

**Mid-Minnesota Development Commission
Personnel Committee
MINUTES**

Monday, November 17, 2025, 12:00 p.m., via Zoom

Members Present: Commissioners Kevin Crowley, Kiza Olson, Scott Refsland, and Berit Spors

Members Absent: Commissioners Robert Moller and Yodee Rivera, due to schedule conflicts

Guests Present: MMDC Chair Shawn Mueske and MMDC Vice Chair Jon Hawkinson

Staff Present: MMDC Executive Director Eric Day and MMDC Finance Director Darla Bajari

Call to Order: The meeting of the MMDC Personnel Committee came to order at approximately 12:00 p.m. Attendance was taken by roll call.

Approval of the Agenda: Commissioner Berit Spors motioned to approve the agenda. Commissioner Scott Refsland seconded this motion, which carried by roll call vote with no dissent.

Items Considered:

MMDC CY 2026 Health Insurance Premiums: Day shared that MMDC will see a 19.5% premium increase in health insurance premiums in CY 2026. He explained that MMDC shopped around for a better rate, with the help of MMDC's insurance representative. MMDC was unable to find a more favorable rate for a plan that provided similar coverage. This rate hike comes after two consecutive years of slight premium decreases. Day shared several rates from other RDCs. Several are looking at large increases, and it appears these include RDCs who have had low increases or slight decreases in the past couple of years. Day indicated that MMDC staff were informed by the insurance representative that a big factor is that staff are aging. Day added that only one staff person covered by MMDC's health plan is under the age of 40. Day also shared that MMDC was informed GLP-1 medications, now widely used across the state for weight loss and other health reasons, are contributing to the premium hike. He then speculated that recent cuts to the Medicaid program may also be an additional factor.

MMDC Chair Shawn Mueske asked what the additional budget impact of the higher than expected health premium increase would be. Day informed that the impact would be \$4,072 over what was budgeted (In June 2025, MMDC budgeted for a 10.0% premium increase for FY 2026). Commissioner Berit Spors asked for clarification on whether MMDC was locked in with the Public Employees Insurance Program (PEIP) this year. Day informed the group that this would be the year when MMDC could make a change. MMDC will now need to stay with PEIP for a four-year commitment. Finance Director Bajari added that the exception to this would be if projected rates increase 20% or more. MMDC would be able to shop for a better rate in that situation.

Commissioner Spors noted that her spouse's projected premium increase was +40% and said that his employer is not sure if they'll be able to continue offering any healthcare coverage.

Commissioner Kevin Crowley asked if it is time to reexamine whether MMDC can continue covering health insurance premiums at current rates (100% for single and 76% for family). Day indicated that employees who opt for family coverage will be paying just under \$500 per month for their coverage. Day said that his COLA recommendation, if approved, will help MMDC absorb the additional health premium.

Commissioner Berit Spors said that in addition to working for McLeod County she serves several other organizations as a board member, etc. She said that most of these organizations seem to be absorbing the additional premium costs. She noted that she was not opposed to looking at employees taking on a larger share of the premium but also said that she was concerned that making employees responsible for a larger share of the premium could hinder employee attraction and retention.

Commissioner Scott Refsland said that Renville County was able to reduce their anticipated premium increase from 17% to 7%, by moving away from a customized plan that required additional management. Refsland added that Renville County staff can choose from four different plans, and that the plan that covered the least was offered at no cost for employees opting for single or family coverage. The plan that was the next step up was offered at no cost for employees opting for single coverage. Other plans, with better coverage, require more contribution from the employee. Refsland then said that he was onboard with keeping MMDC's contributions at current rates to support employee attraction and retention, though this may one day need to be examined.

Chair Shawn Mueske said he appreciated that the premiums, HSA contributions, and cost-of-living adjustments were being looked at together, as compensation is a multifaceted issue.

Day provided an overview of MMDC's deductible and maximum out-of-pocket rates and noted that MMDC does not have any sort of "Cadillac plan" and that employees currently bear significant out-of-pocket costs in addition to any family premium contributions. Day also reminded that MMDC does not contribute to dental, vision, or short- or long-term disability insurance.

Commissioner Kevin Crowley indicated that he was fine with keeping MMDC's rates of contribution the same (100% single, 76% family for this year), but that this may need to be looked at in future.

Consideration of Executive Director's Cost of Living Adjustment, Health Premium, and HSA Recommendations: Day went over his written recommendations, which were included in the meeting materials packet, for an employee cost-of-living adjustment, health premium coverage rates, and MMDC's Health Savings Account (HSA) contributions. These recommendations were made based on information including:

- While MMDC had budgeted for a ten percent increase, health insurance premiums will increase by 19.5% in CY 2026.
- MMDC does not offer a dental plan and contributes nothing toward the available vision plan.
- MMDC does contribute \$230 per month toward each full-time employee's health savings account.
- The Consumer Price Index, which measures the average change over time for prices paid for a broad "basket" of commonly used goods and services, increased 3.0% from October 2023 to October 2024.
- Social Security recipients will receive a 2.8% cost-of-living adjustment in 2025.
- For the past three consecutive years, MMDC has approved COLA adjustments slightly below the Consumer Price Index year-over-year inflation indicator.
- In July, MMDC entered the 2025 Fiscal Year with a projected end-of-year deficit of \$83,094. This number has been reduced to \$49,721 after factoring the larger than expected health premium increase, revenue projects already secured and/or underway, and savings realized via lower than projected spending to date (e.g., staff training and mileage).

In consideration of this information, Day informed that he was seeking a motion for the Personnel Committee to support and bring forward a recommendation for the Commission to:

1. Continue contributing to staff individual and family insurance premiums at current rates (100% and 76% of the total premiums, respectively);
2. Continue to contribute to staff's health savings accounts at a rate of \$230 per month;
3. Approve and provide a 2.2% cost-of-living adjustment (COLA), effective January 1, 2026, for all MMDC employees except for the executive director;
4. Approve and provide no cost-of-living adjustment (0.0%) for the executive director at this time, subject to reconsideration if MMDC's FY 2026 budget forecast improves due to increased projects, grants, or other revenue.

Day pointed out that his COLA recommendation, which is lower than the 3.0% increase that was originally budgeted, will offset the higher than anticipated health premium increase, if approved.

Commissioner Scott Refsland asked for verification that MMDC's 3.25% merit increases, provided in July, are only for employees who are not at their pay grade and are contingent upon good performance. Day confirmed this is the case and informed that MMDC currently has one employee at the top of their pay grade, and that MMDC will have two at the top of their pay grade in FY 2027. While they are ineligible for a merit increase once at the top of the pay grade, employees can still receive a COLA, if the Commission approves one. Commissioner Refsland also asked for confirmation that the merit increase was 3.25% or nothing, with no smaller increases offered. Day indicated that this is indeed the case.

Commissioner Berit Spors said that she would like the Personnel Committee to discuss the merit increase prior to the approval of the FY 2027 budget and consider giving these employees at the top of their pay grade with a stipend or lump sum in lieu of a raise. Commissioner Kevin Crowley also indicated that it would be wise to examine the pay scale to see if steps need to be added to the top end and/or removed from the bottom. Day said that MMDC is working on a comparable worth analysis to help with this sort of decision making.

Commissioner Kevin Crowley noted that, as Day is an MMDC employee, he was uncertain if it was fair that Day not receive a COLA. Day said that, in order to compensate for the higher than expected insurance premium increase, something has to give. Day also said that, sometimes, leadership requires sacrifice. He also pointed out that, if MMDC's budget forecast changes with the addition of projects or grants, and MMDC does project a surplus at the conclusion of FY 2025, things can be reevaluated. He said that, at present, he is more concerned for his team.

Commissioner Berit Spors then made a motion to support a recommendation for MMDC to continue to pay 100% for single health premiums and 76% family health premiums, for MMDC to continue contributing \$230 to each employee's Health Savings Account, and to provide all MMDC employees, including the executive director, with a 2.2% cost-of-living adjustment.

Day pointed out that his receipt of the 2.2% COLA would come at an additional cost of \$1,337, and so the higher than anticipated CY 2026 health premium would not be offset.

Commissioner Kevin Crowley then seconded Commissioner Spors' motion.

Additional discussion included a question from MMDC Chair Shawn Mueske, who asked how Day arrived at a recommendation for a 2.2% increase. He also inquired as to how MMDC arrived at a family coverage rate of 76% for MMDC employees opting for family coverage. Day said that the 76% contribution predates him as executive director. Commissioner Kevin Crowley, who had the longest MMDC tenure of any

Commissioner present, said that he was also unaware, noting that it has been a 76% contribution for as long as he could recall. Day then indicated that, to arrive at his 2.2% COLA recommendation, he examined every tenth of a percent increase below the 3.0% that was placed in MMDC's approved budget until he found a number that would offset the higher than expected health increase, once his own COLA was eliminated.

Commissioner Kiza Olson asked Day how many MMDC employees choose to take family health coverage, rather than single. Day said that, in FY 2025, three staff opted for family coverage. He said he had no indication that this would change in FY 2026.

Commissioner Berit Spors explained how McLeod County considers compensation adjustments, based on union negotiations and each employee's step along their pay grade, but not merit. She then suggested that MMDC consider reducing merit increases to an even 3.0% and approving a 2.0% COLA, for an total of 5.0%. Finance Director Bajari reminded the group that MMDC's salary tables for the merit increase are currently set at 3.25% across the board.

MMDC Chair Shawn Mueske asked if Day's recommended course of action would set MMDC up for sustainability. Day said that he is working to ensure sustainability. He said that this is why he would always advocate for a full 3.0% levy increase each year. He also said that the Regional Development Commissions were in talks with MnDOT about the need to increase the grant amount for the longstanding transportation planning grant, and that there have been similar discussions surrounding the U.S. EDA Planning grant. He added that both of these grants have been flat-funded for quite a few years. Day went on to say that CY 2025 has been an unusual year, with major changes in federal administration priorities. MMDC had one \$60,000/year grant that ended due to disability, equity, and inclusion language required by the previous administration. Day also mentioned there was a second \$50,000 broadband-focused grant that was terminated not long before it was to be distributed. Day said that it was impossible to say what the remaining years of the current administration would bring.

Commissioner Kiza Olson noted that every government organization is currently looking at how they can ensure sustainability without devaluing staff when prices are increasing. She noted that the difference between Day receiving the COLA and not receiving the COLA is small. Day added that MMDC does have healthy reserves and that MMDC carried put a fair amount of surplus revenue from FY 2025 into MMDC's general fund. He said that he cannot guarantee that MMDC will end FY 2026 with another surplus, but that there is some reason for optimism. He noted that the originally-projected \$80,000 plus deficit is now less than \$50,000.

Commissioner Kevin Crowley noted that staff stability is an advantage and said that it takes a new staff member longer to land new projects. Commissioner Spors added her agreement that the cost of turnover is significant.

MMDC Chair Shawn Mueske stated that MMDC is in a people business and that we will put more people into the job market if we move forward in an unsustainable way. It's important to plan against this.

Commissioner Spors asked if MMDC's auditor has ever expressed concern over MMDC having too much money in reserves. Day said that he was unaware of this but said that there may be opportunity to combine a couple of MMDC's dedicated reserves (e.g., Community Enhancement Reserve and Planning Assistance Reserves). Commissioner Olson inquired as to how much MMDC has in reserves currently. Day speculated that this number was in the neighborhood of \$900,000. Finance Director Darla Bajari checked and then informed the group that current amount of total reserves is just over \$945,000. She also said

that it's important to remember that these dedicated reserves are just numbers in categories and that this does not mean MMDC has this cash on-hand.

Commissioner Kevin Crowley emphasized the need to be fiscally responsible. Day reminded the group that, since Day started in March of 2020, MMDC has always ended the year with at least a small surplus of revenue. He added that FY 2026 might be the first year this occurs but said that he would hope that the Commission would look at the broader period and not just one unusual year, with many federal administrative changes before making major course corrections. Day added that many local communities seem more hesitant to take on major planning projects lately, as they're not quite sure how their own budgets are going to shape up.

Commissioner Scott Refsland said that, while Day's receipt of the COLA would cause a \$1,337 impact to the FY 2026 budget, that impact is relatively small. He then said that he would support Day receiving the COLA, along with the rest of the staff. Commissioner Kevin Crowley expressed his agreement.

MMDC Chair Mueske asked if a 2.0% across the board increase would zero out the higher than anticipated health premium increase. Day said that the impact would still be slightly more than Day's recommended course of action. Day emphasized that, by following his recommendation, the Commission would zero out the higher than anticipated health increase. He went on to say he was willing to forgo his own COLA if it meant that MMDC could compensate for the higher than expected health premium and that his team could receive a 2.2% COLA. Day also noted that staff would also be bearing some of the burden of offsetting the higher than expected premiums, as this is well below the 3.0% rate of inflation, as per the CPI, and below the 3.0% that was originally budgeted.

Commissioner Kevin Crowley inquired as to if the staff were aware of the additional cost to the health insurance premiums. Day informed that all MMDC staff are aware of the higher than anticipated costs and said that all employees receive a report of their full compensation package every January, so they understand their total value and cost. Chair Mueske said that he believes MMDC is quite competitive and a good place to work. Day noted that he has informed the MMDC team that his COLA recommendation would be downwardly affected by the higher than anticipated premiums.

Commissioner Spors indicated that she was struggling with not providing Day with the same COLA as other MMDC staff. Commissioner Refsland pointed out that, as per Day's recommendation, if the budget picture changes, Day's COLA can be reconsidered. Day expressed his appreciation for Commissioners' concern over his own COLA but said that what was more important to him was that the Commission take care of the MMDC team.

After this discussion, Commissioner Berit Spors rescinded her original motion. Commissioner Kevin Crowley then rescinded his second of the motion.

Commissioner Berit Spors then made a new motion for the MMDC Personnel Committee to approve Executive Director Day's recommendations for MMDC to continue health coverage contributions at a rate of 100% for single and 76% for family, for MMDC to continue contributing \$230 per month to each employee's health savings account, for MMDC to provide all MMDC employees except for Executive Director Day with a 2.2% COLA, and that MMDC provide no COLA adjustment to Day at this time, with the caveat that Day's COLA be revisited when the final FY 2026 budget projections are available. Commissioner Kevin Crowley seconded this motion, which carried with no dissent by roll call vote after additional discussion.

Discussion included Chair Mueske asking the group if it would be easier just to consider a stipend or lump sum at the end of FY 2026, if the budget allowed. Day said that this is not quite the same as an adjustment, as raises compound over time. Commissioner Olson said that stipends and bonuses could also become audit findings down the line.

Review of CY 2026 Minnesota Paid Leave Requirements: Day informed the Personnel Committee that he believes MMDC is making good progress on compliance with the new program. Written notices will go out to all staff before December 1, as required by law. The required poster has been hung for staff reference. Staff are already aware of the new program and have been encouraged to watch the recording of the informational webinar that Day also recently shared with all MMDC Commissioners for their information. MMDC will use the state's program, rather than looking for an alternative program. MMDC will be considered a small employer and so will be responsible for premiums equivalent to 0.22% of employee pay. Employees will pay an amount equivalent to 0.44% of pay. This will be withheld from their paychecks.

Commissioner Kevin Crowley noted that there are significant rules surrounding the process for paid leave, and that it would be difficult for employees to try and use it as an opportunity for extra vacation. Day expressed his agreement and said that any employee using the MN Paid Leave program would be going through a major health or life event (e.g., major health event of a family member, bonding with a new child, etc.).

Commissioner Berit Spors expressed her appreciation that the state will be charged with determining validity of the leave. She also noted that the leave program does not provide full compensation for those who use it, and that those who earn more receive a lower percentage of their pay, due to weekly maximums and the program payout formula. Day noted that the benefit is 55-90%, with a maximum benefit of \$1,423 per week. He added that those who use the program can use any accumulated leave to "top off" that amount, up to 100% of their normal pay. Accumulated leave balances will then be decreased. Day reminded the group that MMDC does not currently offer any long- or short-term disability.

Commissioner Kevin Crowley inquired as to whether MMDC would require any sort of medical documentation after a certain number of days of absence. Day said that, if the employee is approved for MN Paid Leave, then MMDC would require no additional documentation. However, if an employee is using Sick & Safe Leave, Day already has the authority to require a doctor's note after several consecutive days of absence.

Day said that he anticipates the state will be fairly conservative and will be working to secure the documentation needed to assure legitimacy, when making determinations of leave appropriateness. This based on concerns that have been widely expressed by the business community. Day also added that this program may help MMDC retain good employees in the long run. It will also be a great benefit for any employee who truly is in need of either medical or family bonding leave.

Commissioner Berit Spors stated that, while the benefit is great, covering for the absences will be the employers' struggle. She noted that there are several McLeod County employees who expect to have new babies in coming months, and staffing will be an issue.

Review of current MMDC Employee Benefits: Day pointed to a summary of benefits included with meeting materials and offered to take any questions on these benefits.

Commissioner Kevin Crowley suggested that it might be a good idea to provide staff with the option to purchase long-term disability coverage. He stated that it might be typical for this sort of coverage to be offered with a six-month waiting period and said that it could be offered with the premium completely funded by staff who elect to take it. Commissioner Berit Spors said that McLeod County offers such an option. Day stated that staff would price this out and find out if there are minimum enrollment requirements, etc. Commissioner Kiza Olson said that any broker should be able to offer a quote.

Other Items:

Adjournment: With no further business, Commissioner Scott Refsland made a motion to adjourn. Commissioner Kiza Olson seconded the motion, which carried with no dissent by roll call vote.

Respectfully Submitted,

Eric Day, Acting Secretary

Date