



Board of Director's Meeting Minutes

July 11, 2025

MCIT Building, Room 220 (Second Floor)

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
Jack Swanson, Roseau County
Kurt Mortenson, Otter Tail County
Todd Patzer, Lac qui Parle County
Brett Skyles, Itasca County
Lindsey Meyer, Wright County

Ondara Nyang'au, Finance Manager
Jeff Kulas, IT Manager
Kevin Balfanz, Director of Field Services
Karen Ebert, Staff Counsel for Risk Control
Dawn Hinkley, Staff Counsel for Risk Control
Sonya Guggemos, Staff Counsel for Risk Control
Richard Miehe, Risk Management Consultant
Kevin Coleman, Facility Manager
Heather Larson-Blakestad, Communications Manager

MCIT Staff:

Gerd Clabaugh, Executive Director
Steve Nelson, Deputy Director
Linda Podritz, Director of Internal Services
Gary Severson, Underwriting Manager

Service Providers:

Peter Bergstrom, General Counsel
Scott Anderson, Actuarial Advisors
Erik Steuernagel Actuarial Advisors

CALL TO ORDER

000 Trust Chair Antony called the MCIT Board of Directors' Meeting to order at 9:05 a.m. on July 11, 2025 in Room 220 at the MCIT Building in St. Paul, Minnesota.

APPROVE THE AGENDA

25-07-01 Motion by Patzer, seconded by Mortenson to approve the agenda. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

APPROVE THE MINUTES

25-07-02 Motion by Swanson, seconded by Meyer to approve the minutes of the June 13, 2025 meeting of the MCIT Board of Directors. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

FINANCIAL REPORT – PERIOD ENDING MAY 31, 2025

000 The board reviewed the Executive Summary of the unaudited financial statement for the period ending May 31, 2025 as presented by Finance Manager Ondara Nyang'au.

25-07-03 Motion by Schreifels, seconded by Wachal to accept the MCIT unaudited financial statement for the period ending May 31, 2025. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

2026 CONTRIBUTION DISCUSSION

000 Scott Anderson of Actuarial Advisors reported that property/casualty rate level indicators suggest no change in aggregate rates for 2026. He explained that the Board could adjust individual lines of coverage as reported in the board materials but it is his recommendation to hold all rates flat with no change for the 2026 renewal. Anderson commented that the rate decisions taken by the board over the past several years have helped stabilize the division allowing the board to maintain rate consistency for this renewal. With rates remaining flat member contributions would only be influenced by changes in their individual exposure base.

25-07-04 Motion by Schreifels, seconded by Wachal directing no change in individual property casualty coverage line rates for 2026 resulting in no aggregate change in property/casualty rates for 2026. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

000 Anderson then reported that his workers' compensation rate analysis and indications support no aggregate rate adjustment for 2026. He advised that by holding the aggregate rate flat members might see changes in contribution based on changes to individual payroll classification code rates, which is typical. Anderson also recommended staying at the high retention level for WCRA re-insurance.

25-07-05 Motion by Schreifels, seconded by Meyer directing that workers' compensation rates in the aggregate reflect no change for 2026, to adjust the individual payroll classification code rates as presented, and remain at the high retention level for WCRA reinsurance for 2026. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

000 Schreifels raised for discussion deviating from MCIT's Bylaws and renewal timeline this year by having staff work up and release member renewal estimates prior to the August board meeting. Staff present at the meeting shared details on the work and time required to develop and validate the estimates suggesting that work is typically completed shortly before the August meeting. There was discussion among board members as to how the existing renewal notification timeline was developed, the importance of members receiving the information for budgeting purposes, and the perceived value in receiving the information even a week earlier than typical.

25-07-06 Motion by Schreifels, seconded by Swanson directing staff to develop and release renewal estimates to members prior to the August board meeting this year if possible rather than waiting until after presentation to the board. Motion carried. Voting Yes: Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Voting No: Antony.

2024 PERFORMANCE REPORT – INFORMATION/TECHNOLOGY

000 MCIT Information Technology Manager, Jeff Kulas presented the 2024 IT performance report. Kulas reviewed IT activities and accomplishments that included updating workstations and laptops to Windows 11, developing a risk management module within the Origami software system, conducting monthly security awareness training for staff, and procurement and installation of a new main firewall. Kulas highlighted IT initiatives for 2025 (on file) and demonstrated the new firewall, Palo Alto. He concluded his report acknowledging the work of Eric Jacobsen, MCIT System Administrator, for his contribution to the IT team.

NEW MEMBER ISSUES

000 MCIT Director of Field Services Kevin Balfanz provided a brief report on the number and status of pending prospective member applications. He also reported that one member is leaving the trust due to dissolution, advising that there are no new member applications to present at this time.

PHASE III PROPERTY APPRAISAL REPORT

000 MCIT Underwriting Manager Gary Severson advised that Phase III of the membership on-site property appraisal process is complete. Earlier this year, the contracted appraisal company, HCA Asset Management, appraised 846 buildings with a scheduled value greater than \$100,000 located in the southern third of the state. 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 2025 contribution adjustment will be waived. Members with large contribution/TIV adjustments because of the appraisal will be contacted to advise them of the change in value. Appraisal reports and endorsements will be provided to members electronically by September 30, 2025. 2026 contributions will reflect the newly appraised values.

25-07-07 Motion by Schreifels, seconded by Patzer to accept staff's recommended action plan to adjust member property schedules with updated replacement cost values as reported effective today and waiving the corresponding contribution adjustment for the balance of 2025. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

PERSONNEL COMMITTEE REPORT

000 Representing the Personnel Committee, Board Member Brett Skyles advised the board that MCIT's contracted vendor assisting with the Executive Director search has been active. The committee, who met July 10, has conducted five initial interviews and was presented with a new group of candidates at the meeting whose resumes and applications are being reviewed. The committee will determine if additional first interviews are needed and then advance to select candidates for a second interview. Final candidates will be selected for an interview by the full board, tentatively set for a special Board meeting on either August 28 or August 29.

INVESTMENT COMMITTEE REPORT AND RECOMMENDATIONS

000 Randy Schreifels reported that the Investment Committee met today at 8 a.m. to review additional equity investment recommendations, given completion of the 2024 audit and relevant policies within the investment guidelines relating to recalculating equity investment targets. At the Committee meeting, staff presented updated investment targets for MCIT based on the formula outlined in Section VI of the Investment Guidelines. The resulting calculations result in a change in risk asset investment targets to a maximum of \$9,022,646 for the Workers Compensation fund and \$10,376,850 for Property Casualty fund. The Committee unanimously recommends the Board approve these updated targets for the next year.

25-07-08 Motion by Wachal, seconded by Swanson to accept the Investment's Committee's recommendation that the Board establish new risk asset investment targets for MCIT based on the MCIT Investment Guidelines at the following levels: Worker Compensation Fund-\$9,022,646; and for Property Casualty Fund-\$10,376,850. Further, The Board approves directing MCIT's Executive Director to invest funds up to investment targets equally over the course of the remaining months into the previously approved Minnesota State Board of Investment and Vanguard Investments, with an allocation of those funds that seeks the previously approved overall risk investment allocation as adopted by Board motion 24-11-04, and recapped here:

Fund		Target Allocation	
SBI	S&P 500 Index	50.00%	
Vanguard	Mid Cap Index	VIMAX	20.00%
Vanguard	Small Cap Index	VSGAX	15.00%
Vanguard	High Yield Corp	VWEAX	10.00%
Vanguard	REIT	VGSLX	5.00%
Risk Asset Portfolio		100.00%	

Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

REPORT OF THE EXECUTIVE DIRECTOR

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

- MCIT board/staff picnic is scheduled for today immediately following the board meeting
- County Board reports are being presented by Risk Management staff and Gerd Clabaugh
- 14 applications have been received for MCIT's 2025 camera grant offering. Selections and contracts should be ready for the August 2025 meeting.
- CRL presented a law enforcement seminar last week in St. Louis Missouri that was attended by Zahir Siddiqui and Jeff Hentges
- Plaza update – Several issues remain including some non-compliant work that are being addressed by staff and Wold
- September Board Retreat topics to consider: Cyber coverage, 2026 budget considerations, AI and Rising, MCIT reserve policy, member engagement
- Eide Bailly engagement for process mapping and new finance system RFP continues
- Working on Audit RFP, may be ready for later this year
- Next 90 days will be preparing for the transition for the new Executive Director
- Reviewed MCIT work on new reports for member portal dashboards

OTHER BUSINESS

- Next Board Meeting: August 8, 2025
- Claims Committee: August 8, 2025

ADJOURN

Chair Antony adjourned the July 11, 2025 meeting of the MCIT Board of Directors at 11:50 a.m.

Respectfully submitted by:

Randy Schreifels
MCIT Secretary/Treasurer