



# Board of Director's Meeting Minutes

May 9, 2025

MCIT Building, Room 220 (2nd Floor)

St. Paul, Minnesota

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## Attendance:

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

Kevin Coleman, Facility Manager  
Jeff Hentges, PC Claims Manager  
Gary Severson, Underwriting Manager  
Dawn Hinkley, Staff Counsel for Risk Control  
Richard Mieke, Risk Management Consultant  
Heather Larson-Blakestad, Communications Manager  
Michaela McCue, Graphic Designer  
Nathan Haupt, Facility Technician

## MCIT Staff:

Gerd Clabaugh, Executive Director  
Steve Nelson, Deputy Director  
Linda Podritz, Director of internal Services  
Kevin Balfanz, Director of Field Services  
Zahir Siddiqui, Director of Claims  
Sonja Guggemos, Staff Counsel for Risk Control

## Service Providers:

Peter Bergstrom, General Counsel  
Pete Schmit, Galliard Capital Management  
Rob Crandall, Galliard Capital Management  
Scott Anderson, Actuarial Advisors  
Erik Steuernagel, Actuarial Advisors  
Julie Ring, Association of Minnesota Counties

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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 May 9, 2025 at the MCIT Building in St. Paul, Minnesota.

## APPROVE THE AGENDA

**25-05-01** Motion by Mortenson, seconded by Meyer to approve the agenda with changes. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

## APPROVE THE MINUTES

**25-05-02** Motion by Schreifels, seconded by Ward to approve the minutes of the April 10 & 11, 2025 Board Work Session and the April 11, 2025 Board Meeting. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

## FINANCIAL REPORT

**000** The board reviewed the Executive Summary of the unaudited financial statement for the period ending March 31, 2025 as presented by Executive Director Gerd Clabaugh.

**25-05-03** Motion by Wachal, seconded by Meyer to accept the MCIT unaudited financial statement for the period ending March 31, 2025. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

## **1<sup>st</sup> QUARTER 2025 INVESTMENT REPORT**

**000** Pete Schmit and Rob Crandall of Galliard Capital Management presented a report on the performance of MCIT's investment portfolio during the first quarter of 2025. Crandall presented an overview of general economic conditions for the first quarter of 2025. There is much uncertainty in the market making it difficult to have an opinion on possible short or long-term outcomes. Nothing indicates recession at this time. 1<sup>st</sup> quarter GDP was 1.7% down from 2.1%. Unemployment moved up to 4.4% from 4.3% and core inflation moving up to 2.8% from 2.5%. The Fed continues to monitor and did not change interest rates in the first quarter.

Schmit reviewed MCIT's portfolio and 1st quarter transactions. The investment portfolio reported a positive return for the 1st quarter with an estimated annual income of \$3.4 million for 2025. The overall strategy for MCIT's portfolio remains unchanged for the quarter and investments remain well diversified across all sectors. Yields are positive compared to the benchmark. The board reviewed a detailed list of quarterly transactions. All investments are AA or AAA rated and passed all FFIEC risk security tests.

## **ACTUARIAL RESERVE ANALYSIS**

**000** Scott Anderson of Actuarial Advisors, presented the 2024 year-end reserve analysis to the board. Based upon his work, he advised that liabilities in the Workers' Compensation division of \$56.4M are higher as compared to the 2023 year-end analysis. He further advised an additional \$2.373M in reserves are necessary to maintain a 70% confidence level in the Workers' Compensation Division. Anderson's 2024 year-end review of liabilities in the Property/Casualty division of \$23.37M indicate a decrease of \$645,000 as compared to 2023. He further advised an additional \$1.795M in reserves are necessary to maintain a 70% confidence level in the Property/Casualty Division.

**25-05-04** Motion by Schreifels, seconded by Swanson to accept the 2024 Workers' Compensation division estimated liabilities reserve analysis of \$56.4M and the 2024 Property/Casualty division estimated liabilities reserve analysis of \$23.37M as presented by Scott Anderson, Actuarial Advisors. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

**25-05-05** Motion by Schreifels, seconded by Swanson directing that MCIT Workers' Compensation division maintain a 70% confidence level in the amount of \$2.373M. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

**25-05-06** Motion by Schreifels, seconded by Wachal directing that MCIT Property/Casualty division maintain a 70% confidence level in the amount of \$1.795M. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

## **MEMBERSHIP ISSUES**

**000** Director of Field Services Kevin Balfanz presented Vermillion River Watershed for membership sponsored by Scott County.

**25-05-07** Motion by Schreifels, seconded by Mortenson to approve membership for Vermillion River Watershed sponsored by Scott County with membership effective May 9, 2025. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

## **2024 PERFORMANCE REPORT – FACILITY OPERATIONS**

**000** MCIT Facility Manager Kevin Coleman presented an overview of building operations during 2024. All facility users including MCIT staff held 834 meetings in the MCIT building during the year. This compares of 908 meetings in 2023. Coleman attributed the reduction in meetings to limited building access through much of the year caused by the plaza upgrade project.

2024 projects included:

- Exterior plaza renovation: Multi-year project that included plaza demolition and renovation.
- Parking lot: Tear out of old pavement, soil correction excavation, curbing, paving and striping.
- Roof repair: Minor repairs completed to maintain and extend the life of the roof.
- Drinking fountain: Replaced failing fountain on second floor.
- Liebert unit server room: Replaced cooling unit and rooftop condenser to insure climate control of MCIT server room.
- UPS battery replacement: replaced batteries for UPS in MCIT server room.
- Security cameras: Installed interior and exterior security cameras.

Coleman concluded his report by recapping facility initiatives for 2025 and recognized Nathan Haupt, Facility Technician in his 3<sup>rd</sup> year with MCIT for the quality of his work.

## **MCIT FACILITY USE POLICY UPDATE**

**000** Deputy Director Steve Nelson presented a draft of the updated MCIT Facility Use Policy. The policy guides who is eligible to use facility-meeting rooms, outlines acceptable use thereof, and provides instruction on how to reserve space and equipment. Policy updates include revision to some applicable fees, clarity on MCIT's status as a public entity and staff's discretion in determining acceptable use, the addition of a facility accommodations section, and general updating and organization.

**25-05-08** Motion by Skyles, seconded by Patzer to adopt the updated Facility Use Policy effective May 9, 2025. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

## **2024 PERFORMANCE REPORT – PROPERTY CASUALTY CLAIMS**

**000** MCIT Property/Casualty Claims Manager Jeff Hentges presented the 2024 performance report for the property/casualty claims division. Hentges informed the board:

- 1853 claims were received in 2024 compared to 1,997 in 2023. The majority of the claims received involved "auto" lines of coverage (physical damage, liability and PIP) with land use claims being the least frequently reported claims.
- The total incurred cost of all claims in 2024, including reserves and payments, was \$14.5M compared to \$15.1M in 2023.
- Total recoveries for 2024 (subrogation, salvage and restitution) was \$523,465.
- Reinsurance recoveries for 2024 totaled \$2.4M.
- Defense costs increased from \$1.8M in 2023 to \$3.38 in 2024.

Property/Casualty claim department initiatives for 2025 include:

- Cross training/ professional development of staff in all lines of coverage including cyber.
- Fill open and budgeted P/C Claims Representative position.

- Service to members by formalizing policies and procedures, litigation guidelines, and increased presence of P/C staff in the field.
- Research and obtain agreement with salvage vendor.
- Explore use of AI in P/C claims handling.

## **REPORT OF THE PERSONNEL COMMITTEE**

**000** Board member Skyles and Board Chair Antony reported that the Personnel Committee met April 30 to discuss the Executive Director’s resignation and timeline/plan for filling the position. The committee met again May 9, prior to the board meeting, to continue the discussion towards developing recommendations for the Board’s consideration. The committee recommended following a similar process and timeline for hiring a new Executive Director as was done for Clabaugh in 2021, but to enter into a contract with a consultant to shepherd and direct the process. The committee further recommended the retention of a consultant to conduct a behavioral and leadership evaluation of selected candidates.

**25-05-09** Motion by Patzer, seconded by Swanson to accept the Personnel Committee’s recommendation to engage Operationsinc, a Gallagher Company to direct the candidate search process and BCD Consulting to conduct behavioral and leadership evaluations on select candidates subject to the general timeline as presented in the meeting packet. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

**000** The board discussed creating an interview committee who will conduct initial interviews of qualifying candidates.

**25-05-10** Motion by Swanson, seconded by Patzer creating an interview committee comprised of the Personnel Committee (Antony, Wachal, Mortenson and Skyles) for the purposes of conducting initial interviews of qualifying candidates. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

## **REPORT OF THE EXECUTIVE DIRECTOR**

**000** Executive Director Clabaugh reported on recent activities since the last board meeting including a review of the upcoming CRL Board Meeting May 12-15 in Vermont and the PRIMA conference June 2-4 in Seattle, WA.

## **RECOGNITION OF ROBYN SYKES, PREVIOUS EXECUTIVE DIRECTOR**

**000** Deputy Director Steve Nelson presented an option to the board recognizing Robyn Sykes for her contributions to MCIT over her 22 years as Executive Director. Nelson’s presentation included a mock-up of a brass plaque expressing the board’s appreciation for Sykes’s service, similar in size and design to an existing building construction plaque, which would also be mounted in the MCIT lobby. There was consensus among board members to the concept who directed Nelson to contact Sykes and share the board’s wishes for her reaction.

## **OTHER BUSINESS**

- Investment Committee: TBD
- Audit Committee: June 13, 2025 8 a.m.
- Personnel Committee: TBD
- Governance Committee: June 12, 2025 2:30 p.m.

- Next regular board meeting: June 13, 2025 9 a.m.
- Staff / Board picnic: July 11, 2025

## **ADJOURN**

Chair Antony adjourned the May 9, 2025 meeting of the MCIT Board of Directors at 12:15 p.m.

Respectfully submitted by:

Randy Schreifels  
MCIT Secretary/Treasurer