



# Board of Directors' Meeting Minutes

May 8, 2026

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  
Brett Skyles, Itasca County

## Absent:

Todd Patzer, Lac qui Parle County  
Lindsey Meyer, Wright County

## MCIT Staff:

Steve Nelson, Executive Director  
Linda Podritz, Director of internal Services  
Zahir Siddiqui, Director of Claims  
Karen Ebert, Staff Counsel for Risk Control  
Sonja Guggemos, Staff Counsel for Risk Control  
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

## Service Providers:

Peter Bergstrom, General Counsel  
Pete Schmit, Galliard Capital Management  
Rob Crandall, Galliard Capital Management  
Scott Anderson, Actuarial Advisors  
Erik Steuernagel, Actuarial Advisors  
Janna Hepper, Guy Carpenter

## Other Attendees:

Attending Virtually:  
Steve Larson, Clay County Administrator  
Brian Melton, Clay County Attorney  
Troy Amundsen, Clay County Detox Facility Director

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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 8, 2026, in Room 220 at the MCIT Building in St. Paul, Minnesota.

## APPROVE THE AGENDA

**26-05-01** Motion by Mortenson, seconded by Skyles to approve the agenda with changes. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, and Skyles. Absent: Patzer and Meyer

## APPROVE THE MINUTES

**26-05-02** Motion by Ward, seconded by Swanson to approve the minutes of the April 9 & 10, 2026 Board Work Session and the April 10, 2026, Board Meeting. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

## FINANCIAL REPORT

**000** The board reviewed the Executive Summary of the unaudited financial statement for the period ending March 31, 2026, as presented by Executive Director Steve Nelson.

**26-05-03** Motion by Wachal, seconded by Schreifels to accept the MCIT unaudited financial statement for the period ending March 31, 2026. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

## 1<sup>st</sup> QUARTER 2026 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 2026. Crandall presented an overview of general economic conditions for the first quarter of 2026. The jobs report was better than expected and consumer activity stable with better than expected 2% GDP. The uncertainty of the war will continue to affect the economy with unstable gas and food prices. The Fed continues to monitor and did not change interest rates in the first quarter.

Schmit reviewed MCIT's portfolio for the 1<sup>st</sup> quarter 2026. Total funds are now separated into 4 funds. The workers' compensation funds (managed and cash) had a positive return with an estimated annual income of \$3.7 million for 2026. The property/casualty funds (managed and cash) had a positive return with an estimated annual income of \$3.2 million for 2026.

The overall strategy for MCIT's portfolio remains unchanged for the quarter and investments remain well diversified across all sectors.

Underwriting Manager, Gary Severson next presented an update on MCIT's risk asset investment portfolio as of March 31, 2026. Severson reported that the combination of Vanguard funds along with the large cap equities invested in the Minnesota State Board of Investment, are collectively up 21.62% since inception but down -2.66% year to date with a balance of \$20.1M.

## ACTUARIAL RESERVE ANALYSIS

**000** Scott Anderson of Actuarial Advisors, presented the 2025 year-end reserve analysis to the board. Based upon his work, he advised that estimated liabilities in the Workers' Compensation division of \$55.6M indicate a decrease of \$834K as compared to the 2024 year-end analysis. He further advised an additional \$2.393M in reserves are necessary to maintain a 70% confidence level in the Workers' Compensation Division. Anderson's 2025 year-end review of liabilities in the Property/Casualty division of \$23.3M indicate a decrease of \$51K as compared to the 2024 year-end analysis. He further advised that an additional \$1.686M in reserves are necessary to maintain a 70% confidence level in the Property/Casualty Division.

**26-05-04** Motion by Schreifels, seconded by Swanson to accept the 2025 Workers' Compensation division estimated liabilities reserve analysis of \$55.6M as presented by Scott Anderson, Actuarial Advisors and direct MCIT Workers' Compensation division to maintain a 70% confidence level in the amount of \$2.393M. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

**26-05-05** Motion by Wachal, seconded by Mortenson to accept the 2025 Property/Casualty division estimated liabilities reserve analysis of \$23.3M as presented by Scott Anderson, Actuarial Advisors and direct MCIT Property/Casualty division to maintain a 70% confidence level in the amount of \$1.686M.

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

## **MEMBER COVERAGE APPEAL**

**26-05-06** Motion by Swanson, seconded by Mortenson to close the regular meeting of the MCIT Board of Directors for purposes of conducting a public hearing. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

**26-05-07** Motion by Schreifels, seconded by Skyles to open a public hearing to hear an appeal for coverage requested by Clay County. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

**000** Pursuant to the MCIT Bylaws Section 7.10 Clay County requested a hearing before the MCIT Board of Directors regarding a coverage determination made by MCIT concerning the matter of Sanders v. Clay County. The hearing was held on May 8, 2026, at the MCIT Headquarters in St. Paul, Minnesota. Clay County Administrator Steve Larson, Clay County Attorney Brian Melton, and Clay County Detox Director Troy Amundsen appeared virtually on behalf of Clay County. MCIT Claims Director Zahir Siddiqui appeared for MCIT. Both parties made presentations and answered questions from the board.

**26-05-08** Motion by Swanson, seconded by Skyles to continue the public hearing to a future board meeting to hear the appeal of coverage involving Clay County. Motion failed. Voting Yes: Swanson and Mortenson. Voting No: Antony, Wachal, Schreifels, Ward, and Skyles. Absent: Patzer and Meyer

**26-05-09** Motion by Swanson, seconded by Ward to close the public hearing to hear an appeal of coverage involving Clay County. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

**26-05-10** Motion by Wachal, seconded by Schreifels that based upon all files, records and proceedings herein, together with the arguments of representatives for Clay County and MCIT, the MCIT Board of Directors makes the following findings of fact:

### **FINDINGS OF FACT**

- (1) This coverage appeal arises from a Disclaimer of Coverage for a claim submitted by Clay County in response to a claim for damages filed by Joshua Sanders.
- (2) Clay County submitted a claim to MCIT on December 17, 2025, seeking coverage for damages sought by Joshua Sanders arising out of his stay at the Clay County Withdrawal Management Detox facility.
- (3) MCIT issued its Disclaimer of Coverage for Clay County's claim on January 6, 2026, citing applicable Coverage Document language and provisions.
- (4) Clay County responded to MCIT's Disclaimer of Coverage on January 26, 2026, requesting an appeal hearing due to MCIT's decision to disclaim coverage to Clay County.
- (5) Clay County's request for an appeal hearing was timely received by MCIT.
- (6) MCIT detailed the relevant provisions of the 2025 MCIT Coverage Document in its Memorandum and they are incorporated herein by reference.

## **CONCLUSIONS**

- (1) The damages sought by Joshua Sanders are excluded from coverage by the "Medical Facilities" and "Medical Treatment" exclusions in the 2025 MCIT Coverage Document.
- (2) The claim submitted by Clay County is not a covered "Claim" as defined by the 2025 MCIT Coverage Document.
- (3) The 2025 MCIT Coverage Document does not provide coverage for damages that arise out of the member's ownership, operation, control, direction or any other liability with respect to any premises providing medical services where overnight bed care is provided as addressed in the "Medical Facilities" exclusion.
- (4) The 2025 MCIT Coverage Document does not provide coverage for damages that arise out of "Medical Treatment" due to the rendering of or failure to render medical services and treatment and any liability arising out of a member's ownership, operation, control, or direction of premises providing medical services where overnight bed care is regularly provided.
- (5) The Damages sought by Joshua Sanders are damages not covered by the 2025 MCIT Coverage Document; thus, MCIT has no obligation to defend or indemnify Clay County against Joshua Sander's claim(s).

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

## **CYBER COVERAGE DISCUSSION**

**000** Janna Hepper of Guy Carpenter presented cyber coverage options to the board based on input provided during the board's April 2026 work session. Hepper recapped information from the April 2026 work session and presented several enhanced coverage limits developed by Great American for additional legal, forensics and cyber extortion coverage relative to their original proposal. (on file). The proposal also included the option for county members to purchase additional limits through great American that would not erode the annual aggregate program limit of \$10M. Hepper confirmed that Great American's quote reflects an understanding that MCIT will use our existing coverage form initially and work towards converting to their form throughout the term, and that MCIT will handle the claim adjustment role. The quote does not include direct underwriting requirements for members at this time, but does include an understanding that MCIT will work with members and Great American during the coverage term to enhance overall levels of member security and mitigation efforts.

**26-05-11** Motion by Swanson, seconded by Skyles selecting Great American cyber coverage Option 2 (on file) with a member county limit of \$1M, non-county limit of \$500,000; privacy response security and legal coverage with a county sub limit of \$200,000 each and non-county sublimit of \$100,000 each; cyber extortion coverage with a county sublimit of \$200,000 and non-county sublimit of \$100,000, and all other coverages as currently provided. The effective date of coverage is June 1, 2026 subject to a 19 month term and a premium of \$1,177,351, as presented by Janna Hepper, Guy Carpenter. County members will be provided the option to work directly with Great American to secure increased coverage of \$1M subject to Great American's underwriting requirements and pricing with the exposure presented by the increased limits being outside MCIT's underlying annual aggregate coverage limit of \$10M. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

## REPORT OF THE EXECUTIVE DIRECTOR

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

Nelson updated the board on the progress of identifying a new accounting system, a budgeted project for 2026. He shared that through analysis of our current work flows our consultant, as supported by staff, has identified an improvement opportunity by utilizing Origami for PC and WC claim payments rather than our current practice of using the accounting system. Such a change would provide greater efficiency on our processes, reduce redundancy and the potential for errors. Origami has estimated the cost to configure this functionality at approximately \$30,000, a cost that would be offset in the overall project implementation cost. They are finalizing their statement of work. Nelson requested board approval to enter into the scope of work with Origami as required by the MCIT contract policy.

**26-05-12** Motion by Swanson, seconded by Skyles to authorize MCIT Executive Director to work with Origami to develop the accounting check writing process within our claims system with authority not to exceed \$35,000. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Absent: Patzer and Meyer

**000** Nelson updated the board on the status of the MCIT suite after the water incident that occurred April 3, 2026. He advised that staff is working on repair estimates and recommends several updates to the suite outside the scope of the claim to include additional painting, replacement of plumbing fixtures and the build out of office space at the time of reconstruction. Estimates have not been obtained at his time but are roughly estimated at \$70,000.

**26-05-13** Motion by Skyles, seconded by Mortenson to authorize MCIT Executive Director to work with board chair Antony to review requested upgrades and updates prior to reconstruction with a cost not to exceed \$70,000. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Swanson, Mortenson and Skyles. Abstaining: Ward. Absent: Patzer and Meyer

## OTHER BUSINESS

- Next regular board meeting: June 12, 9:00 a.m.
- Audit Committee meeting: June 12, 8:00 a.m.
- Claims Committee meeting: June 12, 1:00 p.m.

## ADJOURN

Chair Antony adjourned the May 8, 2026 meeting of the MCIT Board of Directors at 12:50 p.m.

Respectfully submitted by:

Randy Schreifels  
MCIT Secretary/Treasurer