



**Monterey Educational Risk Management Authority**

P.O. Box 3320, Salinas, CA 93912

[www.merma.org](http://www.merma.org)

**BOARD OF DIRECTORS MINUTES**

**October 10, 2018**

The Board of Directors of the Monterey Educational Risk Management Authority met on October 10, 2018 at the Monterey Peninsula Yacht Club in Monterey, CA.

**Board of Directors Present**

Jerry Stratton, President, Salinas City ESD  
Rory Livingston, King City USD  
Veronica Flournoy, Spreckels USD  
Colleen Stanley, MCOE  
Ana Aguillon, Salinas UHSD  
Tracie Corpuz, Washington USD

**Board of Directors Absent**

Ian Trejo, Bradley USD  
Gordon Piffero, Big Sur USD  
Rick Blanckmeister, Carmel USD  
Martha Eva Contreras, Chualar USD  
Mary Dawson, Gonzales USD  
Rosemary Grounds, Graves SD  
Angel Cante, Greenfield USD  
Daniel Stonebloom, Lagunita SD  
Dr. Jinane Annous, Mission USD  
Ralph Porras, Pacific Grove USD  
Jose Garcia, San Antonio USD  
Catherine Reimer, San Ardo USD  
Jessica Riley, San Lucas USD  
Shelly Morr, Santa Rita USD  
Cesar Vega, Soledad USD  
Sherrie Castellanos, SMCJHSD

**Guests and Staff**

Allison Kaune, PFM Asset Management  
Susanne King, Monterey County Treasurer's Office  
Patricia Kaufman, McGilloway, Ray, Brown & Kaufman

**Guest and Staff (continued)**

Jacinto Bernal, McGilloway, Ray, Brown & Kaufman  
Greg Rolen, Haight, Brown & Bonesteel  
Tim Muraki, Apex Investigation  
Bill Warner, Intercare  
Connie Hampson, Intercare  
Marlene Richardson, Intercare  
Karen Callahan, Intercare  
Danielle Buri, Intercare  
Marcus Beverly, Alliant  
Matt Gowan, Alliant  
Julio Jauregui, MERMA  
Angela Murguia, MERMA  
Hallie Pacheco, MERMA

**A. CALL TO ORDER**

President Stratton called the meeting to order at 9:34 a.m.

**B. ROLL CALL**

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

6 Board members present and 16 Board members absent. Since a quorum of the Board was not present, the Executive Committee is empowered to act as the governing body on all matters to be considered at the meeting. A quorum of the Executive Committee was present.

**C. APPROVAL OF AGENDA AS POSTED**

Motion was made to approve the agenda as posted.

<b>MOTION:</b> Ana Aguillon	<b>SECONDED:</b> Rory Livingston	<b>MOTION CARRIED</b>	
<b>AYES: 6</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>	<b>ABSENT: 16</b>
AYES: Ana Aguillon, Rory Livingston, Jerry Stratton, Colleen Stanley, Veronica Flournoy, Tracie Corpuz,			
ABSENT: Ian Trejo, Gordon Piffero, Rick Blanckmeister, Marth Eva Contreras, Mary Dawson, Rosemary Grounds, Angel Cante, Daniel Stonebloom, Dr. Jinane Annous, Ralph Porras, Jose Garcia, Catherine Reimer, Jessica Riley, Shelly Morr, Cesar Vega, Sherrie Castellanos			

**D. PUBLIC COMMENTS**

None

**E. CONSENT CALENDAR**

The following item was presented:

1. Board of Directors Minutes – May 23, 2018

Motion was made to approve the Consent Calendar as presented.

<b>MOTION:</b> Veronica Flournoy	<b>SECONDED:</b> Ana Aguillon	<b>MOTION CARRIED</b>	
<b>AYES: 6</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>	<b>ABSENT: 16</b>
<b>AYES:</b> Veronica Flournoy, Ana Aguillon, Jerry Stratton, Rory Livingston, Colleen Stanley, Tracie Corpuz			
<b>ABSENT:</b> Ian Trejo, Gordon Piffero, Rick Blanckmeister, Marth Eva Contreras, Mary Dawson, Rosemary Grounds, Angel Cante, Daniel Stonebloom, Dr. Jinane Annous, Ralph Porras, Jose Garcia, Catherine Reimer, Jessica Riley, Shelly Morr, Cesar Vega, Sherrie Castellanos			

**F. ADMINISTRATIVE REPORTS**

**1. President’s Report**

Jerry Stratton stated he enjoyed CAJPA tremendously this year. The two keynote speakers were amazing and he attended some really good presentations. He also stated that he and Matt Gowan will be meeting with the San Mateo JPA on the 24<sup>th</sup>. They would like to look at our operation and how we do business.

**2. Board of Directors Report**

None

**3. MERMA Overview – Annual Report**

Matt Gowan and Marcus Beverly provided an overview of MERMA coverage, services and financial condition. The pool’s goals are long-term financial stability of the JPA, lowering the frequency and severity of claims, and reducing the overall cost of workers’ compensation for our members. MERMA’s rates are stable and conservative and MERMA is financially secure.

Marcus stated he attended the CAJPA Accreditation Meeting the day before at CSAC as MERMA was on the agenda to be Re-Accredited. He is happy to report that MERMA received the CAJPA Re-Accreditation with Excellence for three more years, pending confirmation that MERMA has filed its audited financial statements with the County.

Jerry Stratton stated he was interviewed by the CAJPA Accreditation Committee. He stated that Jim Marta, Program Manager for CAJPA Accreditation was very impressed with our model and how well we all work together to provide input.

**G. FINANCIAL REPORTS**

**1. Draft Financial Statements with Accountant’s Compilation Report**

Patti Kaufman updated the Board on the new Governmental Standard (GASB 74/75) that was implemented this year for Other Post-Employment Benefits (OPEB). An actuarial valuation of OPEB must now be completed every two years. Discussion held.

Jacinto Bernal presented the draft financial statements with accountant’s compilation report for the years ended 2018 and 2017. He stated this was a draft report due to not having the final actuarial valuation under GASB 75 completed yet so the OPEB liability could not be updated in the financial report. The report was reviewed and discussed with the Board.

**2. Investment Portfolio**

Susanne King, Monterey County Treasury Manager, stated that PFM Asset Management manages MERMA’s investments and the County Treasury manages the cash. She reported that she recently opened a money market account that has a higher 2% yield rate for MERMA with cash from the sweep account.

Allison Kaune of PFM Asset Management presented a portfolio update through quarter ending September 30, 2018. She stated the U.S. economy is doing very well. Interest rates will continue to move higher over the next couple of years. The portfolio’s interest earnings are steadily moving higher, capturing higher yields as funds are re-invested.

**3. Investment Policy**

Marcus Beverly presented the updated Investment Policy with suggested revisions. Discussion held regarding the minor changes that were mostly for clarification purposes.

Motion was made to approve the Investment Policy as presented.

<b>MOTION:</b> Colleen Stanley	<b>SECONDED:</b> Rory Livingston	<b>MOTION CARRIED</b>
<b>AYES:</b> 6	<b>NOES:</b> 0	<b>ABSTAIN:</b> 0
<b>ABSENT:</b> 16		
AYES: Colleen Stanley, Rory Livingston, Jerry Stratton, Veronica Flournoy, Ana Aguillon, Tracie Corpuz		
ABSENT: Ian Trejo, Gordon Piffero, Rick Blanckmeister, Marth Eva Contreras, Mary Dawson, Rosemary Grounds, Angel Cante, Daniel Stonebloom, Dr. Jinane Annous, Ralph Porras, Jose Garcia, Catherine Reimer, Jessica Riley, Shelly Morr, Cesar Vega, Sherrie Castellanos		

## **H. JPA BUSINESS**

### **1. Legal Update – What Can You Share?**

Greg Rolen, MERMA's legal counsel, provided a legal update and presentation on privacy of medical records for school personnel. He described the limits on information school staff and management can share regarding an employee's workers' compensation claim to maintain privacy.

*The Board of Directors broke for lunch at 11:57 a.m. – Reconvened at 1:00 p.m.*

### **2. Training Topic**

Bill Warner, Manager of the Special Investigation Unit at Intercare and Tim Muraki, Chief Operating Officer at Apex Investigation provided a presentation and training orientation on employer anti-fraud and surveillance.

### **3. Intercare Claims Management Stewardship Report**

Connie Hampson of Intercare presented the annual Claims Management Stewardship Report of activities and performance benchmarks. Fiscal Year 2017-18 was a really good year.

- Pending inventory of claims down by 1.04%
- Frequency rate declining
- Average paid per new indemnity claim is down by 11.48%. This is the lowest average paid in three years.
- Medical paid decreased by 10.43%
- Temporary Disability paid decreased by 10.48%
- Litigation is down by 57.43%
- 101% closing ratio

Karen Callahan of Intercare reported they just completed the DWC Audit. The preliminary score received is .63958, and a 100% UR score. She stated to pass the DWC Audit you must receive a score of 1.4753 or lower. Danielle Buri of Intercare stated this is the best score Intercare has ever received.

### **4. Risk Control Update and Matching Safety Funds**

Julio Jauregui, MERMA Loss Control Manager, presented an overview of his activity, services he provides and an update on the Matching Safety Funds program. He stated he has been busy providing new training and certification classes, performing numerous ergonomic evaluations and general support to the members.

Julio stated that MERMA will be purchasing dummies so that he can provide training and certification on CPR, AED, and First Aid. He will provide this service to the members for free.

He also stated he recently received certification for Office Ergonomics and Project Safety and Engineering. He can assist members in the process of demolition, construction and be present to help if any hazards arise.

**5. Roundtable Discussion**

None

**I. CLOSING COMMENTS**

None

**J. UPCOMING MEETINGS**

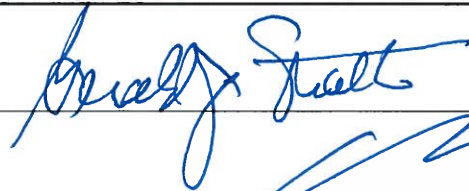
Board of Directors Meeting – May 22, 2019

**K. ADJOURNMENT**

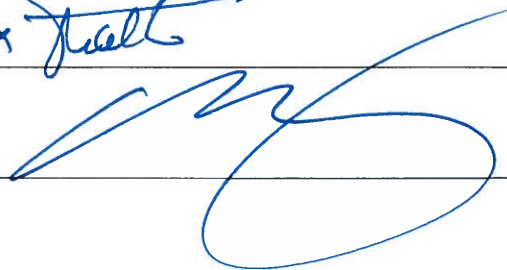
Motion was made to adjourn the meeting at 3:02 p.m.

<b>MOTION:</b> Rory Livingston	<b>SECONDED:</b> Ana Aguillon	<b>MOTION CARRIED</b>	
<b>AYES: 6</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>	<b>ABSENT: 16</b>
AYES: Rory Livingston, Ana Aguillon, Jerry Stratton, Veronica Flournoy, Colleen Stanley, Tracie Corpuz			
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Gerald Stratton, President:



Marcus Beverly, Executive Director:



Date: 5.22.19