



Monterey Educational Risk Management Authority

P.O. Box 3320, Salinas, CA 93912

www.merma.org

EXECUTIVE COMMITTEE MINUTES

March 13, 2019

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, on March 13, 2019 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
Ana Aguillon, Salinas Union High School District

Executive Committee Members Absent

Colleen Stanley, Monterey County Office of Education

Guests and Staff

Marcus Beverly, Alliant
Matt Gowan, Alliant
Marlene Richardson, Intercare
Kevin Wong, Gilbert Associates, Inc. – *via teleconference*
Derek Burkhalter, Bickmore Risk Services – *via teleconference*
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman
Hallie Pacheco, MERMA

A. CALL TO ORDER

Jerry Stratton called the meeting to order at 1:37 p.m.

B. ROLL CALL

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

C. APPROVAL OF AGENDA AS POSTED

Motion was made to approve the agenda as posted.

MOTION: Ana Aguillon	SECONDED: Veronica Flournoy	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
ABSENT: 1		
AYES: Ana Aguillon, Veronica Flournoy, Rory Livingston, Jerry Stratton		
ABSENT: Colleen Stanley		

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Executive Committee Minutes – January 9, 2019
2. Payment Registers and Board Reports – January and February 2019
3. Actuarial Services – Bickmore Risk Services 3-Year Engagement Letter
4. FYE 2019 Financial Audit – Gilbert Associates, Inc. Engagement Letter

Motion was made to approve items 1 through 4 as presented with a single motion.

MOTION: Veronica Flournoy	SECONDED: Rory Livingston	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
ABSENT: 1		
AYES: Veronica Flournoy, Rory Livingston, Ana Aguillon, Jerry Stratton		
ABSENT: Colleen Stanley		

F. ADMINISTRATIVE REPORTS

1. President’s Report

Jerry Stratton reported that he recently asked Marlene Richardson of Intercare for claims data. His Superintendent was inquiring about information on types of injuries and severity of injuries. Marlene was very supportive in providing this information.

He stated his district has a Leadership Team which consists of classified union president, certificated president, cabinet members and board members. They have asked him to do a presentation on workers’ compensation on April 2nd. Mr. Stratton stated he is preparing a 20-30 minute PowerPoint presentation to educate them on workers’ compensation. The presentation will include information on bridge assignments, fraud, drones, ex-mods and how to help control workers’ compensation costs within his district. He stated he will be happy to share the presentation with the Executive Committee once it is finalized.

2. Pool Administrator’s Report

Marcus Beverly stated he met with Elizabeth Wilson, the new CBO at Soledad Unified. He gave her an overview of MERMA and services provided. He is hoping she will be at the Board Meeting.

Marcus stated MCOE has a new Superintendent that he would like to meet with. He also stated that the Return to Work training for MCOE has now been completed.

3. Claims Administrator's Report

Marlene Richardson of Intercare reported that the following Claim Reviews have been completed:

- Salinas Union High School District – January 31st
- MCOE – February 26th

Carmel Unified is scheduled for a Claim Review on April 23rd.

Marlene provided the Executive Committee with the following reports:

- Annual and Monthly Claim Results – January and February 2019 with fiscal year to date comparison of year prior
- New Claim Analysis Received YTD 2018/19 – as of 2/28/19
- Monthly Frequency & Severity Reports Claims Reported 7/1/18 – 2/28/19
- Claim Closing Analysis YTD 2018/19 – as of 2/28/19
- Net Reserve Changes – YTD 2018/19 – as of 2/28/19
- MERMA Company Nurse Results for January and February 2019
- MERMA Bill Review Results for January and February 2019

The Committee moved to Item G.1 as this is a 2:00 p.m. time certain teleconference.

G. FINANCIAL REPORTS

1. Audited Financials as of June 30, 2018

Kevin Wong of Gilbert Associates presented the Draft Audited Financials as of June 30, 2018 via teleconference. He stated it is in draft form at this time as there is one item pending for documentation purposes in regard to interest income. He stated the interest income stayed relatively stable even though the cash decreased. He would expect a fairly substantial decrease. He would like an explanation of the rationale for providing that level of interest even though the cash balance decreased. Once clarification is received in regard to this item, the audit will be finalized.

Kevin summarized key sections of the audited financials. He stated the results of the audit went as planned with no findings in terms of compliance or internal control.

Action was deferred until the final report is received.

The Committee went back to Item F.4 at this time.

F. ADMINISTRATIVE REPORTS

4. Executive Committee Report

Nothing reported.

G. FINANCIAL REPORTS

2. Financial Reports for Period Ending December 31, 2018

Jacinto Bernal of McGilloway, Ray, Brown & Kaufman presented the Draft Financial Reports for Period ending December 31, 2018. Jacinto stated the report is in draft form as he cannot bring forward the beginning balances until the audited financials are finalized. Discussion held.

The Committee moved to Item H.1 as this is a 2:30 p.m. time certain teleconference.

H. JPA BUSINESS

1. Actuarial Review of the Self-Insured Workers' Compensation Program

Derek Burkhalter of Bickmore Risk Services presented the Actuarial Review of the Self-Insured Workers' Compensation Program and funding guidelines for 2019-20 via teleconference. Derek stated many of the estimates on this report are lower this year as a result of favorable experience. He stated the loss rate has flattened in recent years and the declining claim frequency has contributed to a more stable loss rate. The rates are projected to decrease for FY 2019-20 as well as the estimated outstanding liabilities. The program is in a very healthy state right now.

Marcus Beverly stated he would follow up with Derek before the final report is issued.

The Committee went back to Item G.2

G. FINANCIAL REPORTS

2. Financial Reports for Period Ending December 31, 2018 (continued)

A motion was made to accept and approve the Draft Financial Reports for Period Ending December 31, 2018 as presented.

MOTION: Rory Livingston	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 4	NOES: 0	ABSENT: 1
ABSTAIN: 0		
AYES: Rory Livingston, Ana Aguillon, Veronica Flournoy, Jerry Stratton		
ABSENT: Colleen Stanley		

H. JPA BUSINESS

2. Workers' Compensation Excess Insurance Update

Matt Gowan stated he met with the underwriters for the excess insurance this week. We have two levels of excess insurance. The first level is \$75,000 - \$500,000. There has been significant development in that level. The underwriters are indicating a 10% increase on the premium for the first level of insurance, which is about \$300,000.

Matt stated this really isn't bad, if we compare this to what the actuary estimates we would need to put away to self-fund. The actuary estimates we would need an additional \$4,275,000 to self-fund to \$500,000. The current excess insurance rate at that level is \$3,080,000 if the payroll is flat. Matt stated the excess rate is going up 10% from an insurance level but it is still hundreds of thousands dollars cheaper than self-funding. He stated the premium is significantly less than if we self-funded this portion.

Matt stated for the second level of excess insurance, over \$500,000, we are looking at an increase of 5%, which is only \$30,000.

Matt stated he will have projections for both levels at the \$75,000 SIR and at a higher SIR at the next Executive Committee meeting.

3. Preliminary Budget FY 2019-20

Marcus Beverly presented the preliminary budget for FY 2019-20 for the Committee's review. He stated there is not a lot of differences from the prior year's budget. Adjustments will need to be made in regard to the excess insurance, Office of the Self Insurance Plans, and possibly to the depreciation and interest.

The Committee would like to have a Closed Session item at the April 10th Executive Committee meeting to discuss FY 2019-20 compensation for all MERMA employees.

4. Meeting Schedule FY 2019-20

Marcus Beverly presented the Resolution to establish Board and Executive Committee meeting dates for FY 2019-20 for approval.

A motion was made to pass Resolution 19-01 as presented to establish FY 2019-20 meeting dates.

MOTION: Rory Livingston	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 4	NOES: 0	ABSENT: 1
ABSTAIN: 0		
AYES: Rory Livingston, Ana Aguillon, Veronica Flournoy, Jerry Stratton		
ABSENT: Colleen Stanley		

I. CLOSING COMMENTS

Discussion held regarding the CAJPA Conference in September. The Executive Committee members will attend. Jerry Stratton stated it would be beneficial and educational for Hallie Pacheco of MERMA to attend. It will give a good prospective of JPA's and there are good classes to attend.

Guidance was given to Hallie Pacheco to reserve six rooms at Harrah's.

J. UPCOMING MEETING

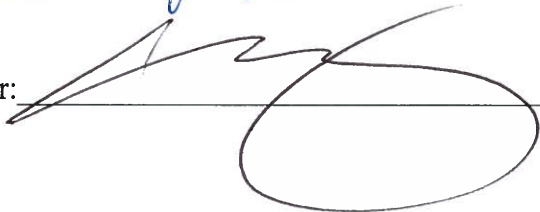
Executive Committee Meeting – April 10, 2019

K. ADJOURNMENT

Motion was made to adjourn the meeting at 3:12 p.m.

MOTION: Veronica Flournoy	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
ABSENT: 1		
AYES: Veronica Flournoy, Ana Aguillon, Rory Livingston, Jerry Stratton		
ABSENT: Colleen Stanley		

Gerald Stratton, President: 

Marcus Beverly, Executive Director: 

Date: 4/10/19