



Board of Director's Meeting Minutes

Nov. 14, 2025

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, 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
Absent: Lindsey Meyer, Wright County

Sonya Guggemos, Staff Counsel for Risk Control
Gary Severson, Underwriting Manager
Dawn Hinkley, Staff Counsel for Risk Control
Zahir Siddiqui, Director of Claims
Heather Larson-Blakestad, Communications Manager
Pam Ihns, Payroll Accountant/HR Assistant

MCIT Staff:

Steve Nelson, Executive Director
Linda Podritz, Director of Internal Services
Ondara Nyang'au, Finance Manager
Karen Ebert, Staff Counsel for Risk Control
Richard Miehe, Risk Management Consultant

Service Providers:

Peter Bergstrom, General Counsel
Pete Schmit, Galliard Capital Management
Rob Crandall – Galliard Capital Management
Janna Hepper, Guy Carpenter
Andrew Saaranen, Guy Carpenter
Grace Schile, Guy Carpenter
Beth Jenson-Prouty, Arthur, Chapman P.A.

CALL TO ORDER

000 Trust Chair Antony called the MCIT Board of Directors' Meeting to order at 8:30 a.m., November 14, 2025 in room 220 at the MCIT Building in St. Paul, Minnesota.

APPROVE THE AGENDA

25-11-01 Motion by Mortenson, seconded by Ward to approve the agenda. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, and Skyles. Absent: Meyer.

APPROVE THE MINUTES

25-11-02 Motion by Swanson, seconded by Wachal to approve the minutes of the September 18 & 19 Work Session and September 19, 2025 Business Meeting of the MCIT Board of Directors. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, and Skyles. Absent: Meyer.

FINANCIAL REPORT – PERIOD ENDING SEPTEMBER 30, 2025

000 The board reviewed the Executive Summary of the unaudited financial statement for the period ending September 30, 2025. Finance Manager Ondara Nyangau was present to address questions.

25-11-03 Motion by Patzer, seconded by Skyles to accept the MCIT unaudited financial statement for the period ending September 30, 2025. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

MEMBERSHIP ISSUES

000 Senior Staff Counsel for Risk Control Karen Ebert informed the board that Douglas County Hospital d/b/a Alomere Health has made the decision to convert from its present legal status to an independent charitable nonprofit corporation effective 1/1/2026. As a nonprofit corporation, Alomere Health no longer fits the definition of "municipality" in Minn. Stat. Section 466.01, Subd. 1. This organizational change impacts the member's ability to remain eligible for continued membership in MCIT as addressed in the Bylaws, Article V, Membership, Section 5.1. Ebert advised that decisions on membership qualifications are a board decision requiring formal Board action.

25-11-04 Motion by Schreifels, seconded by Skyles that due to a change in legal status to a nonprofit organization, Douglas County Hospital d/b/a Alomere Health no longer meets the definition of "municipality" as addressed under Article V, Section 5.1 of the MCIT Bylaws and therefore no longer qualifies for membership in MCIT, and that membership and all coverage currently provided to Douglas County Hospital d/b/a Alomere Health will terminate 1/1/2026. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

000 Executive Director Steve Nelson advised that Cass County has requested a hearing before the MCIT Board regarding a disclaimer of coverage.

25-11-05 Motion by Ward, seconded by Mortenson to hear Cass County's appeal of a coverage disclaimer during the January 9, 2026 Board of Directors meeting. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Peysar, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

2026 PROPERTY, CASUALTY AND CYBERSECURITY REINSURANCE RENEWAL

000 Representatives of Guy Carpenter, Janna Hepper, Andrew Saaranen and Grace Schile, MCIT's primary reinsurance broker, reported on the results of their marketing MCIT's 2026 property, casualty and cybersecurity renewal. Fifty reinsurers with preferred financial security and capacity for MCIT's property exposures were approached. Their efforts resulted in three competitive quotes submitted by Travelers, Great American, and Lloyd's of London. Guy Carpenter presented the various proposals which included discussion on introducing an annual aggregate deductible (AAD) to the program, a layered approach involving multiple participating carriers, and a discussion on the board's interest in whether to include coverage for auto physical damage to the program. Guy Carpenter's recommendation is to renew with our existing reinsurer, Travelers, for this work in 2026. Travelers' bid included three retention options for MCIT: \$198.5M limit excess of a \$1.5M per claim retention, \$198.5 million limit excess of a \$1.5M retention with a \$500K AAD, and \$198M excess of a \$2M per claim retention. Hepper reported that the expiring quote reflects a 15% rate decrease over 2025 but when factoring in MCIT's growth in total insured values of property over 2025, the quoted premium of \$4.525M represents a premium reduction of 6% at the \$1.5M retention level. Guy Carpenter's report concluded with a discussion on their work in identifying casualty and cybersecurity proposals.

25-11-06 Motion by Schreifels, seconded by Skyles authorizing Guy Carpenter to bind MCIT's 2026 property reinsurance coverage with Travelers with expiring terms, conditions and structure of \$198.5M excess of a \$1.5M retention and introducing a \$500K annual aggregate deductible (AAD) at a cost of \$4.025M. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

2026 CASUALTY REINSURANCE RENEWAL

000 Executive Director, Steve Nelson and Underwriting Manager, Gary Severson presented information on 2026 casualty reinsurance renewal and retention options offered by MCIT's current reinsurer, County Reinsurance Limited (CRL). CRL's casualty quote of \$2.015M at expiring, a \$2M per claim limit subject to a \$1M retention, reflects a \$378K decrease in premium over 2025.

25-11-07 Motion by Schreifels, seconded by Swanson authorizing staff to renew MCIT's 2026 casualty reinsurance through County Reinsurance Limited (CRL) at the \$1M retention level, including all optional coverages as presented, for a total premium of \$2.015M. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

2026 CYBERSECURITY REINSURANCE RENEWAL

000 Executive Director Nelson and Underwriting Manager Severson began their presentation by reminding the Board that County Reinsurance Limited (CRL), who provides MCIT's cyber coverage, is sun setting that program effective July 1, 2026 and because MCIT's renewal is effective January 1, 2026 CRL is unable to extend cyber coverage to MCIT beyond the end of this year. They then presented information on efforts by Alliant and Guy Carpenter, two brokers working in the cyber space, who were engaged to solicit cybersecurity coverage proposals for the board's consideration. Proposals included a variety of program structure options including limits of coverage, sublimits, annual aggregate limits, retentions, deductibles, claim handling services, policy form language, use of response experts, membership underwriting requirements and cost estimates. The board discussed options including MCIT's ability to self-insure the existing program into 2026 while program structure is refined and presented for further board discussion into 2026.

25-11-08 Motion by Schreifels, seconded by Wachal to self-insure the existing cyber coverage program in 2026 without change in structure, directing staff to continue its work in developing enhanced reinsured cyber coverage options for board consideration in early 2026 with planned implementation during the year. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

2025 AWARDS DISCUSSION

000 Director of Internal Services Linda Podritz presented for board consideration the list of county members that best demonstrated their commitment to risk management and loss control in 2025. Each county was evaluated using the following rating criteria:

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

25-11-09 Motion by Patzer, seconded by Skyles to award the 2025 County of the Year Award to Carver County. 2025 Outstanding Performance in the Property/Casualty Division Award to Murray County. 2025 Outstanding Performance in the Workers' Compensation Division Award to Carlton County. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

2026 BOARD ADMINISTRATION ISSUES

Compensation

000 Per the Board's direction at their May meeting, the Governance Committee reviewed the board's compensation program at their June 12, 2025 meeting. It is the committee's recommendation to increase the board's annual salary from \$4,200 to \$5,000 beginning January 2026 with no changes to any other components of the compensation program.

25-11-10 Motion by Swanson, seconded by Skyles to accept the Governance Committee's recommendation to increase the board's annual salary from \$4,200 to \$5,000 effective January 1, 2026 with no changes to any other components of the compensation program. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

Regular Meetings of the Board and Standing Committee

25-11-11 Motion by Schreifels, seconded by Ward to convene regular meetings of the MCIT Board of Directors in 2026 at 9:00 a.m. the second Friday of each month with the following exceptions:

- The April board meeting will be held following the strategic work session Friday, April 10 at 10:30 a.m.
- The September board meeting will be held following the strategic work session Friday, September 11 at 10:30 a.m.
- The December board meeting will be held Monday, December 7 at 7:00 a.m. in conjunction with the AMC annual conference
- Strategic work sessions are scheduled for April 9 starting at 2:00 p.m. and reconvening the morning of April 10, and September 10 at 2:00 p.m. and reconvening the morning of September 11.

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

REPORT OF THE EXECUTIVE DIRECTOR

000 Executive Director Nelson briefly reviewed high points of his written report to the Board (on file).

CLOSED SESSION

25-11-12 Motion by Skyles, seconded by Mortenson to close the meeting pursuant to MS Chapter 13D.05 attorney client privilege related to ongoing litigation and nonpublic data regarding Clinton/Walstrom v MCIT (Waseca County Agricultural Society Miller-Shugart Stipulation). (11:05 a.m.). Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

25-11-13 Motion by Patzer, seconded by Ward to return meeting to open session at 11:20 a.m. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

MOTION ON LITIGATION STRATEGY

25-11-14 Motion by Wachal, seconded by Skyles to approve the litigation strategy discussed in the closed meeting regarding Clinton/Walstrom v MCIT (Waseca County Agricultural Society Miller-Shugart Stipulation). Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

2026 BUDGET

000 Executive Director Nelson presented for consideration the 2026 MCIT program budget (on file). Materials included information on decisions made by the board earlier in 2025 relative to member contributions representing revenues for MCIT. Staff have provided assumptions regarding anticipated returns on investments in 2026. Estimates for claims paid for 2026 were determined by MCIT's actuary. Nelson outlined staffing changes and a recommended adjustment to the 2025 salary structure for 2026 based on analysis from AJ Gallagher. He highlighted additional proposed technology updates including the replacement of staff computer and penetration testing and planning for the replacement of MCIT's accounting system necessitated by projected changes in our existing system. The budget also reflects an extension and expansion of the work performed by Benchmark Analytics in assisting law enforcement/jail operations in the area of best practices and a continuation of the contract with our existing employee assistance program provider. Capital expenditures for 2026 were also discussed.

25-11-15 Motion by Swanson, seconded by Schreifels to approve the 2026 MCIT program budget as presented directing staff to remove the \$45K allocation under building improvements earmarked for the installation of an electronic vehicle charging station and to add an additional \$50K under special projects to fund data development with Origami. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

3rd QUARTER 2025 INVESTMENT REPORT

000 Rob Crandall and Pete Schmit of Galliard Capital Management presented a report on the performance of MCIT's investment portfolio during the third quarter of 2025. Schmit presented an overview of general economic conditions for the quarter. He noted 3rd quarter forecasts GDP of 1.2-2.7% and expected to stay strong through the end of the year. Employment continues to slow and inflation progress has stalled. Schmit advised the Fed has cut interest rates and is expected to make more cuts between now and year end.

Schmit reviewed MCIT's portfolio and 3rd quarter transactions. The investment portfolio reported a positive return for the 3rd quarter. The yield to maturity rate was 4.35% for the quarter, down from 2nd quarter of 4.54%. Investment strategy is consistent. The portfolio is of high quality and remains well diversified across all sectors.

REPORT OF THE MCIT INVESTMENT COMMITTEE

000 Underwriting Manager Gary Severson reported that the MCIT Investment Committee met in July and discussed the allocation of fixed income funds between the workers' compensation and property/casualty divisions. The committee is recommending that the single fixed income

non-risk investment portfolio managed by Galliard be allocated into two funds expressly supporting the workers' compensation fund and the property casualty fund. The committee discussed several methods of distribution and is recommending the distribution mirror the allocation contained in the most recent MCIT financial audit: property/casualty at 43.5% and workers' compensation at 56.5%. Severson reported that such a split will allow the investment manager to tailor their investments to better align the differing time durations of each division's claim portfolio in support of the investment guidelines and to better align the portfolio to MCIT's accounting records and financial statements.

25-11-16 Motion by Schreifels, seconded by Skyles to accept the Investment Committee's recommendation to divide the Galliard portfolio into two separate funds allocating 43.5% of the funds to a property/casualty fund and 56.5% of the funds to a workers' compensation fund which mirrors the allocation contained in MCIT's most recent financial audit. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

REPORT OF THE PERSONNEL COMMITTEE ACTIONS

000 Senior Staff Counsel, Sonya Guggemos reviewed the decisions made by the Personnel Committee during their Special Meeting on October 27, 2025. MCIT will remain with Blue Cross Blue Shield and offer 2 health insurance options: Blue Access HSA Gold \$4200/\$8400 Plan 690 (core plan) and Blue Access Silver \$6400/\$12,800 Plan 628 (buy down). The core plan cost to employees will be \$100.58 per covered individual per month and the buy down plan will be \$89.97 per covered individual per month. MCIT has increased its HSA contribution to eligible employees for 2026 (Single - \$1200/Family - \$2,400). Unum continues as provider for short-term disability, long-term disability and life insurance. Humana continues as the provider for dental and vision coverage, with no changes to the plans or to employee cost sharing on dental. (Details on file).

000 The Personnel Committee's Regular Meeting topics of discussion included proposed personnel policy changes, 2026 staff salary matrix update, proposal to outsource COBRA/continuation and Section 125 Plan Administration, and position requests for 2026.

Guggemos addressed the various personnel policy updates recommended by the personnel committee which included Section 6: Leaves of Absence, Section 3: Employee Benefits, and Section 10: Conclusion of Employment, all effective 11/14/25 and updates to Section 6: Leaves of Absence, Section 7: Family and Medical Leave Act Policy, Section 18: Vacation Donation Policy effective 1/1/2026. (Details on file).

25-11-17 Motion by Swanson, seconded by Schreifels to accept the recommendations of the Personnel Committee to update the MCIT personnel policies as presented. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

000 Executive Director Nelson presented the updated 2026 salary matrix and recommendations from AJ Gallagher for the board's review. (Details on file).

25-11-18 Motion by Skyles, seconded by Patzer to accept the recommendation of the Personnel Committee to adopt the 2026 MCIT Salary Matrix with implementation January 1, 2026. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer.

000 Senior Staff Counsel Guggemos proposed outsourcing COBRA/continuation coverage responsibilities to an outside vendor and consolidating the administration of MCIT's Section 125 plans and Flexible Spending Accounts into one contract. This would provide outside expertise for COBRA administration. Consolidating these contracts would additionally provide some

savings in the set up costs for the COBRA outsourcing and assist in updating the Section 125 plan documentation and FSA administration.

25-11-19 Motion by Schreifels, seconded by Skyles to accept the recommendation of the Personnel Committee authorizing the Executive Director to contract with an outside vendor for COBRA/continuation responsibilities and consolidating the administration of its Section 125 plans and Flexible Spending Account, subject to contract review and negotiation. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer and Skyles. Absent: Meyer

OTHER BUSINESS

- Next Board Meeting: December 8, 2025, 7 a.m.
- Annual Meeting: December 8, 2025, 4 p.m.

ADJOURN

000 Chair Antony adjourned the November 14, 2025 meeting of the MCIT Board of Directors at 2 p.m.

Respectfully submitted by:

Randy Schreifels
MCIT Secretary/Treasurer