



Board Director's Meeting Minutes

Nov. 09, 2023

MCIT Building, Room 220 (2nd floor)

St. Paul, Minnesota

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
Todd Patzer, Lac qui Parle County
Absent: Brett Skyles, Itasca County

MCIT Staff:

Gerd Clabaugh, Executive Director
Linda Podritz, Director of Internal Services
Ondara Nyang'au, Finance Manager
Pam Ihns, Payroll Accountant-HR Assistant
Karen Ebert, Staff Counsel for Risk Management
Nick Anderson, Underwriting Specialist
Sonya Guggemos, Senior Staff Counsel for Risk Control

Dawn Hinkley, Staff Counsel for Risk Control
Gary Severson, Underwriting Manager
Kevin Balfanz, Director of Field Services
Zahir Siddiqui, Director of Claims
Kevin Coleman, Facilities Manager
Heather Larson-Blakestad, Communications Manager

Service Providers:

Peter Bergstrom, General Counsel
Andrea Johnson, Galliard Capital Management
Pete Schmit, Galliard Capital Management
Jake Wollensak, Wold Architects & Engineering
Jonathon Loose, Wold Architects & Engineering
Janna Hepper, Guy Carpenter
Andrew Saaranen, Guy Carpenter

Other:

Julie Ring, Association of Minnesota Counties

CALL TO ORDER

000 Trust Chair Antony called the MCIT Board of Directors' Meeting to order at 8 a.m., November 9, 2023 in room 220 at the MCIT Building in St. Paul, Minnesota.

APPROVE THE AGENDA

23-11-01 Motion by Swanson, seconded by Peysar to approve the agenda (on file). Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, and Patzer. Absent: Mortenson and Skyles.

APPROVE THE MINUTES

23-11-02 Motion by Schreifels, seconded by Ward to approve the minutes of the September 7 & 8 Work Session and September 8, 2023 Special Board Meeting meetings. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, and Patzer. Absent: Mortenson and Skyles.

INTRODUCTION OF NEW STAFF

000 Finance Manager Ondara Nyang'au introduced Pam Ihns to the board. Ihns joined MCIT on October 9, 2023 as Payroll Accountant – HR Assistant.

FINANCIAL REPORT – PERIOD ENDING SEPTEMBER 30, 2023

000 The board reviewed the Executive Summary of the unaudited financial statement for the period ending September 30, 2023. Finance Manager Ondara Nyangau was present to address questions.

23-11-03 Motion by Schreifels, seconded by Wachal to accept the MCIT unaudited financial statement for the period ending September 30, 2023. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, and Patzer. Absent: Mortenson and Skyles.

3rd QUARTER 2022 INVESTMENT REPORT

000 Andrea Johnson of Galliard Capital Management presented an overview of general economic conditions for the 3rd quarter of 2023. Johnson reports the 3rd quarter gross domestic product came in strong. The US economy is holding well at this time despite inflation. The likelihood of recession remains. The Federal Government did not adjust interest rates. Johnson believes the monitoring of employment rates are a critical deciding factor in potential rate adjustment. With the exception of treasuries, sectors are doing well. Investment graded corporations remain relatively favorable, though we are seeing fewer highest rated bonds with some down movement in ratings. Regardless, investors are not likely to see diminished returns.

Pete Schmit of Galliard Capital Management reviewed 3rd quarter portfolio activity. Schmit reports double-A rated investments are in line with benchmarks. Yield to maturity rates have increased by 73 basis points. The Yield to maturity rate is a full percentage point higher than one year ago. Investment strategy is consistent. The portfolio is of high quality and well positioned across sectors and within sectors.

UPDATE ON PLAZA BUILDING PROJECT

000 Jake Wollensak and Jonathon Loose of Wold Architects and Engineering presented updates regarding the proposed building plaza project. The presentation included an updated project diagram and pricing. Project changes were highlighted and questions were answered. The consideration of cost effective options that maximize function and durability remains a priority. The provision of infrastructure to anticipate future needs were discussed.

23-11-04 Motion by Schreifels, seconded by Swanson to approve the Wold contract modification that adjusts their fees due to the additional scope of the project from \$41,250 to \$91,000, as well as supporting the overall project moving forward. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

TAX FORFEITURE CASE UPDATE

000 Karen Clayton Ebert presented information on the Tax Forfeiture Lawsuit brought to the Minnesota State Supreme Court in May of 2023. The lawsuit affects statute in effect since 1937. Ebert reviewed aspects of the specific case and how that case significantly differs from the majority of tax forfeited property. The matter is further complicated by population demographics and other regional differences throughout the state of Minnesota. Julie Ring, Executive Director of the Association of Minnesota Counties, was also on hand and provided the Board an update and perspectives from AMC. Among work that it is taking on, AMC has assigned a task force to monitor and continue to gather information as pending decisions affect state statutes.

MEMBERSHIP ISSUES

000 Director of Field Services Balfanz presented Pelican Group of Lakes Improvement District for membership to be sponsored by Otter Tail County.

23-11-05 Motion by Mortenson, seconded by Wachal to approve membership for the Pelican Group of Lakes Improvement District sponsored by Otter Tail County with membership effective December 1, 2023. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles

000 Director of Field Services Balfanz also presented Roseau River Watershed Joint Powers Board for membership to be sponsored by Roseau County.

23-11-06 Motion by Swanson, seconded by Ward to approve membership for Roseau River Watershed Joint Powers Board sponsored by Roseau County with membership effective November 9, 2023. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

CRL 2024 CASUALTY REINSURANCE RENEWAL OPTIONS

000 Underwriting Manager Gary Severson presented information on changing retention options for 2024 casualty coverage offered by MCIT's reinsurer, County Reinsurance Limited (CRL). The increase in premium reflected a 33.1% increase from 2023 cost as discussed at the September 2023 MCIT Work Session. The board requested staff to provide them with an analysis of the viability of different retention options and their cost as well as outline the cost of various optional coverages purchased by MCIT in the past as part of their CRL package. Severson provided retention selection analysis with current retention of \$750,000, or changing to \$850,000 or \$1M levels.

23-11-07 Motion by Schreifels, seconded by Peysar to select and approve the casualty reinsurance retention limit for 2024 as presented by County Reinsurance Limited (CRL) and select the following optional coverages: \$850,000.00 retention limit be included in the 2024 CRL casualty reinsurance package. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

PROPERTY REINSURANCE RENEWAL

000 Representatives of Guy Carpenter, Janna Hepper and Andrew Saaranen, MCIT's property reinsurance broker reported on the results of their marketing MCIT's 2024 property reinsurance renewal. Fifty reinsurers with preferred financial security and capacity for the property exposures of public entity business were approached worldwide. Guy Carpenter's recommendation is to continue to engage our existing reinsurer, Travelers, for this work in 2024. Travelers' bid includes two retention options for MCIT, \$199 million limit including a \$1.5M per claim retention or \$199 million limit including a \$2M per claim retention. Hepper reported that the quotes reflects a 55% increase in premium over 2023 at \$4.95M with 1M retention.

23-11-08 Motion by Wachal, seconded by Mortenson authorizing Guy Carpenter to bind MCIT's 2024 property reinsurance coverage with Travelers with expiring terms, conditions and structure of \$198.5M excess of MCIT's retention of \$1.5M with a cost of \$4.34M. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

REPORT OF THE PERSONNEL COMMITTEE ACTIONS

000 Executive Director Clabaugh presented the report of the Personnel Committee (on file) for employee health insurance and ancillary benefits in 2024. The personnel committee recommended 2 options with Health Partners. MCIT will continue to contribute 89% of the Core/Base plan with employees making up the difference. This amount is calculated at \$82.48 per enrollee per month. Additionally, there is no change in the employer's HSA contribution in 2024 (Single-\$1,000/Family - \$1,750). Principal Life Insurance was renewed for life insurance, long term and short term disability. Dental coverage will remain with Deltal Dental and will renew in January 2024. Details on file.

Updates recommended by the personnel committee to the Personnel Policy Section 3 to accommodate the Earned Sick and Safe Leave and reflect the ability to reinstate portions of sick time balance if an employee returns to employment.

23-11-09 Motion by Mortenson, seconded by Wachal to accept the recommendations of the Personnel Committee to update the personnel policies to reflect changes needed to accommodate the new Earned Sick and Safe Leave. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

000 Executive Director Gerd Clabaugh reviewed the proposed multi-factor authentication policy, which staff intends to implement with MCIT staff in the coming months. Clabaugh provided an overview of the policy. Policies associated with this computer policy, like the current computer use policy and cell phone policies, will be reviewed and may need to be updated to align with the new MFA policy.

23-11-10 Motion by Schreifels, seconded by Swanson to adopt the new Multi-factor Authentication policy and authorize staff to update other policies to accommodate the implementation of multi-factor authorization. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

000 Clabaugh also presented an updated salary matrix (on file) to be effective 9/21/23. The personnel committee reviewed this at their October 30th meeting and recommended approval. The action is an adjustment to the MCIT policy affecting pay ranges only. Separate salary increase funding decisions will come to the Board in December for 2024.

23-11-11 Motion by Swanson, seconded by Wachal to approve the updated salary matrix (on file) effective 9/21/23. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

2023 AWARDS DISCUSSION

000 Director of Internal Services Linda Podritz and Director of Field Services Kevin Balfanz presented for board consideration the list of county members that best demonstrated their commitment to risk management and loss control in 2023. Each county was evaluated using the following rating criteria:

- Risk Control
- Loss Control
- Underwriting
- Claims Administration, WC Modification Factor and PC Loss Ratio

2023 County of the Year Award

23-11-12 Motion by Swanson, seconded by Schreifels to award the 2023 County of the Year Award to Washington County. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

2023 Outstanding Performance in the Property/Casualty Division

23-11-13 Motion by Swanson, seconded by Schreifels to award the 2023 Outstanding Performance in the Property/Casualty Division Award to Grant County. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

2023 Outstanding Performance in the Workers' Compensation Division

23-11-14 Motion by Ward, seconded by Wachel to award the 2023 Outstanding Performance in the Workers' Compensation Division Award to Morrison County. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson, Skyles and Patzer.

2023 BOARD ADMINISTRATION ISSUES

Regular Meetings of the Board and Standing Committee

23-11-15 Motion by Ward, seconded by Peysar that the regular meetings of the MCIT Board of Directors will convene at 9:00 a.m. the second Friday of each month with the following exceptions:

- The March board meeting will be held Thursday, March 7th 9:00 a.m., immediately following the March AGRiP Conference
- The September board meeting will be held immediately following the strategic work session Friday, September 20 at 10:30 a.m.
- The November board meeting will be held Thursday, November 14th 9 a.m.
- The December board meeting will be held Monday, December 9 at 9:00 a.m. in conjunction with the AMC annual conference
- Strategic work sessions are scheduled for April 11-12 and September 19-20.

The Claims Committee will convene at 1:00 p.m. the second Friday of every month following the board meeting with exceptions noted above. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson and Patzer. Absent: Skyles.

Compensation

000 The MCIT board took no action regarding board compensation. Previous years' policies will remain in effect.

REPORT OF THE EXECUTIVE DIRECTOR

000 Executive Director Clabaugh briefly reviewed high points of his written report to the Board (on file). No action required.

OTHER BUSINESS

- **Next Board Meeting: December 4, 2023, 9 a.m.**
- **Annual Meeting: December 4, 2023, 4 p.m.**

ADJOURN

000 Chair Antony adjourned the November 9, 2023 meeting of the MCIT Board of Directors at 12:45 p.m.

Respectfully submitted by:

Randy Schreifels
MCIT Secretary/Treasurer