



**Monterey Educational Risk Management Authority**  
P.O. Box 3320, Salinas, CA 93912  
[www.merma.org](http://www.merma.org)

**EXECUTIVE COMMITTEE MINUTES**  
**January 10, 2018**

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, on January 10, 2018 at 1:30 p.m.

**Executive Committee Members Present**

Jerry Stratton, President, Salinas City Elementary School District  
Rory Livingston, Vice President, King City Union School District  
Veronica Flournoy, Spreckels Union School District  
Colleen Stanley, Monterey County Office of Education  
Ana Aguillon, Salinas Union High School District

**Guests and Staff**

Marcus Beverly, Alliant  
Matt Gowan, Alliant  
Connie Hampson, Intercare  
Marlene Richardson, Intercare  
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman  
Mujtaba Dato, AON, by teleconference for Item G.1.  
Angela Murguia, Administrative Assistant I, MERMA  
Hallie Pacheco, Confidential Senior Administrative Assistant, MERMA

**A. CALL TO ORDER**

President Stratton called the meeting to order at 1:32 p.m.

**B. ROLL CALL**

Present: Jerry Stratton, Rory Livingston, Veronica Flournoy, Colleen Stanley, Ana Aguillon

**C. APPROVAL OF AGENDA POSTED**

Motion was made to approve the agenda as posted.

<b>MOTION:</b> Veronica Flournoy	<b>SECONDED:</b> Colleen Stanley	<b>MOTION CARRIED</b>	
<b>AYES: 5</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>	<b>ABSENT: 0</b>
AYES: Veronica Flournoy, Colleen Stanley, Rory Livingston, Ana Aguillon, Jerry Stratton			
ABSENT: 0			

**D. PUBLIC COMMENTS**

None

**E. CONSENT CALENDAR**

The following items were presented:

1. Executive Committee Minutes – November 8, 2017
2. Payment Registers and Board Reports – November and December 2017

Motion was made to approve items 1 and 2 as presented.

<b>MOTION:</b> Colleen Stanley	<b>SECONDED:</b> Veronica Flournoy	<b>MOTION CARRIED</b>	
<b>AYES: 5</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>	<b>ABSENT: 0</b>
AYES: Colleen Stanley, Veronica Flournoy, Rory Livingston, Ana Aguillon, Jerry Stratton			
ABSENT: 0			

**F. ADMINISTRATIVE REPORTS**

**1. President’s Report**

Jerry Stratton wanted to thank everyone for coordinating and setting up Connie Martin’s retirement party. It was a very nice event. He stated that Connie was a wonderful employee and we wish her well in her retirement.

Jerry Stratton announced that MERMA has a new employee. Hallie Pacheco introduced Angela Murguia as the new Administrative Assistant I.

**2. Pool Administrator’s Report**

Marcus Beverly stated MERMA is getting ready for the Board of Directors Meeting on January 31<sup>st</sup>. It will be a very full agenda. Mujtaba Dato of AON will be presenting the reserve study, Kevin Wong of Gilbert Associates will present the audited financials, Jacinto Bernal of McGilloway, Ray, Brown & Kaufman will present the quarterly financials and the County and PFM will have a presentation on investments.

**Pool Administrator’s Report (continued)**

Matt Gowan stated that Alliant will be at the PARMA Conference in Monterey, February 12<sup>th</sup>-15<sup>th</sup>. The Executive Committee and Intercare are invited to the Alliant dinner on February 14<sup>th</sup>. Invitations will be sent out soon.

**3. Claims Administrator’s Report**

Intercare provided the Executive Committee with the following reports:

- Annual and Monthly Claim Results – November and December 2017
- New Claim Analysis Received YTD 2017/18 – as of 12/31/17
- Monthly Frequency & Severity Reports Claims Reported 12/1/17 – 12/31/17
- Claim Closing Analysis YTD 2017/18 – as of 12/31/17
- Net Reserve Changes – YTD 2017/18 – as of 12/31/17
- MERMA Company Nurse Results for November and December 2017
- MERMA Bill Review Results for November and December 2017

Matt Gowan reported to the Committee that there is one claim that is far into excess with reserves at \$2.2 million. This claim has been reported to Meadowbrook, the excess carrier. Marlene Richardson of Intercare stated there is active litigation on the workers’ compensation side and subrogation.

**4. Executive Committee Report**

None

**G. FINANCIAL REPORTS**

**1. Funding and Dividend Policy Study Draft**

Mujtaba Dattoo of AON Risk Consultants presented the Funding and Dividend Policy Study Draft via teleconference. Lengthy discussion held.

Motion was made to accept the AON Risk Consultants report and the recommendation of A-2 along with the Funding and Dividend Policy drafts to be taken to the full Board for approval.

<b>MOTION:</b> Veronica Flournoy	<b>SECONDED:</b> Rory Livingston	<b>MOTION CARRIED</b>
<b>AYES:</b> 5	<b>NOES:</b> 0	<b>ABSENT:</b> 0
<b>ABSTAIN:</b> 0		
AYES: Veronica Flournoy, Rory Livingston, Ana Aguillon, Colleen Stanley, Jerry Stratton		
ABSENT: 0		

**H. JPA BUSINESS**

**1. Financial Services – New 3-Year Engagement Letter**

Marcus Beverly stated that at the last meeting, while reviewing the yearly engagement letter for financial services, the Committee suggested having a 3-year engagement letter with more detail and a cap on additional services.

Jacinto Bernal of McGilloway, Ray, Brown & Kaufman presented the new 3-year financial services engagement letter for Fiscal Years Ending 2019, 2020, and 2021. This engagement letter lists the services performed throughout the year with flat fees not to exceed listed.

Motion was made to approve the Financial Services New 3-Year Engagement Letter for Fiscal Years ending 2019, 2020, and 2021 as presented.

<b>MOTION:</b> Veronica Flournoy <b>SECONDED:</b> Colleen Stanley <b>MOTION CARRIED</b>
<b>AYES: 4    NOES: 0    ABSTAIN: 1    ABSENT: 0</b>
<b>AYES:</b> Veronica Flournoy, Colleen Stanley, Rory Livingston, Jerry Stratton
<b>ABSENT: 0</b>

**2. Volunteer Coverage**

Matt Gowan presented different options of coverage for volunteers. Discussion held regarding the recent Volunteer Coverage Survey, the pros and cons of providing Workers’ Compensation coverage to volunteers, Resolutions, Waiver of Release and Volunteer Insurance Programs.

The Committee reviewed an option for Volunteer Accident Insurance that will be presented at the Board Meeting on January 31<sup>st</sup>.

**3. Payroll History & Estimates**

Marcus Beverly did an analysis on the increase between the estimated payroll and the actual payroll for the past five years. Discussion held on how to obtain a more accurate estimate of the following year’s payroll.

Motion was made to approve using the most recent Actual Calendar Year Payroll with an inflation factor based on the last 4 years average variance of all districts in order to better estimate the upcoming fiscal year’s payroll for funding purposes.

<b>MOTION:</b> Veronica Flournoy <b>SECONDED:</b> Rory Livingston <b>MOTION CARRIED</b>
<b>AYES: 5    NOES: 0    ABSTAIN: 0    ABSENT: 0</b>
<b>AYES:</b> Veronica Flournoy, Rory Livingston, Ana Aguillon, Colleen Stanley, Jerry Stratton
<b>ABSENT: 0</b>

**I. Closing Comments**

Jerry Stratton mentioned that his district just received the MOU from Monterey County. He wanted to make everyone aware that under responsibilities of the district the Monterey County Health Department wants the district to cover their people at the district under the district's workers' compensation. Mr. Stratton stated Monterey County has to cover them by law to start with. The only way we should cover them is if they were volunteers and the district agrees to cover them or if the district hires them.

**J. Upcoming Meetings**


Board of Directors – January 31, 2018, 9:30 a.m.

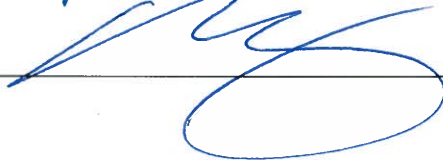
**K. ADJOURNMENT**

Motion was made to adjourn the meeting at 3:45 p.m.

<b>MOTION:</b> Veronica Flournoy	<b>SECONDED:</b> Colleen Stanley	<b>MOTION CARRIED</b>	
<b>AYES: 5</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>	<b>ABSENT: 0</b>
AYES: Veronica Flournoy, Colleen Stanley, Rory Livingston, Ana Aguillon, Jerry Stratton			
ABSENT: 0			

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Gerald Stratton, President: 

Marcus Beverly, Executive Director: 

Date: 3/14/18