



# Board of Director's Meeting Minutes

July 14, 2023  
MCIT Building, Room 220  
St. Paul, Minnesota

---

## Attendance:

Ron Antony, Trust Chair, Yellow Medicine County  
Don Wachal, Vice Chair, Jackson County  
Randy Schreifels, Treasurer/Secretary, Stearns County  
Kirk Peysar, Aitkin County  
Jack Swanson, Roseau County  
Kurt Mortenson, Otter Tail County  
Brett Skyles, Itasca County  
Todd Patzer, Lac qui Parle County  
Absent: Marcia Ward, Winona County

Linda Podritz, Director of Internal Services  
Eric Nerness, Director of Claims  
Zahir Siddiqui, PC Claims Manager  
Gary Severson, Underwriting Manager  
Kevin Balfanz, Director of Field Services  
Karen Ebert, Senior Staff Counsel for Risk Control  
Ryan Balfanz, MCIT Intern  
Kevin Coleman, Facility Manager  
Nathan Haupt, Facility Technician

## MCIT Staff:

Gerd Clabaugh, Executive Director  
Steve Nelson, Deputy Director

## Service Providers:

Peter Bergstrom, General Counsel  
Scott Anderson, Actuarial Advisors

---

## CALL TO ORDER

**000** Trust Chair Antony called the MCIT Board of Directors' Meeting to order at 9:00 a.m. on July 14, 2023 in Room 220 at the MCIT Building in St. Paul, Minnesota.

## APPROVE THE AGENDA

**23-07-01** Motion by Mortenson, seconded by Peysar to approve the agenda with changes (on file). Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

## APPROVE THE MINUTES

**23-07-02** Motion by Skyles, seconded by Wachal to approve the minutes of the June 9, 2023 meeting of the MCIT Board of Directors. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

## FINANCIAL REPORT - PERIOD ENDING MAY 31, 2023

**000** The board reviewed the unaudited financial statements for the periods ending May 31, 2023 as presented by Executive Director Gerd Clabaugh.

**23-07-03** Motion by Patzer, seconded by Schreifels to accept the MCIT unaudited financial statements for the period ending May 31, 2023. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

## **2024 CONTRIBUTION DISCUSSION**

**000** Scott Anderson of Actuarial Advisors advised that property/casualty rate level indicators suggest a 1.7% increase in aggregate rates in 2024. Factors influencing the adjustment include inflation and increasing costs under auto physical damage losses.

**23-07-04** Motion by Schreifels, seconded by Swanson directing a 1.7% aggregate increase in property/casualty rates for 2024. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

**000** Anderson recommended a 1% aggregate increase in workers' compensation rates in 2024. The primary factors influencing the adjustment are claim inflation compared to employee pay inflation.

**23-07-05** Motion by Wachal, seconded by Peysar directing that workers' compensation rates for 2024 reflect an aggregate rate increase of 1%. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

**000** Anderson reviewed the WCRA retention limit and recommend that MCIT remain at the low (\$500,000 per claim) level retention in 2024.

**23-07-06** Motion by Schreifels, seconded by Mortenson directing that the WCRA retention limit remain at the low level retention in 2024. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

## **2023 DIVIDEND UPDATE**

**000** Anderson reviewed the workers' compensation dividend breakdown by member scheduled to be paid in November 2023.

## **CLAIMS UPDATE AND REVIEW OF NOTABLE CLAIMS**

**000** Claims Director Eric Nerness reviewed this area of activity and background information on notable property casualty and workers' compensation claims experience highlighting performance of these work units. The board acknowledged Nerness' service to MCIT. Nerness is retiring at the end of July 2023.

## **PHASE I PROPERTY APPRAISAL REPORT**

**000** MCIT Underwriting Manager Gary Severson advised Phase I of membership on-site property appraisals is complete. Earlier this year, the contracted appraisal company, HCA Asset Management, appraised 812 buildings located in the northern third of Minnesota. MCIT Staff has reviewed individual appraisal reports for completeness and accuracy. Severson advised that established practice is to adjust member property schedules with the updated replacement cost values effective today and any corresponding 2023-contribution adjustment will be waived. Members with large contribution/TIV adjustments as a result of the appraisal will be contacted to advise them of the changes. Appraisal reports and endorsements will be provided to members electronically by September 30, 2023. 2024 contributions will reflect the new appraised values. No board action necessary.

## COUNTY REINSURANCE LIMITED (CRL) MEMBERSHIP

**000** MCIT Deputy Director Steve Nelson reported that the Governance Committee met June 8, 2023. One of the items discussed was continued membership in CRL for liability reinsurance into 2024 after fulfilling the initial 3-year membership obligation that expires at the end of 2023. The committee recommends continuing membership in CRL which now includes MCIT's cyber coverage program. Nelson also explained that effective with the 2024 renewal CRL is imposing an annual aggregate coverage limit, where there currently is none, that consists of \$4 million per member for Public Employees Liability coverage and \$4 million for Law Enforcement Liability claims. Under that arrangement once a member accrues \$4 million in claim costs (still subject to MCIT's per claim coverage limit of \$2 million) in a policy year their coverage is exhausted. Nelson explained that CRL will offer an additional \$2 million limit at 5% of MCIT's PEL and LEL premium. After analyzing the past five years of member claim experience Nelson recommended purchasing the additional \$2 million limit thereby increasing member limits to \$6 million.

**23-07-07** Motion by Schreifels, seconded by Skyles to accept the recommendation to purchase the additional \$2 million per member annual aggregate coverage limit from CRL for both the Public Employees Liability and Law Enforcement Liability coverage lines for the 2024 renewal. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

## 2022 PERFORMANCE REPORT – FACILITY OPERATIONS

**000** MCIT Facilities Manager Kevin Coleman presented an overview of building operations during 2022. A total of 832 meetings were held in the MCIT building during the year by all users including MCIT staff. This compares of 601 meetings in 2021 and 580 meetings in 2020. Coleman reported that meeting volume in 2023 is beginning to return to pre-pandemic levels. 2022 projects included:

- JACE controls were installed on each floor of the building. Upgrades to software that control the Building Automation System, which manages the life safety, HVAC, security and energy management controls of the building.
- Battery replacement: Replaced 28 back-up batteries in life safety, security and energy management panels as part of 3-year scheduled preventative maintenance program.
- Roof repair: Minor repairs on deficiencies noted during annual inspection. Repairs help maintain and extend the life cycle of the roof.
- Exterior plaza renovation preparation, research and preliminary planning.
- New tenant space converted for Minnesota Association of Soil and Water Conservation Districts.
- New nursing mothers / wellness room: Relocated private accommodations for nursing mothers to third floor.
- Continuity improvements to Suite 100.

Coleman concluded by recapping facility initiatives for 2023.

## FACILITY IMPROVEMENT CONTRACTS

**000** MCIT Deputy Director Steve Nelson presented 2 contracts for improvements and upgrades to the MCIT facility. Staff has researched our needs and obtained quotes for the recommended work. First, Nelson recommended Acme Tuckpointing & Restoration to replace exterior vertical and horizontal brick expansion joints with new urethane sealant. The amount of this contract will not exceed \$30,000. Second, Nelson recommended Pro-Tec Design to upgrade our existing access card reader and intrusion panels to a new cloud based system. This work is limited to installation of electronic system controllers, software and programming at a cost not to exceed \$40,000.

**23-07-08** Motion by Schreifels, seconded by Swanson authorizing staff to enter into a contract with ACME Tuckpointing & Restoration for an amount not to exceed \$30,000 for the replacement of exterior

sealant and related work to the MCIT building. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

**23-07-09** Motion by Skyles, seconded by Peysar authorizing staff to enter into a contract with Pro-Tec Design for an amount not to exceed \$40,000 for the upgrade to MCIT's access card reader and intrusion panels. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Peysar, Swanson, Mortenson, Skyles and Patzer. Absent: Ward

## **REPORT OF THE EXECUTIVE DIRECTOR**

**000** Executive Director Clabaugh briefly reviewed activities of MCIT associates since the last board meeting (details on file).

**000** Director of Field Services, Kevin Balfanz, provided the board with an updated schedule of MCIT County Member Reports and also introduced Ryan Balfanz as MCIT's summer intern.

## **OTHER BUSINESS**

- Next Board Meeting: August 11, 2023
- Staff picnic: August 11, 2023 (following Board Meeting)
- Claims Committee: August 11, 2023
- Investment Committee: August 10, 2023

## **ADJOURN**

Chair Antony adjourned the July 14, 2023 meeting of the MCIT Board of Directors at 12:15 p.m.

Respectfully submitted by:

Randy Schreifels  
MCIT Secretary/Treasurer