



Monterey Educational
Risk Management Authority
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ADMINISTRATION

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CLAIMS

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LOSS CONTROL

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BOARD OF DIRECTORS' MEETING

January 23, 2014

The Board of Directors of Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, CA at 1:30 p.m., on January 23, 2014.

Board of Directors Present

Sara Perez, President, Gonzales USD (left at 3pm)
Veronica Flournoy, Vice President, Spreckels USD
Mike Brusa, Santa Rita USD
Jerry Stratton, SCESD (arrived late)
Gordon Piffero, Big Sur USD
Rick Blanckmeister, Carmel USD
Rory Livingston, King City USD
Scott Lathrop, Soledad USD
Colleen Stanley, MCOE
Teresa Santamaria, SUHSD

Board of Directors Absent

Ian Trejo, Bradley USD
Lucia Alvarez, Chualar USD
Rosemarie Grounds, Graves SD
Melody Canady, Greenfield USD
Nadene Dermody, Lagunita SD
Tim Ryan, Mission USD
Kari Yeater, NMCUSD
Rick Miller, PGUSD
Peter Zotovich, San Antonio USD
Carlos Vega, San Ardo USD
Nicole Hester, San Lucas, USD
Claudia Arellano, SMCHSD
Tracie Corpuz, Washington USD

Guests and Staff

Kris Stanga, Carmel USD - Alternate
Agnes Hoerberling, Intercare
Karen Callahan, Intercare
Danielle Buri, Intercare
Michael Ehrogott, Intercare
Patricia Kaufman, McGilloway, Ray, Brown & Kaufman
Helen Rodriguez, McGilloway, Ray, Brown & Kaufman
Mike Simmons, Alliant
Matt Gowan, Alliant
Marcus Beverly, Alliant
Pamela Dominguez, Alliant
Gary Metzler, MERMA
Connie Martin, MERMA

A. Call to Order

Sara Perez called the meeting to order at 1:33 p.m.

B. Roll Call

Introduction of Board of Directors

C. Approval of Agenda

Sara Perez informed the Board she would only be able to attend the meeting for 1 ½ hrs. Sara informed the Board that she needed to get back to her district so she would like to address all action items first.

Motion was made to move action items to the front of the agenda and to approve the agenda as modified.

MOTION: Rory Livingston **SECONDED:** Teresa Santamaria **MOTION CARRIED**

AYES: 9 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 14

AYES: Rory Livingston, Teresa Santamaria, Mike Brusa, Colleen Stanley, Scott Lathrop, Gordon Piffero, Rick Blanckmeister, Sara Perez, Veronica Flournoy

ABSENT: Ian Trejo, Lucia Alvarez, Rosemarie Grounds, Melody Canady, Nadene Dermody, Tim Ryan, Kari Yeater, Rick Miller, Peter Zotovich, Carlos Vega, Nicole Hester, Claudia Arellano, Tracie Corpuz, Jerry Stratton

D. Public Comments

None

E. Consent Calendar

The following items were discussed and approved:

1. Board of Directors' Minutes – September 18, 2013
2. Matching Safety Funds Update

Motion was made to approve the Consent Calendar.

MOTION: Rory Livingston **SECONDED:** Colleen Stanley **MOTION CARRIED**

AYES: 9 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 14

AYES: Rory Livingston, Colleen Stanley, Veronica Flournoy, Mike Brusa, Teresa Santamaria, Gordon Piffero, Rick Blanckmeister, Sara Perez, Scott Lathrop.

ABSENT: Ian Trejo, Lucia Alvarez, Rosemarie Grounds, Melody Canady, Nadene Dermody, Tim Ryan, Kari Yeater, Rick Miller, Peter Zotovich, Carlos Vega, Nicole Hester, Claudia Arellano, Tracie Corpuz, Jerry Stratton

F. Administrative Reports

1. President's Report

Sara Perez reported that she needed to leave at 3:00 p.m.

2. MERMA Administrative Update

Matt Gowan introduced Marcus Beverly to the Board. Marcus is replacing Susan Adams. Susan Adams was offered a job at a JPA in Modesto, CA. Matt informed the Board that Mr. Beverly has experience working with JPAs, public pools, mostly involved as a Pool Manager. Marcus stated that he was happy to be working with MERMA. He informed the Board that he has over 25 years of experience in claims, risk management and insurance. The last 15 years has been solely dedicated to public entity JPA management. Mike Simmons added that he and Marcus have worked and known each other for about 20 years. Mike also added that Marcus was with York Risk Services for the last 3 years.

Matt informed the Board that Veronica Makaveckas, Claims Manager retired as of January 1, 2014.

Matt also informed the Board that the financial audit is in the process of being completed and will be presented at a future meeting.

Matt informed the Board that he has been contacted by the City of Salinas regarding an RFP for workers' compensation.

3. Board of Directors

Introduction of Board Members

G. JPA BUSINESS

1. TPA Presentation

Matt Gowan provided a recap of where MERMA was and how it got to this point. Matt stated that the Executive Committee and the Board have done a lot of work. Alliant took over as administrator 18 months ago. Alliant has worked with Executive Committee and identified issues with the claim department. Some of the issues identified are: 1) the claims department is overstaffed; 2) a lack of appropriate management; 3) a lack of claims resources; 4) the claims software system is antiquated and; 5) they are not paperless. These issues need to be addressed one way or another by July 1.

Matt stated it would make financial sense to outsource the TPA services but house the employees in the MERMA office. A TPA's services would include administrative services, human resources, the latest claims software program and excellent training resources.

On September 18, 2013 the Board of Director took action to request proposals for a Third Party Claims Administrator. The RFP was issued on October 7, 2013. The RFP responses were narrowed down to three candidates, and the Interview Committee interviewed all three on November 11, 2013.

Sara Perez recommended that the Interview Committee visit clients of the two finalists. Jerry Stratton, Rory Livingston and Matt Gowan, visited the TPA's clients (Sara was unable to attend) on November 14, 2014. They conducted site visits to Central Region Self Insured Group (CRSIG), client of York, and Merced County Schools Insurance Group (MCSIG), client of Intercare.

The Interview Committee reported back to the Executive Committee. The Executive Committee decided that Intercare would fit best out of the finalist and they asked that Intercare come today and talk about their plan of action for MERMA and then give the Board a chance to ask Intercare questions. Sara stated that she did want to make it clear that this is a big step for MERMA and she could see the Executive Committee making the final decision, but would like input and feedback from the full Board.

Sara stated that she would like for the full Board to decide if this is the direction that they would like to go or do they want to explore other options. She advised the Board that the Executive Committee has not made any final decisions. Sara stated that Intercare would be conducting a presentation so that the Board can have first-hand knowledge or information, and have a discussion with the full Board in terms of what the full Board wishes, what type of action to proceed with.

Matt Gowan again informed the Board of Directors of issues that will have to be addressed before July 1 if the Board decides not to go with a Third Party Administrator. Issues are: claims department is overstaffed, claims department software program is very outdated and will need to be replaced along with equipment such as computers, and other equipment. Information item only.

2. Fiscal Year End Financial Report Review

Patricia Kaufman and Helen Rodriguez from McGilloway, Ray, Brown and Kaufman presented the financial statements year-ended June 30, 2013. Discussion held regarding the lateness of the report. The report was delayed due to FMS/Escape system. Helen worked with MCOE to correct problem and obtain the correct information/figures. This was an information item only.

3. Sale and Disposal of Surplus Equipment Policy

Gary Metzler, Loss Control Manager, presented a Sale and Disposal of Surplus Equipment Policy to the Board. Equipment and supplies no longer needed by MERMA, as determined by the Executive Director, may be disposed as follows:

The Executive Director will designate equipment of MERMA to be surplus due to obsolescence, excessive wear and tear, electrical or mechanical safety defects, excessive costs to maintain, or other documented reasons that make the items of no further value. MERMA shall retain an inventory record of all items declared surplus. Items valued at \$250 or less or found unsaleable may be stored, donated to a government or non-profit agency or properly disposed of at the discretion of the Executive Director. Items with safety defects shall be disposed of or recycled and not allowed to be reused. Sale of items with a value over \$250 shall be approved by the Executive Committee and will be offered first to member districts via an auction process. Any equipment with electronic memory shall be certified that all data has been removed from the storage media before disposal. Money received from the sale of surplus property will be deposited in the MERMA reserve or general fund.

Motion was made to approve the Sale and Disposal of Surplus Equipment Policy.

MOTION: Gordon Piffero **SECONDED:** Rory Livingston **MOTION CARRIED**

AYES: 8 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 15

AYES: Gordon Piffero, Rory Livingston, Mike Brusa, Colleen Stanley, Teresa Santamaria, Rick Blanckmeister, Scott Lathrop, Veronica Flournoy

ABSENT: Ian Trejo, Lucia Alvarez, Rosemarie Grounds, Melody Canady, Nadene Dermody, Tim Ryan, Kari Yeater, Rick Miller, Peter Zotovich, Carlos Vega, Nicole Hester, Claudia Arellano, Tracie Corpuz, Jerry Stratton, Sara Perez

4. Member Notice of Potential JPA Withdrawal

Matt Gowan informed the Board of Directors that North Monterey County Unified School District has once again submitted a potential notice of withdrawal. Discussion was held. This was an information item only.

Mr. Stratton arrived in time to vote on the following item:

5. Management Plan of Action

The Board of Directors discussed the management plan of action regarding:

- a. Third Party Claims Management, and**
- b. Other Administration Services.**

Third Party Claims Management:

A Request for Proposal for Workers' Compensation Claims Administration was issued on October 7, 2013. Board members interviewed three finalists on November 6, 2013. On November 14, 2013, MERMA members visited two TPA school clients to interview them about their TPA service experience. The clients visited were Central Region Self Insured Group (CRSIG), a client of York, and Merced County Schools Insurance Group (MCSIG), a client of Intercare.

The finalist, Intercare, conducted a presentation about its services and implementation plan at the meeting today.

Motion was made to have the Executive Committee enter into negotiations with a Third Party Claims Management Firm, Intercare, for a 3-year agreement.

MOTION: Rory Livingston **SECONDED:** Mike Brusa **MOTION CARRIED**

AYES: 9 NOES: 0 ABSTAIN: 0 ABSENT: 14

AYES: Rory Livingston, Mike Brusa, Colleen Stanley, Scott Lathrop, Teresa Santamaria, Gordon Piffero, Rick Blanckmeister, Veronica Flournoy, Jerry Stratton

ABSENT: Ian Trejo, Lucia Alvarez, Rosemarie Grounds, Melody Canady, Nadene

Dermody, Tim Ryan, Kari Yeater, Rick Miller, Peter Zotovich, Carlos Vega, Nicole Hester, Claudia Arellano, Tracie Corpuz, Sara Perez

Other Administrative Services:

Summary of Services -- Alliant. Earlier there was a question as to Alliant's role. In September and October 2012, the Executive Committee interviewed three pool management companies, Keenan and Associates, Bickmore Risk Services and Alliant Insurance Services. The Executive Committee selected Alliant Insurance Services to serve as MERMA's Administrator.

H. Closing Comments

None

ADJOURNMENT


Motion was made to adjourn the meeting at 3:40.

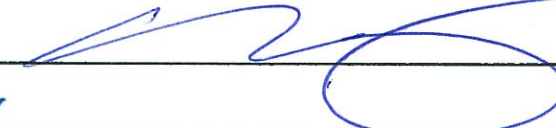
MOTION: Mike Brusa **SECONDED:** Rory Livingston **MOTION CARRIED**

AYES: 9 NOES: 0 ABSTAIN: 0 ABSENT: 14

AYES: Rory Livingston, Mike Brusa, Colleen Stanley, Scott Lathrop, Teresa Santamaria, Gordon Piffero, Rick Blanckmeister, Veronica Flournoy, Jerry Stratton.

ABSENT: Ian Trejo, Lucia Alvarez, Rosemarie Grounds, Melody Canady, Nadene Dermody, Tim Ryan, Kari Yeater, Rick Miller, Peter Zotovich, Carlos Vega, Nicole Hester, Claudia Arellano, Tracie Corpuz, Sara Perez

President/Vice President 

Interim Management 

Date 5/22/14
