**Wednesday, June 12, 2024, 4:00 p.m.**

**1800 Technology Drive NE, Willmar, MN 56201** (Itasca Conference Room)

**Members Present:** Commissioners Tiffany Barnard, Kevin Crowley, Doug Erickson, Brent Guyan, Tony Hausladen, Jon Hawkinson, Jill Hoff, Roger Imdieke, José Luciano, Tom McDonnell, Maureen Melgaard-Schneider, Robert Moller, Shawn Mueske, Rollie Nissen, Kiza Olson, Reagan Quinn, Yodee Rivera, Lorallen Schmeling, Steve Schmitt, Dave Sebesta, Carl Schuldes, Paul Simonsen, Berit Spors, and Jeff Vetsch.

**Members Absent:** Commissioners Mike Brouwer, Doug Krueger, Reagan Quinn, Christopher Rowan.

**Staff Present:** Executive Director Eric Day, Finance Director Darla Bajari, Economic Developers Mike Nicholas and Nate Reuss, Regional Development & Grant Specialist Carol Lundgren, Transportation & Community Planner Blake Barnard, and Communications Specialist Ben Carlson.

**Staff Absent:** Mobility Manager Terry Smith (due to a conference)

**Guests:**  None

**Call to Order:** Chairperson Shawn Mueske called the meeting to order at approximately 6:02 p.m.

**Pledge of Allegiance:** The Pledge of Allegiance was recited by all Commissioners and staff in attendance, led by Chairperson Mueske.

# **Introductions:** All present Commissioners and staff provided introductions.

# **Approval of Agenda:** Chairperson Mueske presented the agenda and called for any additions. Neither Executive Director Day, nor any Commissioners present offered any additions.

# Commissioner Doug Erickson moved to approve the agenda. Commissioner Robert Moller seconded the motion, which carried with no dissent.

# **Approval of April 10, 2024, Full Commission Meeting Minutes:** Commissioner and Commission Secretary Dave Sebesta made a motion to approve the drafted April 10, 2024, Commission meeting minutes as presented. Commissioner Paul Simonsen seconded the motion, which carried with no dissent.

**Treasurer’s Report:** Commissioner and Commission Treasurer Kevin Crowley provided an overview of the Treasurer’s Report, which was contained within the meeting materials packet. He reported that, on March 21, 2024, MMDC started out with a checkbook balance of $36,854.64. On June 1, 2024, MMDC had a checkbook balance of $48,092.81. Commissioner Crowley then moved to approve the MMDC Treasurer’s report, as presented. Commissioner Rollie Nissen seconded this motion, which carried with no dissent.

**Note:** A report on current investment values, an accounting of all revenue and expenditures, and a board payment listing were all included within the meeting materials packet.

# **Consent Agenda:** The meeting materials packet contained minutes from the following recent meetings for the consent agenda:

1. **MMDC Executive Committee:** June 3, 2024
2. **MMDC Nominating Committee:** June 3, 2024
3. **MMDC Personnel Committee:** June 3, 2024
4. **MMDC Budget and Work Program Committee:** June 3, 2024
5. **MMRTCC Subcommittee:** April 23 and May 28, 2024
6. **Legacy RLF Loan Approval Board (K-Traps Loan):** April 30, 2024

Commissioner Rollie Nissen made a motion to approve the Consent Agenda. Commissioner Maureen Melgaard-Schneider seconded the motion, which carried without dissent.

**Correspondence and Announcements:** Executive Director Eric Day took this opportunity to remind Commissioners of the Commissioner and Staff appreciation meal which would be enjoyed following this Commission meeting. He thanked Commissioner Robert Moller for the donation of a beef brisket and acknowledged MMDC Communications Specialist Ben Carlson for his preparation of the brisket (with assistance from his father).

Day also passed a Commissioner Contact Information form and asked Commissioners to review their own contact information and note their updates, as appropriate.

**Executive Director’s Report:** Day pointed to his full report, which was provided within the meeting materials packet. He noted that it has been another good year at MMDC. He acknowledged some turnover, but MMDC is now back to full staffing levels. Day noted that, more important, he believes MMDC has the right talent onboard. Day extended his thanks to the Commissioners for their continued support and thanked every member of MMDC’s staff team for their hard work and willingness to flex and adapt to new programs.

**Chairperson’s Annual Report:** Chairperson Mueske informed that the information he planned to share could be found in the MMDC website, in the MMDC Annual Report, or in the documents Commissioners received concerning MMDC’s executive director. He reminded Commissioners that their job is to adhere to the mission of the MMDC organization and ensure the executive director is conforming to that mission. Chairperson Mueske then read the mission aloud:

MMDC Mission: “To administer state and federal programs and coordinate multi-jurisdictional activities, and to provide technical assistance to government, business, and local organizations in order to maintain and enhance the quality of life and support economic development.”

Chairperson Mueske stated that, in his estimation, the Commission is adhering to that mission and has an effective director. He then shared information that he was provided through his participation in another board, on the four keys to an effective CEO:

1. They mantra the condition of the organizational culture and employee morale. Chairperson Mueske noted that, as would be discussed later in the agenda, this is indeed occurring.
2. That the board-CEO communications are strong. Chairperson Mueske said that, in his estimation, this is the case at MMDC.
3. That the CEO’s actions and words help to foster a positive image for the Commission and staff.
4. That the CEO implements Board priorities, policies, and direction. Chairperson Mueske noted that this is occurring and highlighted some of MMDC’s work in the past year, including lending via MMDC’s revolving loans and programmatic work. Examples shared included work related to the prevention of fraud victimization, community development, transportation planning, and mobility management.

Chairperson Mueske also noted that his highlight for the year was the fact that MMDC overcame a significant projected budget deficit by moving MMDC into new directions, including renewable energy and the Regional Food Business Center work. He said that these new directions may not be as comfortable for some Commissioners but that these are the areas where funding is available and MMDC continues to serve our communities and is adhering to its mission within them. Chairperson Mueske closed by saying MMDC is doing a very good job, despite staff transitions. He said his belief that MMDC now has some very talented people and that things are looking very good for the organization.

**Staff Reports:** Chairperson Mueske pointed to the staff reports that were included within the meeting materials packet and provided an opportunity for Commissioners to ask questions. There were no questions.

Day stated that these reports are intended to keep Commissioners informed of MMDC’s activities. He stated that, if a Commissioner is ever unsure of what MMDC staff are up to or what taxpayers are getting for their money, they may want to read the staff reports to have a better understanding. He informed that these reports are interesting and that they contain information Commissioners may wish to share with people in their networks.

Commissioner Kevin Crowley asked Economic Developer Nate Reuss to inform on how much money is currently available for lending in MMDC’s revolving loan funds. Reuss informed that, as of right now, there is approximately $100,000 available that has not already been committed to an approved lending project. He noted that, if every application in MMDC’s loan application pipeline came to fruition, MMDC would need approximately $700,000. However, he stated that it is unlikely this will occur. Reuss also pointed out that MMDC has had several loan clients, return to MMDC for the financing of their next project. He iterated his belief that this speaks well of MMDC’s loan services.

# **Old Business:** There was no old business

**New Business – Action Items & Commission Business**

* 1. **Annual Conflict of Interest Form for All Commissioners:** Day informed Commissioners that Conflict of Interest forms could be found with their per-diem sheets at this meeting. A copy of the form could also be found within their meeting materials packet. Day asked that all Commissioners complete these forms and return them to Finance Director Darla Bajari. Day also encouraged Commissioners to let Bajari know if they had any questions about the form.
  2. **Election of Officers:** Commissioner and MMDC Nominating Committee Chair Robert Moller informed that MMDC’s Nominating Committee met, on June 3, 2024, to determine recommendations for Commissioners to fill the Chairperson, Vice-Chairperson, and Treasurer positions for the Fiscal Years 2025 and 2026.
     + **MMDC Chairperson:** Commissioner Moller informed the Commission that Commissioner Shawn Mueske was finishing his first term as Commission Chairperson and that he was both eligible and willing to serve another two-year term. Commissioner Moller informed that no other Commissioner had expressed interest in the position or made another nomination. He then called three times for other/additional nominations for the MMDC Chair position. No other nominations were made. Commissioner Moller then made a motion for the Commission to cast a unanimous ballot for Commissioner Shawn Mueske to serve as MMDC’s Chairperson for a second term. Commissioner Tiffany Barnard seconded this motion, which carried with no dissent.
     + **MMDC Vice-Chairperson:** Commissioner Moller informed the Commission that Commissioner Lorallen Schmeling was finishing his first term as Commission Vice-Chairperson and that he was both eligible and willing to serve another two-year term. Commissioner Moller informed that no other Commissioner had expressed interest in the position or made another nomination. He then called three times for other/additional nominations for the MMDC Vice-Chair position. No other nominations were made. Commissioner Moller then made a motion for the Commission to cast a unanimous ballot for Commissioner Lorallen Schmeling to serve as MMDC’s Vice Chairperson for a second term. Commissioner Steve Schmitt seconded this motion, which carried with no dissent.
     + **MMDC Treasurer:** Commissioner Moller informed the Commission that Commissioner Kevin Crowley was finishing his first term as Commission Treasurer and that he was both eligible and willing to serve another two-year term. Commissioner Moller informed that no other Commissioner had expressed interest in the position or made another nomination. He then called three times for other/additional nominations for the MMDC Treasurer Position. No other nominations were made. Commissioner Moller then made a motion for the Commission to cast a unanimous ballot for Commissioner Kevin Crowley to serve as MMDC’s Chairperson for a second term. Commissioner Tom McDonnell seconded this motion, which carried with no dissent.
  3. **Approval of Identified Special Interest Commission Members:** Day pointed to the listing of MMDC’s Special Interest (i.e., Public Interest) members for Fiscal Year 2025, which was included within the Commissioners’ meeting materials packets. He stated that there are no proposed changes from the current roster of Special/Public Interest Members and informed that a motion would be need do approve this roster for Fiscal Year 2025.

Commissioner Kevin Crowley made a motion to approve the Special Interest roster for Fiscal Year 2025. Commissioner Rollie Nissen seconded the motion, which carried with no dissent after some discussion which included the addition/correction of community names behind several Commissioner names. Day informed that these edits would be made.

* 1. **Chairperson’s Committee Appointments for FY 2025:** Chairperson Mueske informed that the listing, which was developed with assistance from Executive Director Day was included with meeting materials. Day noted that it was brought to his attention that the Communications/Marketing Committee was listed twice within the roster, which was included in the meeting materials packet. Day also mentioned another error. Commissioner Tony Hausladen was mistakenly added to the Mid-Minnesota Regional Transportation Coordinating Council roster, rather than the Transportation Advisory committee, as was Commissioner Hausladen’s intent. Day noted that this adjustment would be made if there were no objections from Chairperson Mueske. There were no objections.

Day encouraged Commissioners to reach out if they were concerned about being listed under a committee and/or were unsure of their role. He added that most committees meet minimally, apart from the MMRTCC Subcommittee, which meets almost monthly.

* 1. **Aging Update:** Commissioner Maureen Melgaard-Schneider provided an update on aging issues for the Commission. Commissioner Melgaard-Schneider submitted the following notes pertaining to her information, for the Commission meeting minutes:

**MMDC Aging Report**

**Legislative Task Force on Aging**

**April meeting focus:**

* Review of draft report, which will go to MN Legislature in January 2025
* Testimony from Minnesota Leadership Council on Aging and members of the Pillars of Prospect Park intergenerational public health interest group

**May meeting focus:**

* Presentation by the Pennsylvania Department of Aging
* Presentation by the age-friendly Minnesota council and AARP Minnesota

**June meeting focus:**

* Labor shortages, age inclusive management strategies, older workers in MN, and the MN Chamber of Commerce.
* Meetings have not moved to two times per month and the next June meeting will feature the Minnesota Department of Employment and Economic Development and the Colorado Department of Aging.

**Website:** [**Task Force Agendas & Presentations**](https://www.lcc.mn.gov/aging/meetings.html)

**Rubio, Smith, Scott Introduce Bill To Address Senior Loneliness**

In Florida and across the country, a growing number of senior citizens are suffering from mental and physical health issues, largely driven by an epidemic of loneliness. Despite public health officials sounding the alarm, the issue has not yet been addressed through any major legislation.

U.S. Senators Marco Rubio (R-FL), Tina Smith (D-MN), and Rick Scott (R-FL) introduced the [*Social Engagement and Network Initiatives for Older Relief (SENIOR) Act*](https://www.rubio.senate.gov/wp-content/uploads/2024/05/SENIOR-Act.pdf) to address senior loneliness.

* “People say we can’t combat loneliness through legislation, but I think that’s a ridiculous thing to say. Whether it’s Meals on Wheels or support for caregivers, there are so many different things we can do to support people as they age. Nobody deserves to feel so alone and isolated that their health suffers, especially seniors. We are more connected now than ever before – yet loneliness endures. We need to invest in programs that will combat loneliness in our older Americans and I’m glad to be leading this charge.” **– Senator Smith**

Specifically, this bill would:

* Promote programs that combat loneliness and support community integration for seniors by adding “loneliness” to the definition of “disease prevention and health promotion services” under the *Older Americans Act.*
* Direct the Secretary of Health and Human Services to prepare a report on the impacts of loneliness on seniors and propose solutions for identified impacts;
* Through the report, analyze the relationship between the strength of multigenerational family units, loneliness, and seniors.

**Why is this an important topic?**

* Demographics In 2022, 29% of 65+ adults in MN live alone
* Widowhood – In 2021, there were 11.6 M widows in the U.S. with an average age of 59. There are 2,800 new widows daily
* Childlessness – Rate of childlessness, whether by choice or by happenstance, almost doubled with the Baby Boomers (currently ages 59-77, born between 1946 -1964). 15.2 M- nearly 1 in 6 (16%) adults 55 and older have no children
* Living Alone – more common among older adults who were childless than their counterparts who were parents
* Poverty Rates – are higher among childless older adults than among older parents
* Life Expectancy - Women outliving men - In the U.S. women now live an average of 5.8 years longer than men, marking the biggest gap between men and women since 1996
* Managed Care Organizations (MCOs) - In 2021, Minnesota and Mississippi had the highest rates of Medicare penetration with 52% of Medicare beneficiaries enrolled in Advantage Plans versus traditional Medicare plans. MCO access requirements require the maximum travel distance or time be the lesser of 30 miles or 30 minutes to the nearest primary care, mental health and general hospital provider. Specialists must be available within 60 miles or 60 minutes
* Missed Appointments - The total cost of missed healthcare appointments in the United States every year is an astronomical $150 billion. Each open, unused time slot costs a physician 60 minutes and $200 on average. Now factor in that no-show rates are as high as 30% nationwide, and you can see how that $150 billion figure is reached.

Commissioner Roger Imdieke requested clarification on the $150 billion lost annually due to missed healthcare appointments. Commissioner Melgaard-Schneider indicated that this number was reflective of the total cost to the healthcare systems, including dentists, doctors, specialists, hospitals, etc. Commissioner Melgaard-Schneider indicated two major reasons for these missed appointments include not feeling well enough to attend the appointment and a lack of transportation to and from the appointment.

Commissioner Imdieke inquired as to if healthcare institutions are stepping up to solve the transportation problem. Commissioner Melgaard-Schneider said that health institutions are starting to take notice and that there are some programs out there to assist. She informed that, if providers are concerned about “no-shows” then she would be interested to know what they’re doing about the issue, on their own or via partnerships with transportation providers. She reminded that PrimeWest is currently working with a transportation broker – Kaizen Health. Day added that PrimeWest recently granted money to Central Community Transit for the purchase of a wheelchair accessible vehicle, for volunteer driver use. Commissioner Melgaard-Schneider noted that MMDC Mobility Manager Terry Smith also serves as a volunteer driver and has used this van for trips.

Commissioner Imdieke stated that PrimeWest has been a very good partner. He then requested further clarification on who is actually suffering the $150 Billion loss, if it that number was reflective of just Medicare/Medicaid losses or something else. Commissioner Melgaard-Schneider indicated that the number was an “all-inclusive” number and not limited to Medicare/Medicaid losses.

Commissioner Kiza Olson mentioned that virtual appointments are becoming part of the solution. Commissioner Olson also noted that some local communities, including Meeker County, have a community paramedic who can travel to patients to help address transportation barriers to care.

Commissioner Berit Spors mentioned that, while transportation is a significant issue, some patients may also simply lose track of their appointments, particularly when they are living alone or when they cope with forgetfulness or even dementia. Commissioner Lorallen Schmeling offered his observation that healthcare providers have certainly stepped up their effort to remind people of their appointments and confirm their attendance.

Commissioner Steve Schmitt inquired as to whether there are certain geographies of the country where missed appointments are more prevalent. Commissioner Melgaard-Schneider indicated that, while she didn’t have this information, she suspected that this may be studied as the bill to address senior loneliness moves through Committee, if it does.

* 1. **Items of Interest from Other Elected or Public Interest Commissioners:** Commissioner Tiffany Barnard, who serves on the Hutchinson School Board, noted that many districts are or will be hurting financially, largely due to underfunded and differently guided mandates coming from the state. She offered the example of Unemployment Insurance mandates and the mixed messaging on how much of their unemployment insurance premiums school districts might be able to recover given the change in unemployment eligibility for paraprofessionals, etc.
  2. Commissioner Barnard also mentioned that special education cost subsidies are being challenged due to the fact that there are new education and testing requirements for staff. She noted that these tests may include things like algebra, which may be difficult for some paraprofessionals who haven’t needed to use algebra for many years. Commissioner Barnard said that the Hutchinson district is concerned over the potential loss of staff stemming from these requirements and that this is further aggravated by the fact that the number of students served by special education continues to grow across the state.

Commissioner Barnard also noted that declining enrollment is putting additional stress on district budgets. She said that the percentage of students attending public school in Hutchinson has not changed, despite a temporary increase in homeschooling that occurred during the COVID 19 Pandemic. Rather, the declining enrollment stems from a continued decrease in birth rates. Barnard informed that Hutchinson’s 2024 class of graduates included 240 students. The incoming kindergarten class is only 170 students. This leads to a large difference in per-pupil costs. Commissioner Barnard stated that expenditures are quickly out-pacing revenues and that many districts will likely be asking taxpayers to pass referendums and levies. She expressed her need for leaders, including MMDC Commissioners, to work together so that our rural districts can thrive.

Commissioner Berit Spors inquired as to if or how the READ Act might be affecting district budgets. Commissioner Barnard informed that the READ Act includes major changes to literacy requirements and involves a good deal of expensive training, as well as the addition of a literacy-focused administrative position. She said that she doesn’t have a problem with the changes in principle. However, funding them without adequate state reimbursement is difficult.

Commissioner Barnard then reiterated that schools will likely be asking taxpayers for more local money, possibly in 2025 rather than during a major election, and that some districts may have very specific goals associated with their levy. She offered examples of a “technology levy” or a “sports and activity levy” connected to specific things communities may value. Commissioner Barnard offered that local research indicates the Hutchinson community seems to value technology as well as student health and mental wellbeing.

Commissioner Lorallen Schmeling stated that, for the first time in three years, the Lester Prairie District will have a fully-certified special education teacher. Commissioner Barnard indicated that much work is being done, by Southwest Minnesota State University, to find alternative and creative pathways to help non-special education certified teachers enter and succeed in special education roles.

Commissioner Tom McDonnell referred to the presentation on artificialintelligence that was held prior to the Commission meeting. He noted that, in the business world, there is starting to be some legislation passed to bar employers from using artificial intelligence in their hiring processes unless an audit has confirmed there is no bias, which is extremely difficult. Commissioner McDonnell informed that he recently read a New York Times article which stated there are over 400 bills under consideration across the U.S., at various levels, to regulate the use of artificial intelligence. He also said that, for some platforms, including ChatGPT, any information fed into the platform becomes public data, creating confidentiality/privacy concerns. McDonnell said that his employer has, for some work, banned the use of ChatGPT and generative AI tools. He also noted that anything generated by artificial intelligence cannot be copyrighted.

* 1. **MMDC Staff Performance Reviews:** Executive Director Day took a moment to introduce MMDC’s newest staff member, Transportation & Community Planner Blake Barnard, who was greeting and watching for late arrivals during the initial Commissioner and staff introductions.

Day then noted that he conducted his performance reviews in May, pointing to the evaluation form contained within the meeting materials packet. Day reported that all staff are performing well in their respective roles, especially given several staff are new or relatively new to the MMDC organization. Day stated that these evaluations are used to determine eligibility for merit/step wage increases, which will be addressed later in the meeting under a separate agenda item. Day offered to take any Commissioner questions at this time. There were no questions or comments.

* 1. **Executive Director’s Annual Performance Review:** Chairperson Mueske informed the Commission that the Executive Committee met on June 3 to examine and discuss the results of the survey, conducted to gain input from Commissioners on their assessment of Executive Director Day’s performance as well as the direction of MMDC. Commissioner Mueske informed that all staff (exception: Blake Barnard, who didn’t start with MMDC until after the survey had closed), and that 17 of 27 Commissioners had completed the survey. Mueske mentioned that the Commissioner response rate was about 63%. He stated that he had hoped for a greater response rate and that this was approximately the same response rate as a year ago. Chairperson Mueske noted that there were no suggestions to change or modify the evaluation instrument (the survey) and so the same questions were used as in the FY 2023 year. Results have been shared with all Commissioners and staff.

Chairperson Mueske offered a quick review of summary results and pointed out that the large majority of responses were positive. Mueske stated that there were some negative comments, though no more than one negative response on any question. He noted that all of the negative responses and comments came from one respondent and that this respondent was a Commissioner and not an MMDC staff. Chairperson Mueske said that these less positive comments were completely fine and that alternative opinions are encouraged. However, Chairperson Mueske informed that, because responses were generally very positive, the Executive Committee determined that Day had earned a positive performance review and should receive any merit/step wage increase in line with the recommendations of the MMDC Personnel Committee.

Day circulated paper copies of the survey results for any Commissioner who had not yet had opportunity to review the electronic versions previously sent by Day via email.

Commissioner Melgaard-Schneider inquired if the dissenting commenter provided any indication of a direction they would prefer as an alternative to the direction in which Day had led. Chairperson Mueske indicated that the responder had not. Commissioner Mueske said that MMDC is moving in new directions to align with the opportunities that exist, and that some may not be as comfortable with this.

Commissioner Berit Spors shared her observation that it is difficult to adjust the direction of the organization if there is no elaboration of the response and/or indication of the desired direction. Commissioner Mueske offered the opportunity for additional questions at this time.

Day noted that he was fine with not being right all of the time. He encouraged any commissioner to reach out to him if they have questions, concerns, or ideas. He asked Commissioners to let him know if they see that he is making a misstep. He added that it is his job to ensure the organization is run well and that, as his bosses, all Commissioners have the right to reach out to him at any time. Commissioner Berit Spors then shared a positive comment that was shared within the survey results, from a staff person.

**Recess:** As the 5:00 p.m. hour had arrived, Chairperson Mueske requested a motion for a recess, as needed to convene MMDC’s annual public levy hearing. Commissioner Jon Hawkinson then moved to recess. Commissioner Robert Moller seconded the motion, which carried with no dissent.

**Opening of the Public Hearing:** Commissioner Mueske opened MMDC’s Public Levy Hearing and pointed to the Public Hearing agenda which was included within the meeting materials packet.

Reading of the Official Public Notice of Meeting/Public Hearing: Executive Director Day read the notice that was provided to the public. A copy of this notice was included within MMDC Commissioners’ meeting materials packets.

**Presentation:** Day presented slides, paper copies of which were provided to all in attendance, which included projections of MMDC revenues and expenses for the upcoming 2025 fiscal year, with comparative information for the 2023 and 2024 fiscal years. The following points were offered by Day:

* Currently, over 3,500 technical assistance hours are planned for FY 2025. These include hours that will be spent on projects like the Renville County Comprehensive plan but also include hours related to our USDA-funded Regional Food Business Center assistance, which is basically technical economic development assistance provided to businesses along the food value chain. Also included in Technical Assistance are hours related to MMDC’s Energy and Environment-related work, funded by the Department of Commerce.
* Based on inquiries from communities within our region, and based on the fact that the McKnight Foundation and Department of Commerce are both interested in providing additional environment and energy-related funding, Day anticipates technical assistance hours may increase a bit.
* Included in the projection is the addition of a new, part-time MMDC Finance Assistant. If approved, this individual would assist with more routine financial matters, freeing up Finance Director Darla Bajari for higher-level finance work (e.g., process improvement, additional fiscal hosting, etc.). This addition would also provide some needed reinforcement of MMDC’s Finance Department, which would be beneficial should Bajari require an extended absence or be enticed away by another opportunity.
* Day reiterated this added position would be subject to the approval of MMDC’s Personnel Committee and, later, the full Commission. He will be working with Finance Director Darla Bajari to design a position description and the Commission will likely revisit this matter during the first quarter of FY 2025.
* This projection also anticipates a 3.0% levy increase as well as interest earnings and loan income.
* The biggest difference is an anticipated increase in personnel expenditures. This includes increased wages and benefit costs as well as the additional part-time finance professional mentioned earlier which, again, will be subject to Commission approval.
* The projection also includes an increased budget for training. Day said that, due to the original deficit projection, training was limited a bit in FY 2024, but that this is not a long-term strategy, stating that, if MMDC staff stop developing, the organization can quickly stagnate.
* Personnel remains, by far, the largest MMDC expense (about 82% of MMDC’s budget).
* The total projected excess revenue for Fiscal Year 2025, at this time, is $17,587. Day noted that this number is sure to change due to a number of things we cannot anticipate. However, he noted that Finance Director Bajari had put a lot of time and effort into this projection, and he is confident it gives an accurate depiction for MMDC’s Fiscal Year 2025 based on what is known today.

Day then offered to take questions on the presented information. Commissioner Tony Hausladen inquired as to how much of the $80,555 increase in personnel costs was for the new Finance Assistant. Nether Executive Director Day nor Finance Director Bajari were able to offer that specific percentage during the meeting, though Day noted that the position was factored at less than 20 hours per week at a Position Grade of 6. Finance Director Bajari also informed that an assumption of an 8.0% increase to health insurance premiums was included in the projection.

**Call for Testimony:** Chairperson Mueske presented the opportunity for testimony on the setting of the Calendar Year 2025 levy.

Executive Director Day took this opportunity to point to his written justification for a 3.0% levy increase. He pointed out that, while MMDC’s budget for the next fiscal year appears healthy, much of MMDC’s funding relies upon grant dollars which will eventually sunset. He stated that it is his job to look beyond the next one to two years to make certain MMDC has the resources needed to remain effective three to five years out and beyond.

Day reminded that MMDC cannot bring many of the grant opportunities to the MMDC region without matching funds, which MMDC’s levy provides. He also noted that the levy increase helps MMDC to manage inflation. Additionally, Day reiterated his belief that the increase in levy funs will help MMDC add a part-time finance assistant, subject to MMDC Personnel Committee and Commission approval.

Day reminded the Commissioners that MMDC is statutorily limited to a 3.0% levy increase each year, and that this means a levy increase not passed in a given year can never be made up in subsequent years. He then shared the fact that the total MMDC levy, if the 3.0% increase was passed, was $412,844, spread across four counties, and the increase was just $12,025, or approximately 10.2 cents per MMDC region/6E resident. He then provided information from his own property tax statement, which indicated the total anticipated tax on his Litchfield home, valued at approximately $255,000, was $3.53 per year, approximately the same as a gallon of milk or a loaf of bread.

Day pointed to information, contained within MMDC Commissioners’ materials packets, showing levies taken by counties, cities, and townships for CY 2024. Day closed by informing that, on June 3, MMDC’s Budget and Work Program Committee moved to bring forward a recommendation for a 3.0% levy increase.

Chairperson Mueske asked the Commission if there were any questions for Day at this time. Commissioner Tony Hausladen inquired as to whether the additional finance position was a “must have” or a “nice to have.” Day shared his belief that, when you balance MMDC’s complicated finances on one person, that is a potential point of weakness for the MMDC organization. Given the significance of the role, Day stated he believes it is necessary to reinforce the finance department in this way. Commissioner Hausladen stated that he agreed having just one person do something is a weakness but inquired as to whether MMDC does any cross-training of other staff to assist with the finance role. Day stated that MMDC currently has no additional staff capacity for the amount of training that would be necessary to learn MMDC finances.

Commissioner Moller inquired as to the size of MMDC’s staff, as compared with other regional development commissions. Day informed that MMDC is likely among the smaller regional development commission’s and that MMDC’s staff size is comparable to several other regional development commissions but that it was hard to make an “apples-to-apples” comparison due to the fact that some regional development organizations have programs that others don’t. He pointed to the fact that two regional development commissions host their region’s senior programs, which have potential to greatly increase the number of staff required.

Commissioner Steve Schmitt requested clarification of the hire date and hours per week used in the Fiscal Year 2025 projection. Day informed that an October 1 hire date was used, and that the position was factored at 18 hours per week. Day again reminded that this would be subject to Commission approval. Day also reminded that regional development commissions’ finances are complicated, with the inclusion of tax revenue, project revenue, various grants, etc. He also noted that Finance Director Bajari is doing a fantastic job but that she bring MMDC more value if she had assistance with the more routine tasks.

MMDC Chairperson Mueske then called, three times, for additional testimony. None was offered.

**Setting of the Calendar Year 2025 Levy:** At this time, Commissioner Kevin Crowley made a motion to approve a 3.0% increase to MMDC’s tax levy for Calendar Year 2025. Commissioner Robert Moller seconded this motion, which carried by roll call vote. All but two Commissioners in attendance voted in favor of the 3.0% increase. Commissioners Tony Hausladen and Steve Schmitt provided the two dissenting votes.

**Closure of the Public Hearing:** At this time, and at Chairperson Mueske’s request, Commissioner Jon Hawkinson made a motion to close the Public Hearing on MMDC’s Tax Levy Increase. Commissioner Yodee Rivera seconded this motion which carried with no dissent.

**Reconvening of MMDC Commission Meeting:** Commissioner Maureen Melgaard-Schneider made a motion to reconvene the regular meeting of the Mid-Minnesota Development Commission. Commissioner Jon Hawkinson seconded this motion, which carried with no dissent. The meeting then returned to New Business item J.

* 1. **Approval of Personnel Committee Recommendation for Staff Step/Salary Increases:** Day informed that MMDC’s Personnel Committee met on June 3 to consider his recommendation for merit/step increases. At that time, based on performance evaluations, he recommended step or merit increases for Darla Bajari, Ben Carlson, Carol Lundgren, Nate Reuss, and Terry Smith. He noted that Economic Developer Mike Nicholas is new to his role and already received a modest upward adjustment when he made that change. He is, therefore, not expecting a step merit increase in July. Day also noted that Transportation & Community Planner Blake Barnard started with MMDC on May 31 and is similarly not expecting a step or merit increase.

Day then reminded that MMDC’s Executive Committee conducted his review on June 3 and, at that time, approved a recommendation for a step or merit increase based on his performance. Day then asked Personnel Committee members if they had anything additional to share.

Commissioner Tom McDonnell, a member of the MMDC Personnel Committee, noted his appreciation to MMDC staff for their dedication and their efforts. This comment was supported by Commissioner Tiffany Barnard. Commissioner Tom McDonnell then made a motion to approve the 3.25% merit/step increase for all staff listed by Day, including Day himself. This motion was seconded by Commissioner Berit Spors and carried with no dissenting votes. Merit/step increases will be effective for time worked beginning July 1, 2024.

* 1. **Designation of Banks:** Day informed that MMDC currently has checking and savings with US Bank. MMDC also maintains petty cash as well as checking and savings accounts for the revolving loan funds at Bremer Bank and Harvest Bank. Day noted staff’s request for the approval and designation of all banks within the MMDC region as allowable depositories for checking, savings, and petty cash accounts. Commissioner Rollie Nissen made a motion to this effect. Commissioner Doug Erickson seconded the motion, which carried after some additional discussion.

Discussion included a question from Commissioner Kevin Crowley regarding whether or not the MAGIC (Minnesota Association of Governments Investing for Counties) fund would need additional approval. Finance Director Bajari informed that because that fund is with U.S. Bank, and because U.S. Bank has a location within the MMDC region, no additional approval would be required.

Commissioner Robert Moller inquired as to whether credit unions were included, along with banks, as approved financial institutions. Bajari informed that, as a government entity, MMDC cannot use a credit union.

Commissioner Tiffany Barnard inquired as to if there were advantages to using U.S. Bank over using a community bank. Bajari said there were not necessarily advantages to using U.S. Bank. However, Day noted that the MAGIC fund is a fund that is available via the Association of Minnesota Counties and that this fund happens to be held by U.S. Bank. That particular finance item is only available via U.S. Bank. There have also been times when U.S. Bank was used for investments because the rates were more favorable. Bajari then reiterated that MMDC currently uses both Harvest and Bremer banks as well. When investment decisions are necessary, a number of the region’s banks’ rates are evaluated.

* 1. **Investment Recap:** Day pointed to a summary of MMDC’s investments, as of June 4, 2024, which was included in the meeting materials packet. He noted that a substantial portion of MMDC’s funds are reserved for specific uses, which were to be discussed under New Business item O.
  2. **Update on Existing Revolving Loans:** A written revolving loan fund update was provided within the Commission meeting materials packet. Chairperson Mueske inquired as to if staff had anything additional to add. MMDC Economic Developer Reuss indicated there was nothing additional to add. Chairperson Mueske then inquired as to if any Commissioners had additional revolving loan fund-related questions. There were no additional questions at that time.
  3. **Approval of Fiscal Year 2024 Budget Revisions:** Day pointed to the most recent revision for MMDC’s Fiscal Year 2024 Budget found within Commissioners’ meeting materials packets. He noted that MMDC’s Budget and Work Program Committee met to review this revision on June 3 and, at that time, this Committee carried a motion to recommend Commission approval. Day pointed to the fact that, while MMDC started the fiscal year with a projected $101,590 deficit, MMDC expects to end the FY 2024 year with a slight projected surplus of $18,955. Day then asked if any Budget and Work Program Committee members had anything they’d like to add.

Commissioner Doug Erickson noted that MMDC staff did a great job to overcome projected budget shortfall and noted that, looking ahead, MMDC should continue to be in good shape for Fiscal Year 2025.

Day thanked Finance Director Darla Bajari for all of the time and effort she put into this budget revision. He then asked for approval and acceptance of the presented Fiscal Year 2024 Budget Revision. Commissioner Robert Moller then made a motion to accept and approve the Fiscal Year 2024 Budget Revision. Commissioner Lorallen Schmeling seconded the motion, which carried with no dissent.

* 1. **Approval of the Final Fiscal Year 2024 Indirect Cost Plan:** Day informed that another thing considered by MMDC’s Budget and Work Program Committee was MMDC’s final Fiscal Year 2024 Indirect Cost Plan. Day pointed to this information which was contained within the meeting materials packet. Day informed that MMDC’s revised indirect cost rate is 27.6460% and that MMDC’s Fringe Benefit Rate is 31.22%. Day noted that MMDC’s Indirect and Fringe Rate History was also included within the meeting materials packet for Commissioners’ reference. Day then asked if any member of MMDC’s Budget and Work Program Committee had anything additional to add.

As no Committee member had anything to add, Day informed that he was looking for approval of MMDC’s Final Fiscal Year 2024 Indirect Cost Plan. Commissioner Robert Moller made a motion to approve MMDC’s Final Fiscal Year 2024 Indirect Cost Plan. Commissioner Doug Erickson seconded the motion, which carried with no dissent after some additional discussion which included a comment from Chairperson Mueske, a member of MMDC’s Budget and Work Program Committee. Mueske noted that he would like to see MMDC’s indirect cost rate remain below 30%.

* 1. **Assignment of Excess Revenue:** Day informed thatMMDC’s Budget and Work Program Committee also considered staff recommendations for the assignment of MMDC’s projected excess revenue for Fiscal Year 2024 at their June 3, 2024, meeting. He then pointed to a listing of MMDC’s current Committed Reserves and General/Unassigned funds within the Commission meeting materials packet. Day informed that recommendations for the assignment of Fiscal Year 2024 excess revenue include the following:
* Committing the first $2,500 in excess Fiscal Year 2024 revenue to MMDC’s Unemployment Fund.
* Committing up to the next $12,000 in excess Fiscal Year 2024 revenue to MMDC’s Emergency Staff Coverage Fund and retitling that fund to MMDC’s Emergency and Additional Staff Coverage Fund.
* This fund could be used to help with staffing coverage during a prolonged and unexpected absence and could also be used to provide an extended period of training for a new professional should an existing professional provide an extended notice of their departure.
* This would likely be used primarily for the position of Executive Director or Finance Director but, to some extent, could be used for other positions as well.
* Committing any remaining excess to MMDC’s General Unassigned Fund.

Day informed that, at their June 3 meeting, MMDC’s Budget and Work Program Committee carried a motion to recommend the assignment of excess Fiscal Year 2024 Revenue as recommended by MMDC staff. Day then asked if any Budget and Work Program Committee Members had anything to add and said he would be seeking a motion from the Commission to assign excess Fiscal Year 2024 revenue as described and as supported by MMDC’s Budget and Work Program Committee.

Commissioner Mueske noted that MMDC is required to assign excess revenue at the end of each fiscal year. Commissioner Moller added that staff’s tiered recommendations are such that an additional meeting is not necessary if final revenues come in slightly higher or lower than forecasted. Day also reminded the Commission that MMDC self-insures for unemployment, rather than paying unemployment insurance on a per pay-period basis.

Commissioner Steve Schmitt made a motion to assign excess Fiscal Year 2024 revenue, as recommended. Commissioner Roger Imdieke seconded the motion, which carried with no dissent.

* 1. **Approval of MMDC’s Fiscal Year 2025 Budget:** Day pointed to MMDC’s projected budget for Fiscal Year 2025, which was included with meeting materials. Day noted that this budget projection makes several assumptions, including:
* A 3.0% levy increase
* An anticipated health insurance premium increase (factored at 8.0%)
* The approval of step increases for eligible staff, effective July 1, 2024.
* An anticipated cost of living adjustment. While this adjustment is subject to Commission approval and no amount can be determined at this point, a 3.0% COLA was included for budgeting purposes.
* Some increased emphasis on staff training – this is something that was reduced in Fiscal Year 2024 due to budget uncertainties.
* The addition of a part-time Finance Assistant, as described previously.

Day then provided an opportunity for members of MMDC’s Budget and Work Program Committee to offer additional comments.

Chairperson Mueske, a member of MMDC’s Budget and Work Program Committee requested that, in the future, all assumptions be noted within the budget projection. Day indicated that this adjustment could be made moving forward.

Commissioner José Luciano inquired as to whether MMDC’s levy would need to be increased at a steeper rate as MMDC’s existing grants sunset. Day informed that MMDC is limited, by State Statute, to a 3.0% levy increase. Chairperson Mueske noted that MMDC should work to replace existing grants with new grants as they sunset. Commissioner Robert Moller indicated that the potential for sunsetting grants is, in part, why it’s important to have a healthy dedicated unemployment reserve, for the worst-case scenario. Day noted that, in addition to grants, planning and other projects provide revenue and that there continues to be interest in that type of work.

Commissioner Maureen Melgaard-Schneider referred to Day’s budget presentation and requested clarification on the graphic. Bajari noted that there were some numbers in the graphic that didn’t completely match up due to rounding. Commissioner Melgaard-Schneider also had a question about whether there is a large need for fiscal hosting services and whether Commissioners should refer organizations who might be in need of those services. Day informed that the Highway 23 Coalition has been receiving fiscal hosting services from MMDC since before his time as MMDC Executive Director. He stated that this isn’t a service that MMDC has been marketing but there are organizations who could indeed benefit, especially if they are pursuing grant funding.

Commissioner Melgaard-Schneider inquired as to if there is a lot of staff time involved with fiscal hosting. Finance Director Bajari indicated that, under normal circumstances, this is not difficult. However, there are times when new organization treasurers need to be brought up to speed or processes need to be improved. This can be more time-intensive over the short-term but lead to less time involvement over the long-term. Day suggested that Commissioners feel free to refer organizations who require fiscal hosting services. Day said he was uncertain as to whether MMDC had capacity at this time, but that the opportunity could be explored.

Commissioner Yodee Rivera asked if organizations would need to be a 501(c)3. She noted that she has heard from several organizations in need of a fiscal host to pursue grant opportunities, etc. She has been, to this point, sending organizations to the City of Glencoe or the Chamber of Commerce but only about half have been able to come to an arrangement. Day noted that there would be no requirement for organizations to be organized as a 501(c)3 to receive MMDC’s fiscal hosting services. Commissioner Imdieke noted that the advantage would be greatest for those organizations not already organized as a 501(c)3. Day reminded that MMDC is not a 501(c)3 either but that MMDC could be of assistance if a local government entity was eligible for a grant.

Commissioner Tony Hausladen inquired as to if MMDC is charging the same rates for fiscal hosting as MMDC is charging for other professional services. Bajari noted that the rate being charged to the Highway 23 Coalition is currently $85 per hour. MMDC raised the Highway 23 Coalition to this rate, from $75 per hour, in January 2024. Commissioner Hausladen asked if this rate would go up in July, with the recent approval of an increase to $100 per hour for MMDC professional services. Day informed that MMDC did not plan to raise the Highway 23 Coalition’s rate right away and reminded that MMDC retains the right to discount services to small organizations, as was approved at the April 2024 Commission meeting. Day said that he did expect the Highway 23 Coalitions Rate would eventually be raised again. Commissioner Hausladen asked if MMDC was making money on fiscal hosting services. Day stated that, while it's not a large money maker, MMDC does come slightly ahead on all billed fiscal hosting work at this time.

Chairperson Mueske inquired as to if Day or Bajari had an approximate cost of the aforementioned MMDC Finance Assistant position. Bajari noted that she didn’t have the number available during the meeting but would be happy to follow up with this information.

(Note: after the conclusion of the Commission meeting, Finance Director Bajari checked her records and found that the added finance position would cost MMDC slightly less than $22,000 in Fiscal Year 2025 if they were to start on October 1, 2024).

Commissioner Berit Spors sought clarification that MMDC is currently charging the Highway 23 Coalition $85 per hour. Once this was clarified she mentioned that there are situations when McLeod County does fiscal hosting that is based on what is allowable per the involved grant. Day agreed that this might be another option, depending on the fiscal hosting situation. He added that these arrangements are made on a contract-by-contract basis.

Commissioner Kevin Crowley made a motion to approve the Fiscal Year 2025 Budget, as presented. Commissioner Roger Imdieke seconded this motion, which carried with no dissent.

* 1. **Approval of Fiscal Year 2025 Indirect Cost Plan:** Day pointed to MMDC’s projected Indirect Cost and Fringe Rates in the meeting materials packet. Day said that, while the projected Indirect Cost rate is a bit higher than Fiscal Year 2024, he will be working with Finance Director Bajari to try and reduce that rate as MMDC moves forward and as the Finance Assistant position takes shape, adding that, without this new finance assistant position, the projected rate would be significantly lower. Day then stated that, on June 3, MMDC’s Budget and Work Program Committee moved to recommend approval of the presented Fiscal Year 2025 Indirect Cost Plan and asked the Commission to do the same. He then provided an opportunity for Budget and Work Program Committee members to offer additional comments.

Chairperson Mueske, a member of the Budget and Work Program Committee noted that he would like to see this rate decreased to less than 30%. He also stated that he is aware MMDC staff will be working on this. Day said, as a for-instance, some of the new finance assistant’s time may be charged to the revolving loans and not indirect. Day then pointed to MMDC’s historic indirect and fringe rates and said that MMDC is healthy in this regard.

Commissioner José Luciano made a motion to approve MMDC’s Fiscal Year 2025 Indirect Cost Plan. Commissioner Doug Erickson seconded this motion, which carried with no dissent.

* 1. **Approval of Anticipated MMDC Work Plan for Fiscal Year 2025:** Day pointed to the prepared and proposed MMDC Work Plan for Fiscal Year 2025, which was included with meeting materials. He cautioned Commissioners that, as with MMDC’s budget, this plan may evolve as the year progresses. Day indicated that he would be happy to take any questions and would then be seeking approval of the MMDC Fiscal Year 2025 Work Plan.

Chairperson Mueske expressed his satisfaction with the inclusion of the articulation of MMDC’s work and the development and inclusion of this work plan for the Commission’s consideration.

Commissioner Roger Imdieke then moved to approve the MMDC Work Plan for Fiscal Year 2025, as presented. Commissioner Yodee Rivera seconded this motion, which carried with no dissent after an additional comment from Commissioner Maureen Melgaard-Schneider, who echoed Chairperson Mueske’s comments and shared her own satisfaction with the work program inclusion.

**Adjournment:**

With no further business, Commissioner José Luciano moved to adjourn the meeting. Commissioner Lorallen Schmeling seconded the motion, which carried with no dissent.

Chairperson Shawn Mueske adjourned the meeting at approximately 5:57 p.m.

Respectfully Submitted,

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Eric Day, Acting Secretary

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Dave Sebesta, Secretary

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Shawn Mueske, Chairperson

**The Next Full MMDC Commission Meeting Will Occur on Wednesday, September 18, at 6:00 p.m.**

(location is to be determined, but likely within Renville County)