



Board of Directors' Meeting Minutes (REVISED 8/8/2025)

June 13, 2025

MCIT Building, Room 220 (Second Floor)

St. Paul, Minn.

Attendance:

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

Richard Mieke, Risk Management Consultant
Zahir Siddiqui, Director of Claims
Gary Severson, Underwriting Manager
Nick Anderson, Underwriting Specialist
Kevin Coleman, Facility Manager
Karen Ebert, Staff Counsel for Risk Control
Sonya Guggemos, Staff Counsel for Risk Control
Heather Larson-Blakestad, Communications
Manager

MCIT Staff:

Gerd Clabaugh, Executive Director
Steve Nelson, Deputy Director
Linda Podritz, Director of Internal Services
Ondara Nyang'au, Finance Manager

Service Providers:

Peter Bergstrom, General Counsel
Blake Ellefson, Eide Bailly
Alex DeConcini, Eide Bailly
Scott Anderson, Actuarial Advisors

CALL TO ORDER

000 Trust Chair Antony called the MCIT Board of Directors' Meeting to order at 9:05 a.m. on June 13, 2025 at the MCIT Building in St. Paul, Minnesota.

APPROVE THE AGENDA

25-06-01 Motion by Swanson, seconded by Mortenson to approve the revised agenda. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

APPROVE THE MINUTES

25-06-02 Motion by Skyles, seconded by Ward to approve the minutes of the May 9, 2025 meeting of the MCIT Board of Directors. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

FINANCIAL REPORT - PERIOD ENDING APRIL 30, 2025

000 The board reviewed the Executive Summary of the unaudited financial statement for the period ending April, 30, 2025 as presented by Finance Manager Ondara Nyang'au.

25-06-03 Motion by Patzer, seconded by Meyer to accept the MCIT unaudited financial statement for the period ending April 30, 2025. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

2024 INDEPENDENT AUDIT REPORT

000 Blake Ellefson and Alex DeConcini of Eide Bailly, LLP presented the results of MCIT's 2024 audit. MCIT received an unmodified opinion on the 2024 financial statements. Eide Bailly noted that no material issues or adjustments arose because of the audit. Audit conclusions noted include:

- The Trust adopted GASB Statement 101- No material impact
- No transactions entered into by the Trust during the year for which there is a lack of authoritative guidance or consequences
- No significant transactions recognized in the financial statement in a different period than when the transaction occurred
- Two significant deficiencies were noted during the audit work and presented to MCIT
- No disagreement with management arose during the course of the audit
- No uncorrected misstatements of the financial statement were discovered during the audit

25-06-04 Motion by Mortenson, seconded by Meyer to accept the 2024 independent audit of MCIT as presented by Eide Bailly, LLP. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

2025 DIVIDEND ANALYSIS

000 Scott Anderson of Actuarial Advisors presented the dividend analysis for 2025. Given MCIT's loss history and investment income, actuarial models suggest a potential distribution range of fund balance from the workers' compensation division and to a lesser extent the property casualty division. The board reviewed dividend distribution history.

25-06-05 Motion by Swanson, seconded by Mortenson to return dividends to members in good standing of \$1.5M in the Workers' Compensation Division; to notify members in August of the amount of their individual dividend; and to pay dividends in November. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

25-06-06 Motion by Patzer, seconded by Skyles not to return dividends to members in the Property/Casualty Division noting that the actuarial analysis supports the division continues to run at cost. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

MEMBERSHIP ISSUES

000 Richard Mieke, Risk Management Consultant presented Lower Minnesota River East Partnership for membership sponsored by Le Sueur County. Mieke also provided a status on pending prospective members.

25-06-07 Motion by Patzer, seconded by Wachal approving membership for Lower Minnesota River East Partnership sponsored by Le Sueur County with membership effective June 13, 2025. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

2024 WORKERS' COMPENSATION PAYROLL AUDIT

000 MCIT Underwriting Manager Gary Severson and Underwriting Specialist Nick Anderson updated the board on the results of the 2024 Workers' Compensation payroll audit results. The audit applied to all 377 members with workers' compensation coverage. The total contribution invoiced for 2024 based on member-estimated payroll was \$17,853,727 and the audited, actual contribution amount was \$18,457,664. The difference between the invoiced contribution and the audited contribution is \$603,937. A breakdown of estimated and actual payroll totals for each member was provided to the board. Severson advised that credits will be processed in June. Members owing additional contribution will be advised in June with payment due by January 31, 2026. No action was necessary.

2024 AUTO AUDIT

000 MCIT Underwriting Manager Gary Severson presented the 2024 automobile adjustment report. Throughout 2024, 148 members made 3,319 changes to their automobile schedules during the year that resulted in a \$166,550 total change in contribution. Severson provided the board with the audit results itemized by county. Severson advised that MCIT will process credit and debit invoices and send those to members in June. No action was necessary.

2026 INDEXING FACTORS (Buildings, Contents, Property in the Open)

000 MCIT Underwriting Manager Gary Severson presented recommendations for adjustments to building, contents and property in the open replacement cost values for the 2026 renewal reflecting changes in economic conditions over the past 12 months. Using statistical data from the U.S. Department of Labor and the average construction inflation index factors from multiple sources for April 2025, Severson recommended a property index adjustment increase of 3.4% to building values and a 3.6% increase to the value of building contents and property in the open.

25-06-08 Motion by Swanson seconded by Meyer to accept staff recommendations to increase 2025 building values by 3.4% for the 2026 renewal noting these adjustments will also apply to buildings whose values are adjusted pursuant to the 2025 appraisal process, and to increase building contents, and property in the open values by 3.6%. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

REPORT OF THE PERSONNEL COMMITTEE

000 MCIT Board Chair Ron Antony reviewed activities from the personnel committee meeting held June 12 for the Executive Director search. A.J. Gallagher/Operations Inc. staff has begun forwarding screened applicants for the committee's consideration. The position is posted until filled. The committee is meeting again today, June 13 at 12 noon to review interview questions and discuss next steps in the process.

REPORT OF THE GOVERNANCE COMMITTEE

000 MCIT Board Member Marcia Ward reviewed activities from the governance committee meeting held June 12. A number of topics were discussed, several relating to the MCIT bylaws including recommended modifications to board composition, contribution threshold for a withdrawing member, and changes to member obligations. Ward also reported that our cyber coverage partner, CRL, is

expected to sunset their program in 2026 so staff is beginning the process of exploring alternative coverage options for committee and board consideration. Ward noted that all committee recommendations will be presented to the full board at the November meeting.

SETTING COVERAGE APPEAL HEARING

000 Mahnomon County has requested a hearing before the MCIT Board regarding a disclaimer of coverage.

25-06-09 Motion by Swanson, seconded by Skyles to hear Mahnomon County's appeal of a coverage disclaimer during the August 8, 2025 MCIT board meeting. Motion carried. Voting Yes: Antony, Wachal, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer. Absent: Schreifels.

WASECA COUNTY AGRICULTURAL SOCIETY

000 Earlier this year the board voted to terminate Waseca County Agricultural Society's membership effective August 1, 2025 due to a violation of the MCIT Bylaws and further to not return unused contribution once membership ended. The board revisited the decision to not return contribution in response to a request from a Waseca County commissioner, who advised the member may be seeking to leave MCIT prior to August 1. The board discussed the issue of returning unused contribution with no further action taken. The board confirmed that they are not opposed to the member leaving MCIT prior to August 1 if the member provides appropriate notice and documentation.

REPORT OF THE EXECUTIVE DIRECTOR

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

OTHER BUSINESS

- Next Board Meeting: July 11, 2025 at 9 a.m.
- Investment Committee Meeting: July 11, 2025 at 8 a.m.
- Claims Committee Meeting: July 11, 2025 at 1 p.m.
- Board/Staff Picnic: July 11, 2025 at 12 p.m.

ADJOURN

Chair Antony adjourned the June 13, 2025 meeting of the MCIT Board of Directors at 11:55 a.m.

Respectfully submitted by:

Randy Schreifels
MCIT Secretary/Treasurer