



MCIT Board of Director's Work Session Meeting Minutes

September 7 & 8, 2023

Boy Scout Basecamp

6202 Bloomington Road (Dietz Room)

St. Paul, Minnesota

Attendance:

Ron Antony, Trust Chair, Yellow Medicine County
Don Wachal, Vice Chair, Jackson County
Randy Schreifels, Secretary/Treasurer, 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

Ondara Nyang'au, Finance Manager
Zahir Siddiqui, PC Claim Manager
Andrew Essling, WC Claim Manager
Kevin Balfanz, Director of Field Services
Karen Clayton-Ebert, Senior Staff Counsel
Sonya Guggemos, Senior Staff Counsel
Gary Severson, Underwriting Manager

Service Providers:

Peter Bergstrom, General Counsel

MCIT Staff:

Gerd Clabaugh, Executive Director
Steve Nelson, Deputy Director

CALL TO ORDER

000 Chair Antony called the MCIT Board of Directors' Work Session Meeting to order at 2:00 pm. on September 7, 2023 in the Dietz room at the Boy Scout Basecamp facility in St. Paul, Minnesota. The agenda was acknowledged as presented.

BOARD ADMINISTRATION

000 The first item for discussion with regard to board administration focuses on the Board, election process and changes to the bylaws. Chair recognized Steve Nelson, MCIT Deputy Director, for introductory comments on this topic. Steve reviewed the Governance Committee's June 2023 discussion on potential changes to the bylaws relating to elections, board, appointments, and the role of the nominating committee. As a result of a very broad ranging discussion, General Counsel Peter Bergstrom was asked to develop some language in response to the discussion that could be proposed to the Board as changes to the bylaws. The Governance Committee's objectives for these changes include allowing all at-large applicants for Board positions to be placed on the ballot at the annual meeting, replacing the nominating committee with a screening committee whose job would be solely focused on midterm appointments, a prohibition from nominations being made from the floor during the annual meeting, and the introduction of some selection criteria to be used by the Board for vacancy appointments. In the packet were a draft set of bylaws addressing those goals. Members discussed in detail the proposed changes. Board member Mortenson suggested several

editorial clarifications in section 7.5, items D and E, sub-one and sub-two. There was some further discussion about the letters with which MCIT communicates regarding the election process, which were all so included in the packet. These letters provide additional details on deadlines for applications and expectations regarding the thoroughness of applications. It was also agreed to offer each candidate in the election process an email contact list of delegates that could be used to campaign for office. Following the discussion, it was agreed in principle that the proposed bylaw amendments in the packet, inclusive of Board Member Mortenson's editorial suggestions, were suitable for action at Friday's regular board meeting.

Given time available for discussion, the Chair directed that the self-assessment discussion under board administration would be held until later in the meeting so the Board could move onto the presentation on PTSD, disability, and Worker's Compensation claims.

PTSD, DISABILITY AND WORKERS COMPENSATION CLAIMS

000 Chair Antony recognized Karen Clayton-Ebert, MCIT Senior Staff Council, to discuss MCIT's Worker's Compensation claims as they relate to PTSD. Karen provided an overview of both process and claims activity relating to PTSD and Workers Compensation. Karen's presentation was followed by a presentation from the Minnesota Public Employees' Retirement Association (PERA) Executive Director Doug Anderson, and Amy Stenge, PERA's policy coordinator. Mr. Anderson and Ms. Stenge provided an overview of PERA and duty disability, discussing the additional demands the increased claims for PTSD disability place on the system. They also reviewed legislative actions in 2023, and projected forward how the legislation might affect PERA.

ACTUARY 101 PRESENTATION

000 Chair Antony recognized Scott Anderson of Actuarial Advisors, for his presentation to the Board. Scott reviewed fundamentals of actuarial work, particularly in context of his specific work on behalf of the MCIT Board. Actuarial Advisors has been under contract with MCIT to provide this support for many years, which provides critical continuity in this area of our work. Scott also reviewed the timeline for his occasional presentations to the board to establish contribution rates, recommendations for annual dividend, payment, and related work

BENCHMARK ANALYTICS UPDATES

000 Chair Antony recognized Steve Brewer from Benchmark Analytics, who joined the meeting remotely. Steve reviewed the analysis of MCIT data for law enforcement liabilities, particularly focusing on jail related claims for MCIT over the last 12 years. The next round of Benchmark's work includes reaching out to Sheriffs across Minnesota through the Minnesota Sheriffs Association. Brewer and Clabaugh will meet with the MSA Board of Directors in mid-September to propose how MSA could support this effort relative to collecting additional information on law enforcement practices that may lead to better outcomes.

COUNTY REINSURANCE RENEWAL DISCUSSION

000 Given time available, Chair Antony recognized Steve Nelson to discuss County Reinsurance Limited (CRL) liability reinsurance renewal proposal. CRL's renewal of liability and cybersecurity reinsurance comes to MCIT with a 33% increase in premium over the previous year. This dramatic increase is due to the maturation of claims over the last several years. Some options are available to MCIT with regard to changing retention levels which will have an affect on premium, and Board members requested that staff bring back some analytics related to changes in retention levels for the November meeting as an action item.

The board reassessed for the day at 5:10 PM and prepared to take a tour of the base camp facility led by John Andrews, local scout executive.

BOARD RECONVENES SEPTEMBER 8 AT 9AM.

The board reconvened at 9 AM on September 8 at the base camp facility at Fort Snelling. All members in attendance on September 7 were in attendance on September 8.

INVESTMENT COMMITTEE REPORT

000 Chair Antony recognized board member Schreifels to discuss the investment committee meeting held at 1:00pm on September 7. Board Member Schreifels shared that the Investment Committee met to discuss a proposal to assist the Board in reestablishing its investment guidelines in light of changes to Minnesota statute which open the types of investment opportunities available for MCIT. A proposal was received from Alton Cogert, Principal at Strategic Asset Alliance (SAA), which has a long history supporting pools in their investment responsibilities across the country, including County Reinsurance Limited, The League of Minnesota Cities Insurance Trust among a host of others. The Committee reviewed and discussed the proposal and is recommending the Board approve an engagement with SAA.

Schreifels also discussed the committees desire to begin capturing some cash from maturing securities within the next year or less to enable MCIT to take full advantage of changes in investment policy. The committee recommends the Board approve a motion directing Galliard to accumulate up to \$5 million as it transacts business on our behalf, setting these funds aside for deployment against the updated investment policy once complete.

2024 BUDGET DISCUSSION

000 Chair Antony recognized Clabaugh for the 2024 budget discussion. Clabaugh opened the conversation, acknowledging that staff of been in conversation over the last several months working on various proposals in response to topics the Board has discussed over the past year. The first item for discussion is the earlier reviewed Plaza improvement to the MCIT building. Clabaugh provided the visual diagrams of the proposal as they currently exist along with pricing sheet from Wold Architect and Engineers, MCIT's contractor supporting development of the proposal. Current cost of the proposal in total is just shy of \$1.7 million. Staff believe some savings can be generated from targeted project changes like removing the earlier discussed change to the parking lot entrance, as well as removing changes to the retaining wall along in Empire Drive. The Board reviewed the visual diagram as well as the budget and provided feedback, including general agreement on saving money where this could be done. Ward questioned plans for seeding various areas around the parking lot, and costs associated. Staff will look further into this and bring more information back. Generally, the Board expressed support for the plan. Clabaugh indicated that staff will take the feedback from the Board back in a conversation with Wold and look to bring an updated plan and budget to the November meeting for additional review. Clabaugh anticipates that a budget request to fund the project will be included in the 2024 MCIT budget. Some discussion occurred regarding financing and there was a general agreement that the \$1 million set aside last year from the refund from the Worker's Compensation Reinsurance Association could be used to support at least a portion of the cost of the project as a whole.

Clabaugh discussed other proposals with budgetary impact for 2024 including the proposed human resources technical support earlier discussed with the Association of Minnesota

Counties. Clabaugh has discussed with Julie Ring, Executive Director of AMC, a possible \$60,000 support arrangement. Sonya Guggemos and Karen Clayton-Ebert, both senior staff counsel that MCIT, agreed the DDA support services purchased by AMC have resulted in some savings of time on the part of our staff in answering questions. Both also felt there would be value in MCIT supporting this work.

Given time available, Clabaugh touched very briefly on additional funding ideas involving law-enforcement, cybersecurity, and succession planning needs at MCIT given ongoing challenges in the labor market. He indicated that more information would be available for discussion at the November Board meeting.

BOARD SELF-ASSESSMENT

Chair Antony recognized Clabaugh to discuss the self-assessment information in the meeting packet. Clabaugh indicated that, at the CRL Governance Conference in July, some interest was expressed in taking a look at the desirability of the Board to conduct a periodic self-assessment of its work. Clabaugh reached out to AGRIP, as a resource, and in the packet are several examples of risk pool boards' own self-assessments. They differ widely, but are focused at providing each board a regular opportunity to evaluate its work. Board members responded to the evaluations, and it was agreed that all on the MCIT Board feel comfortable providing frank feedback during the course of the Board's work, and that a self-assessment process was not necessary at this time.

REGIONAL BOARDS AND FISCAL AGENT LIABILITY

Chair Anthony recognize Karen Clayton-Ebert, MCIT Senior Staff Counsel, to discuss regional boards, supporting joint powers entities and liability growing from services as a fiscal agent. Karen handed out a copy of an article that MCIT has posted on its' website on this topic, and discussed the topic. Several questions were asked and responded to.

ADJOURN

000 Given the time of 10:30 am had arrived, the Chair adjourned the work session and took a brief break prior to moving to the regular business agenda.

Respectfully submitted by:

Randy Schreifels
MCIT Secretary/Treasurer