Martie Monsrud	Roseau County
Michael Beard	Scott County
DeWayne Mareck	Stearns County
James Brady	Steele County
Jeanne Ennen	Stevens County
Bob Kopitzke	Stevens County
David Salberg	Traverse County
Jim Hofer	Wadena County
Stephanie Miranowski	Wilkin County
Marcia Ward	Winona County
Lee Kelly	Wright County
Gary Johnson	Yellow Medicine County
John Berends	Yellow Medicine County

Others in Attendance:

Peter Bergstrom	MCIT General Counsel
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CALL TO ORDER

MCIT Board Chair Scott Sanders called the 2017 Annual Membership Meeting to order at 4:00 p.m. in the State / Sunwood Room of the River's Edge Convention Center, St. Cloud, Minnesota.

2017 ANNUAL MEETING AGENDA

000 Motion by Kip Bruender, Blue Earth County, seconded by Jake Gillen, Rice County to approve the 2017 MCIT Annual Meeting agenda. The motion carried unanimously by the members in attendance.

MINUTES OF THE 2016 ANNUAL MEMBERSHIP MEETING

000 Motion by Gordy Wagner, Pope County, seconded by David Salberg, Traverse County to approve the minutes of the 2016 MCIT Annual Meeting held on December 5, 2016. The motion carried unanimously by the members in attendance.

FINANCIAL REPORT

Cheri Donovan, MCIT Finance Manager, presented the 2016 audited financial statement. It was reported that the independent audit firm of Eide Bailly LLP assigned MCIT an unmodified audit opinion for 2016. Items of note from the financial statement include:

- Member contributions of \$37M representing a \$1.2M increase from 2015. The increase was influenced by increases in members' exposure base.
- Net investment activities of \$2.8M; an increase of \$300K from 2015.
- Claims paid and changes in reserves that totaled \$19M compared to \$9.1M in 2015. The increase is a result of large reserve adjustments at year-end from the actuarial analysis due to positive adjustments of DPPA claims and closing of aged Workers' Compensation claims.
- Reinsurance premiums paid totaled \$4.6M compared to \$4.7M in 2015.
- 2016 revenues of \$40.2M compared to expenses of \$32M. MCIT's 2016 year-end fund balance was \$84M.
- A dividend of \$12.213M was returned to members.

Donovan also provided a report on the unaudited financial statements of the Trust as of September 30, 2017. Significant items include:

- Member contributions of \$25.7M at 9/30/17 that are \$1.6M less than at this time last year.
- Net investment activities totaled \$3.8M at 9/30/17 compared to \$7.9M at this time last year.
- Total paid claims at 9/30/17 of \$15.5M compared to \$14.2M at this time last year. The change is attributed to several bodily injury claims arising from auto accidents and large property claims arising from wind, hail, water and fire damage.
- Total revenues year to date of \$29.6M and total expenses year to date of \$25.1M.
- A Dividend of \$10.332M was declared earlier in the year and paid in November 2017.

Donovan answered several questions from the membership.

000 Motion by Steve Rohlfing, Le Sueur County, seconded by Jeanne Ennen, Stevens County to approve the 2016 Audited Financial Statement. The motion carried unanimously by the members in attendance.

INTRODUCTION OF STAFF

Chair Sanders invited the MCIT staff in attendance to come forward in recognition of the work they perform on behalf of MCIT and the membership. Introductions were made along with a brief explanation of each associate's area of responsibility.

BOARD OF DIRECTORS' ELECTION

Pursuant to the MCIT bylaws, the election of board members was conducted. Nominating Committee member Felix Schmiesing announced that one seat is up for election. Incumbent Ron Antony, who was appointed to the MCIT Board in February 2017 to fill an unexpired term ending December 31, 2017, is seeking election to a four-year term. Schmiesing reported that notices sent to the membership in October advising of the election generated no letters of interest.

Representing the Nominating Committee, Felix Schmiesing placed into nomination Yellow Medicine County Commissioner Ron Antony to serve on the MCIT Board of Directors for a four-year term that will expire December 31, 2021.

000 Motion by Don Wachal, Jackson County, seconded by Michael Beard, Scott County to elect Ron Antony to a four-year term. Chair Sanders, called three times for other nominations. No other nominations were made. The motion carried unanimously by the members in attendance.

VOTE ON PROPOSED AMENDMENTS TO MCIT JOINT POWERS AGREEMENT

Executive Director Sykes addressed the members on the rationale for updating the MCIT Joint Powers Agreement. The proposed changes culminates a year of review and discussion by the MCIT Board of Directors with the goal of clearly defining the responsibilities of the Board, adding provisions regarding meetings of the Board, clarifying the process to terminate the JPA, adding language on how the JPA can be amended and introducing indemnification and hold harmless language. The proposed changes ensure the document reflects operations of MCIT relative to Minnesota Statutes, Section 471.59, create harmony between it and the MCIT Bylaws and follows MCIT's standard risk management advise to members.

000 Motion by Tim Tjosaas, Dodge County, seconded by Rollie Nissen, Kandiyohi County to adopt proposed changes (on file) to the Joint Powers Agreement effective December 4, 2017; pursuant to Section 14.1 of the MCIT Bylaws this action acknowledges that members have been given adequate and timely notice and that an affirmative vote of the majority of county members present at the membership meeting shall constitute a change in the Joint Powers Agreement and will not require execution by individual members. The motion carried unanimously by the members in attendance.

REPORT OF THE EXECUTIVE DIRECTOR

MCIT Executive Director Robyn Sykes commented on highlights of 2017 and outlined priorities in 2018. For 2017, she reported that:

- ❑ Training sessions remained a priority with staff providing on-site training for thirty two (32) members and associations on the topics of social media, performance management, data practices and Open Meeting.
- ❑ Thirty two (32) members have taken advantage of Resiliency II training provided by Sand Creek Group.
- ❑ For the first time MCIT co- sponsored training sessions in conjunction with the Minnesota Association of Soil and Water Conservation Districts and the Board of Soil and Water Resources, Minnesota Sheriffs Association, Minnesota County Attorneys Association and the Association of Minnesota Counties on topics of concern to the mutual membership of the organizations.
- ❑ Staff developed and designed two loss prevention best practices guides that earned MCIT an award from the National Public Risk Management Association. This is the second time in four years MCIT has received this prestigious award.
- ❑ Through a contract with Hartford Steam Boiler MCIT debuted a Data Compromise/Cyber One Coverage that provides members with access to legal counsel, forensic staff and media assistance in the event of a covered loss.
- ❑ MCIT declared a \$10.33M dividend in 2017. This is the 26th consecutive dividend announced by MCIT and brings the fund balance returned to members to over \$323M. Sykes reminded the group that dividends are retrospective, not guaranteed and strongly influenced by investment income.
- ❑ 2018 will be the fifth consecutive year of rate reductions in both the property/casualty and the workers' compensation divisions.

Sykes went on to explain that when the board decided to end its reliance on a third party administrator in 2014 it required MCIT to build internal expertise for PC claims administration and underwriting activities. Almost all positions will be filled by the end of 2017. The software conversion that started in 2016 will be completed on December 7th at which time MCIT will be totally independent of TPA support. The conversion has required every process and product to be reviewed and revised. According to Sykes, these changes will improve MCIT efficiency and reduce operating costs. Priorities in 2018 will include:

- ❑ Wrapping up Data Privacy Protection Act (DPPA) claims.
- ❑ Addressing legislation to add Post-Traumatic Stress Disorder as a presumption first responder to receive workers' compensation benefits. To date, staff has met with the Commissioner of the Department of Labor and Industry, legislators and other pools to discuss this change.
- ❑ Focus on a "Cyberwisely" Campaign to help members manage exposures related to the electronic business environment.

Sykes reminded the group that the success of MCIT is the result of their commitment to managing risks. She concluded her comments by thanking the membership for their continued trust and support of the work that MCIT does for them.

ANNOUNCEMENT OF 2017 ACHIEVEMENT AWARDS

Chair Sanders announced the 2017 MCIT award winners:

- County of the Year: Blue Earth County
- Outstanding Performance in the Property/Casualty Division: Mower County
- Outstanding Performance in the Workers' Compensation Division: Pope County

Sanders advised that these awards will be presented during the 2017 Awards Banquet. He congratulated all award winners on their success.

MEMBER COMMENTS

The Chair asked for member comments. Several questions were posed by members in the audience that included predicting the next big programmatic concern facing MCIT, coverage concerns relating to issues arising from the Enbridge Pipeline System issue in northern Minnesota and reasons for the decline in investment income as reported in the financial report.

ADJOURN

000 Motion by John Lerohl, Red Lake County, seconded by Craig Oscarson, Mower County to adjourn the meeting (4:45 p.m.) The motion carried unanimously by the members in attendance.

Respectfully submitted,

Don Diedrich
MCIT Secretary/Treasurer