



# Board of Director's Meeting Minutes

Aug. 11, 2023

MCIT Building, Room 220

St. Paul, Minn.

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## Attendance:

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

Gary Severson, Underwriting Manager  
Nick Anderson, Underwriting Specialist  
Ondara Nyang'au, Finance Manager  
Kevin Balfanz, Director of Field Services  
Paul Hajduk, Risk Management Consultant  
Nick Lindberg, Loss Control Consultant  
Alethea Sheridan, Loss Control Consultant  
Karen Ebert, Senior Staff Counsel for Risk Control  
Ryan Balfanz, MCIT Intern  
Heather Larson-Blakestad, Communications Mgr.

## MCIT Staff:

Gerd Clabaugh, Executive Director  
Steve Nelson, Deputy Director  
Zahir Siddiqui, Director of Claims

## Service Providers:

Peter Bergstrom, General Counsel  
Peter Schmit, Galliard Investments  
Andrea Johnson, Galliard Investments

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## CALL TO ORDER

**000** Trust Chair Antony called the MCIT Board of Directors' Meeting to order at 9:00 a.m. on August 11, 2023 in Room 220 at the MCIT Building in St. Paul, Minnesota.

## APPROVE THE AGENDA

**23-08-01** Motion by Swanson, seconded by Mortenson to approve the agenda. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Skyles. Absent: Patzer.

## APPROVE THE MINUTES

**23-08-02** Motion by Skyles, seconded by Peysar to approve the minutes of the July 14, 2023 meeting of the MCIT Board of Directors. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Skyles. Absent: Patzer.

## FINANCIAL REPORT - PERIOD ENDING JUNE 30, 2023

**000** The board reviewed the unaudited financial statement for the period ending June 30, 2023 as presented by Finance Manager, Ondara Nyang'au. Nyang'au was available for questions.

**23-08-03** Motion by Peysar, seconded by Schreifels to accept the MCIT unaudited financial statement for the period ending June 30, 2023. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Skyles. Absent: Patzer.

## **2<sup>nd</sup> QUARTER 2023 INVESTMENT REPORT**

**000** Andrea Johnson, Galliard Capital Management, presented an overview of general economic conditions for the 2<sup>nd</sup> quarter of 2023. Second quarter GDP growth was stronger than expected at 1% - 2% with full year growth projections being 1.2% - 1.5%. The first quarter GDP was 1.2%. Although recession probabilities remain elevated, forecasts calling for a mild recession have been pushed out to late this year or early 2024.

Peter Schmit, Galliard Capital Management, reviewed MCIT's portfolio and 2<sup>nd</sup> quarter transactions. He reported at the close of the 2<sup>nd</sup> quarter 2023 MCIT's annualized investment performance had a negative return of -0.89 percent. The yield to maturing for the portfolio was (4.84%), for the quarter. There were no material changes to MCIT's portfolio, which remains high quality, laddered and diverse. The overall strategy for MCIT's portfolio remains unchanged for the quarter and investments remain well diversified across all sectors.

## **2022 PERFORMANCE REPORT – FIELD SERVICES**

**000** Director of Field Services Kevin Balfanz reviewed the roles and activities of the risk management and loss control teams in 2022 and 2023. He reminded the board of several staffing changes on his team since 2020 with a continued focus on monitoring the post-pandemic needs of members and related ongoing staffing levels in his department.

Field services projects in 2023 include creating and delivering a customized member report to all member county boards and the development of fall virtual workshops training topics focusing specifically on cyber preparedness and response concerns.

Balfanz concluded his report by highlighting future initiatives that include:

- Meet members where they are and helping them move forward
- Develop annual coverage reviews
- Prioritize proactive member outreach
- Promote contract reviews, Employee Assistance Program and ongoing Safety Committee participation
- Develop loss prevention educational resources

Balfanz concluded his report by announcing the retirement of MCIT Risk Management Consultant, Tom Suppes, this fall who currently serves as the Minnesota PRIMA chapter president.

## **REVIEW OF 2024 RENEWAL CONTRIBUTIONS**

**000** Underwriting Manager Gary Severson reviewed the estimated 2024 Property/Casualty and Workers' Compensation renewal contributions for counties. The 2024 property/casualty contributions reflect an aggregate rate increase of 1.7% from 2023 rates. The workers' compensation contributions reflect an aggregate rate increase of 1% from 2023 rates. 2024 estimated renewal notices will be sent to members by August 21 as required by the MCIT Bylaws.

## **COVERAGE APPEAL**

**000** Otter Tail County Water Management District has requested a hearing before the MCIT Board regarding a disclaimer of coverage.

**23-08-04** Motion by Swanson, seconded by Ward to set the date for the Otter Tail County Water Management District liability coverage appeal during the Board's November meeting scheduled for

Thursday, November 9, 2023. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Skyles. Absent: Patzer.

## **COMMITTEE REPORTS – INVESTMENT COMMITTEE**

**000** The investment committee met August 10, 2023. Committee member Schreifels provided a recap for the board that included an overview of MCIT’s participation in the Minnesota State Board of Investment’s non-retirement equity fund and discussion on other potential investment opportunities for municipal entities created by recent changes in Minnesota legislation. Executive Director Clabaugh will work to identify consultants for the board’s consideration to help evaluate MCIT’s investment strategies going forward.

## **REPORT OF THE EXECUTIVE DIRECTOR**

**000** Executive Director Clabaugh briefly reviewed topics planned for the Board’s September work session and other activities of MCIT associates since the last board meeting (details on file). Clabaugh announced that Zahir Siddiqui has accepted the position of MCIT Director of Claims with plans to recruit for the open PC Claims Manager position underway. Zahir Siddiqui provided an update on tax-forfeited property legal changes in response to a recent Supreme Court decision and MCIT’s coverage position on the topic.

## **OTHER BUSINESS**

- Strategic Planning Session: September 7 & 8, 2023
- Next Board Meeting: September 8, 2023

## **ADJOURN**

Chair Antony adjourned the August 11, 2023 meeting of the MCIT Board of Directors at 12:05 p.m.

Respectfully submitted by:

Randy Schreifels  
MCIT Secretary/Treasurer