



Board of Directors' Meeting Minutes

June 12, 2026

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

Nick Anderson, Underwriting Specialist
Kevin Coleman, Facility Manager
Karen Ebert, Staff Counsel for Risk Control
Sonya Guggemos, Staff Counsel for Risk Control
Dawn Hinkley, Staff Counsel for Risk Control
Heather Larson-Blakestad, Communications Manager
Jude Mertz, PC Claims Representative
Jeff Hentges, PC Claims Manager
Pam Ihns, Payroll Accountant/HR Assistant

MCIT Staff:

Steve Nelson, Executive Director
Linda Podritz, Director of Internal Services
Ondara Nyang'au, Finance Manager
Zahir Siddiqui, Director of Claims
Gary Severson, Underwriting Manager
Richard Miehe, Risk Management Consultant
Jim Karels, Risk Management Consultant

Service Providers:

Peter Bergstrom, General Counsel
Blake Ellefson, Eide Bailly
Mariah Gregory, Eide Bailly
Scott Anderson, Actuarial Advisors
Erik Steuernagel, Actuarial Advisors
Tim Harris, Benchmark Analytics
Steve Brewer, Benchmark Analytics (attending remotely)

CALL TO ORDER

000 Trust Chair Antony called the MCIT Board of Directors' Meeting to order at 9:00 a.m. on June 12, 2026, at the MCIT Building in St. Paul, Minnesota.

APPROVE THE AGENDA

26-06-01 Motion by Swanson, seconded by Mortenson to approve the agenda. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

APPROVE THE MINUTES

26-06-02 Motion by Schreifels, seconded by Ward to approve the minutes of the May 8, 2026 regular meeting and May 18, 2026 special 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 APRIL 30, 2026

000 The board reviewed the Executive Summary of the unaudited financial statement for the period ending April 30, 2026, as presented by Finance Manager Ondara Nyang'au.

26-06-03 Motion by Wachal, seconded by Meyer to accept the MCIT unaudited financial statement for the period ending April 30, 2026. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

2025 INDEPENDENT AUDIT REPORT

000 Blake Ellefson and Mariah Gregory of Eide Bailly, LLP presented the results of MCIT's 2025 audit. MCIT received an unmodified opinion on the 2025 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 102- 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

26-06-04 Motion by Meyer, seconded by Schreifels to accept the 2025 independent audit of MCIT as presented by Eide Bailly, LLP. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

2026 DIVIDEND ANALYSIS

000 Scott Anderson and Erik Steuernagel of Actuarial Advisors presented the dividend analysis for 2026. 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.

26-06-05 Motion by Swanson, seconded by Schreifels to return dividends to members in good standing of \$3M 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, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

26-06-06 Motion by Ward, seconded by Skyles to return dividends to members in good standing of \$2M in the Property/Casualty Division; to notify members in August of the amount of their individual dividend; and to pay dividends in November. Motion carried. Voting Yes: Wachal, Schreifels, Ward, Swanson, Mortenson and Skyles. Voting No: Antony, Patzer and Meyer.

BENCHMARK ANALYTICS REPORT

000 Tim Harris and Steve Brewer of Benchmark Analytics provided an update on their ongoing work and goals in 2026. Objectives for 2026 include expanding engagement in Evidence-Based Practice adoption through the iIMPACT program and Jail Excellent Network. Harris shared that the April jail

excellence sessions hosted in Itasca, Stearns and Washington counties brought together 43 participants from 17 different member counties for a series of interactive sessions encouraging collaborative learning on the importance of correctional officer wellness and program implementation. Additional work in this area, including outreach to individual members not participating in these programs will be done throughout the balance of the year.

MCIT PROPERTY DAMAGE CLAIM UPDATE

000 Steve Nelson, Executive Director, updated the board on the status of the MCIT suite property damage claim caused by a water pipe fixture break April 3, 2026. The suite is without functioning restrooms and running water, has missing sheetrock and insulation creating compromised office privacy and noise distractions, and general disruption due to displaced office equipment and furnishings. The loss event is covered under MCIT's coverage through the MCIT pool, and the loss has been scoped by an independent adjuster. Nelson advised that Minnesota Statute 375.21 guides county boards on contracting and bidding requirements, while Statute 375.22 addresses emergency repairs without advertising for competitive bids. The emergency situation arose from the sudden, unexpected and unplanned event that cannot wait for the bidding process. Nelson shared that based on staff research it is appropriate to consider this unplanned event and resulting conditions an emergency or exception to the requirement to seek competitive bids. MCIT staff is recommending we engage a contractor to conduct the work within the confines of the claim adjustment process as some of the conditions present an emergency situation.

26-06-07 Motion by Patzer, seconded by Skyles to authorize staff to begin the repair process utilizing a contractor pursuant to the provisions of MN Stat. 375.22 and authorizing MCIT Executive Director to work with board chair Antony to review and approve construction-related contracts as needed. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

2025 AUTO AUDIT

000 MCIT Underwriting Manager Gary Severson presented the 2025 automobile adjustment report. Throughout 2025, 144 members made 2,967 changes to their automobile schedules during the year that resulted in a \$72,461 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.

2025 WORKERS' COMPENSATION PAYROLL AUDIT

000 MCIT Underwriting Specialist Nick Anderson updated the board on the results of the 2025 Workers' Compensation payroll audit results. The audit applied to all 375 members with workers' compensation coverage. The total contribution invoiced for 2025 based on member-estimated payroll was \$20,052,053 and the audited, actual contribution amount was \$20,534,335. The difference between the invoiced contribution and the audited contribution is \$482,322. 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, 2027. No action was necessary.

2027 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 2027 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 2026, Severson recommended a property index adjustment increase of 3.9% to building values and a 3.9% increase to the value of building contents and property in the open.

26-06-08 Motion by Schreifels seconded by Patzer to accept staff recommendations to increase 2026 building values by 3.9% for the 2027 renewal, and to increase building contents, and property in the open values by 3.9% for the 2027 renewal. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

CLOSED SESSION

26-06-09 Motion by Patzer seconded by Skyles to close the meeting at 11:25 a.m. pursuant to Minn. Stat. §13D.05, Subd. 3(b) attorney client privilege related to ongoing litigation regarding MCIT v. McLeod County Historical Society. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

26-06-10 Motion by Swanson, seconded by Mortenson to return meeting to open session at 12:00 p.m. Motion carried. Voting Yes: Antony, Wachal, Schreifels, Ward, Swanson, Mortenson, Patzer, Skyles and Meyer.

REPORT OF THE EXECUTIVE DIRECTOR

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

OTHER BUSINESS

- Next Board Meeting: July 10, 2026 at 9 a.m.
- Claims Committee Meeting: July 10, 2026 at 1 p.m.
- Investment Committee Meeting: TBD

ADJOURN

Chair Antony adjourned the June 12, 2026, meeting of the MCIT Board of Directors at 12:10 p.m.

Respectfully submitted by:

Randy Schreifels
MCIT Secretary/Treasurer