

# MERMA

## MINUTES OF THE EXECUTIVE COMMITTEE MEETING November 12, 2014

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, CA at 1:30 p.m., on November 12, 2014.

### Executive Committee Members Present

Sara Perez, President  
Gerald (Jerry) Stratton, Vice President  
Veronica Flournoy  
Rory Livingston

### Executive Committee Members Absent

Melody Canady

### Guests and Staff

Patricia Kaufman, McGilloway, Ray, Brown & Kaufman  
Dave Swiatlo, Intercare  
Marcus Beverly, Alliant  
Matt Gowan, Alliant  
Connie Martin

### A. CALL TO ORDER

Sara Perez called the meeting to order at 1:40 p.m.

### B. ROLL CALL

### C. APPROVAL OF AGENDA POSTED

Motion was made to approve the agenda as posted.

**MOTION:** Veronica Flournoy      **SECONDED:** Jerry Stratton      **MOTION CARRIED**

**AYES:**    3   **NOES:**   0      **ABSTAIN:** 0      **ABSENT:** 2

**AYES:**    Veronica Flournoy, Jerry Stratton, Sara Perez

**ABSENT:** Melody Canady, Rory Livingston

**D. PUBLIC COMMENTS**

None

**E. CONSENT CALENDAR**

The following items were discussed:

1. Executive Committee Minutes – September 10, 2014
2. Payment Registers and Board Reports – August & September 2014
3. Engagement Letter – Financial Services FYE June 30, 2015, McGilloway, Ray, Brown, & Kaufman

Motion was made to approve items 1, 2, and 3 with a single motion.

**MOTION:** Veronica Flournoy **SECONDED:** Jerry Stratton **MOTION CARRIED**

**AYES: 3 NOES: 0 ABSTAIN: 0 ABSENT: 2**

**AYES:** Veronica Flournoy, Jerry Stratton, Sara Perez

**ABSENT:** Melody Canady, Rory Livingston

**F. ADMINISTRATIVE REPORTS**

**1. President's Report**

Sara Perez reported that she attended the Annual Benefits conference in Boston. Sara was representing MCSIG. Sara informed the Executive Committee that she attended some great workshops and some sessions also included workers' compensation topics. Sara stated that the conference was very informative.

*Rory Livingston arrived at 1:45 p.m.*

**2. MERMA Administrative Update**

Marcus Beverly and Matt Gowan, addressed the Committee on matters pertinent to MERMA:

- Matt reported on the Superintendents' meeting. Jerry Stratton was at the meeting, along with Mike Simmons, Dave Swiatlo & Danielle Buri. Jerry stated the presentation was about 25 minutes long. Jerry stated that everyone was very receptive and Jerry explained to the superintendents that MERMA is the local workers' comp source. Jerry stated that across the

### MERMA Administrative Update (Continued)

board it was well received. There were some questions but no challenges, no concerns expressed. Jerry stated that it was a good introduction for the other JPAs presentations.

- MERMA Office closed during the Holidays in December

In years past the office has been closed for Christmas week, and now the dynamics has changed with Intercare here. Matt asked the EC is they would be willing to consider closing the office for the Christmas week. Sara stated she had no problem with the MERMA staff taking vacation during the holidays. EC stated that most of their staff take vacation time during the holidays. Sara stated as for Intercare, Intercare probably has their own policy regarding the holidays so whatever works for Intercare is okay with EC. The MERMA office will be closed on December 22, 23, 26, 29, 30, 2014 and on January 2, 2015.

- JPA Attorney

Matt discussed with the EC the possibility of MERMA contracting with an attorney on as needed basis to handle MERMA's legal matters pertaining to changes in JPA Agreement, Bylaws, and contracts. EC suggested that Matt seek quotes/proposals from different law firms and report back to them.

- Water Damage

Marcus reported that MCSIG had a bad water leak in the men's bathroom and the leak caused a lot of damage to the MERMA office. Several ceiling tiles were soaked and need to be replaced along with damage to the server room that houses the Intercare server and the carpet in the hallways. Drywall in server room will need to be replaced along with the carpet. The EC suggested that MERMA obtain at least three estimates for the carpet replacement.

- Conflict of Interest Code

Marcus reported that the Monterey County Board of Supervisors approved MERMA's Conflict of Interest Code. Marcus also informed the Committee that the County has a Database system (Netfile system) that allows required filers to store their Statement of Economic Interest Form 700 electronically.

**MERMA Administrative Update (Continued)**

- Rabobank Fees

Marcus reported that Rabobank is charging MERMA a fee of a few hundred dollars each month for the Positive Pay. The fee varies from month to month depending on the number of checks written each month. He also informed the Committee that Rabobank will no longer offer courier service. If MERMA wants to keep the bank courier, MERMA will have to contract with the courier service directly. Marcus informed the Committee that MERMA will continue & contract with the same courier service (Peninsula Messenger). The Committee suggested that MERMA contact other banks in the area and obtain information on their services and banking fees. The Committee suggested to start with Pinnacle Bank on the corner of South Main & Blanco.

**3. Claims Administrator's Report**

Dave Swiatlo of Intercare gave an update on the transition process. He provided the Committee with an analysis report for the month of October. Discussion held.

Dave also reported that Sandy Lewis, Claims Adjuster, is retiring effective December 5, 2014. Dave informed the Committee that Intercare has hired a replacement for Sandy. The new hire has 25 years of experience in workers' comp.

**4. Executive Committee**

None

**G. FINANCIAL REPORTS**

**1. Financial Statements with Accountant's Compilation Report –FYE 2014 & 2013**

Motion was made to accept the report as presented by Patricia Kaufman of McGilloway, Ray, Brown & Kaufman. The report provides each member district's pool fund balance deficit. This is a reporting requirement to MCOE.

**MOTION:** Rory Livingston    **SECONDED:** Jerry Stratton                      **MOTION CARRIED**

**AYES:** 4                      **NOES:** 0                      **ABSTAIN:** 0                      **ABSENT:** 1

**AYES:**    Rory Livingston, Jerry Stratton, Veronica Flournoy, Sara Perez

**ABSENT:** Melody Canady

**Financial Reports (Continued)**

**2. Financial Report for Period Ending September 30, 2014**

Patricia Kaufman of McGilloyay, Ray, Brown & Kaufman presented the September financial report. Patricia reported that MERMA is meeting/ exceeding budgeted expectations in the first quarter.

Motion was made to accept the September financial report as presented

**MOTION:** Rory Livingston    **SECONDED:** Veronica Flourney    **MOTION CARRIED**

**AYES:** 4    **NOES:** 0    **ABSTAIN:** 0    **ABSENT:** 1

**AYES:** Rory Livingston, Veronica Flourney, Jerry Stratton, Sara Perez  
**ABSENT:** Melody Canady

**3. Operating Expense Analysis & Reserve Recommendation**

Marcus provided the Committee with an analysis of MERMA's cash flow and operating expenses. Marcus recommended that the Committee establish an operating expense reserve fund benchmark. Discussion held.

Motion was made to approve maintaining a \$15 million short-term investment reserve for operating expenses.

**MOTION:** Rory Livingston    **SECONDED:** Jerry Stratton    **MOTION CARRIED**

**AYES:** 4    **NOES:** 0    **ABSTAIN:** 0    **ABSENT:** 1

**AYES:** Rory Livingston, Veronica Flourney, Jerry Stratton, Sara Perez  
**ABSENT:** Melody Canady

## **H. JPA BUSINESS**

### **1. Claims Audit Results and Response**

Dave Swiatlo, Intercare Supervisor, presented an overview of the results of the CSAC-EIA claims audit and Intercare's response to the audit recommendations.

Motion was made to accept the results and responses to the CSAC-EIA claims audit.

**MOTION:** Jerry Stratton    **SECONDED:** Veronica Flournoy    **MOTION CARRIED**

**AYES:** 4    **NOES:** 0    **ABSTAIN:** 0    **ABSENT:** 1

**AYES:** Veronica Flournoy, Rory Livingston, Jerry Stratton, Sara Perez

**ABSENT:** Melody Canady

### **2. Executive Committee Meeting Schedule**

Motion was made to approve the rescheduling of the January and February meetings. The meetings were combined to be held on January 28, 2015.

**MOTION:** Veronica Flournoy    **SECONDED:** Jerry Stratton    **MOTION CARRIED**

**AYES:** 4    **NOES:** 0    **ABSTAIN:** 0    **ABSENT:** 1

**AYES:** Veronica Flournoy, Jerry Stratton, Rory Livingston, Sara Perez

**ABSENT:** Melody Canady

### **3. Planning Meeting Follow up**

Marcus provided the Committee with a summary of the feedback from the October 8th Board meeting. The Board agreed to pursue the CAJPA accreditation and adopted the Investment Policy of Monterey County and approved the plan to establish a special fund with County Treasurer to invest that portion of the portfolio needed to pay MERMA's Long-term liabilities. Sara stated the overview of the October 8<sup>th</sup> Board meeting was great and very productive. No action taken, information item only.

### **4. CSAC-EIA Update**

Matt Gowan gave a brief update on the CSAC-EIA current coverage and a preview of what to expect for the 2015-16 year renewal. Discussion held. No action taken, information item only.

**JPA BUSINESS (Continued)**

**5. Loss Control Services Quarterly Report**

Marcus provided the Committee with a Summary of Loss Control Activities for the first quarter (July to September) as prepared by Gary Metzler, Loss Control Manager. Veronica Flournoy stated that she liked the one-page report. Discussion held. No action taken, information item only.

**I. Closing Comments**

Happy Holidays to All, Committee decided not to meet in December.

**J. Upcoming Meeting**

Next Executive Committee meeting will be held on January 28, 2015.

**K. ADJOURNMENT**

Motion was made to adjourn the meeting at 3:25 p.m.

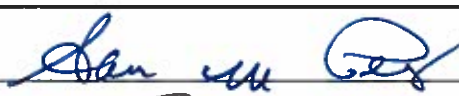
**MOTION:** Veronica Flournoy    **SECONDED:** Jerry Stratton    **MOTION CARRIED**

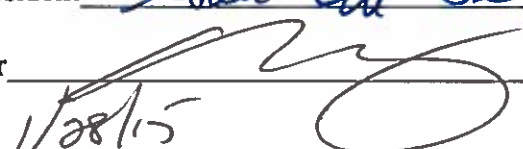
**AYES:** 4    **NOES:** 0    **ABSTAIN:** 0    **ABSENT:** 1

**AYES:** Veronica Flournoy, Jerry Stratton, Rory Livingston, Sara Perez

**ABSENT:** Melody Canady

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President/Vice President 

Executive Director 

Date 1/28/15

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