



Monterey Educational Risk Management Authority
P.O. Box 3320, Salinas, CA 93912
www.merma.org

EXECUTIVE COMMITTEE MINUTES
January 11, 2017

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, on January 11, 2017 at 1:30 p.m.

Executive Committee Members Present

Jerry Stratton, President
Rory Livingston, Vice President
Tracie Corpuz
Veronica Flournoy
Colleen Stanley

Guests and Staff

Marcus Beverly, Alliant
Matt Gowan, Alliant
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman
Jamie Matthews, Gilbert Associates (via teleconference)
Karen Callahan, Intercare
Marlene Richardson, Intercare
Maggie Jaltorossian, Intercare
Connie Hampson, Intercare
Garry Bousum, MCOE
Gary Metzler, Loss Control Manager
Hallie Pacheco, Administrative Assistant
Connie Martin, Administrative Assistant

CALL TO ORDER

President Stratton called the meeting to order at 1:31 p.m.

ROLL CALL

Jerry Stratton, Rory Livingston, Veronica Flournoy, Colleen Stanley, Tracie Corpuz, all present.

APPROVAL OF AGENDA POSTED

Motion was made to approve the agenda as posted.

MOTION: Colleen Stanley	SECONDED: Veronica Flournoy	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
ABSENT: 0		

PUBLIC COMMENTS

None – see below, floor was again opened to public comments after arrival of Garry Bousum.

CONSENT CALENDAR

The following items were presented:

1. Executive Committee Minutes – November 9, 2016
2. Payment Registers and Board Reports – November and December 2016
3. Engagement Letters – Bickmore Risk Services – OPEB (ratify)
4. Treasurer’s Reports – June and September 2016

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

MOTION: Veronica Flournoy	SECONDED: Colleen Stanley	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
ABSENT: 0		

ADMINISTRATIVE REPORTS

President’s Report

President Stratton briefly reported on item 6 on the agenda (*Options For Use of Net Position Above Funding Benchmarks*). President Stratton mentioned that the Executive Committee was asked to address this issue at the last meeting. President Stratton stated that he asked Marcus and Matt to gather protocol information from other JPAs to see what their operating to budget levels are and what ratio they use.

MERMA Administrative Update

Marcus Beverly reported on:

1. Received response and proposal from the County of Monterey on MERMA's investments. Marcus informed the Committee that he is meeting with them on January 25 to discuss the proposal. Marcus mentioned that the County tacked on some operating fees to the proposal. Marcus thanked Colleen for all her help with coordinating the meeting. Marcus stated that everything is moving forward and he will report more on the meeting and the proposal at the Executive Committee in March.
2. Marcus provided the Executive Committee with the proposed layout of the upstairs conference room and break room as provided by MCSIG. Marcus explained that the remodel would include removing all the shelves, new comfortable chairs, new paint and new carpet. Discussion held. Committee requested to see color swatches of the chair and paint colors and they would also like to meet together with MCSIG to discuss the colors, plus they mention they want one large conference table.

Matt Gowan reported on:

1. Marketing Update – Matt informed the Committee that he spoke to two school districts, Soquel and Santa Cruz Districts. Matt mentioned that both the meetings went well. Matt stated Soquel District is not going anywhere, but Santa Cruz District has given notice with intent and Matt will be working on a quote for them.

Executive Committee members stated that they reached out to other school districts also.

Claims Administrator's Report

Karen Callahan from Intercare introduced Connie Hampson, Account Manager, and Maggie Jaltorossian, Vice President of Corporate Services.

Intercare provided the Executive Committee with the following reports:

- Annual and Monthly Claim Results,
- New Claim Analysis YTD 2016/17 – as of 12/31/16,
- Monthly Frequency & Severity Reports as 12/31/16,
- Claim Closing Analysis YTD 2016/17 – as of 12/31/16,
- Net Reserve Changes – YTD 2016/17 – as of 12/31/16,
- MERMA Company Nurse Results for November & December 2016 and,
- MERMA Bill Review Results for November & December 2016.

Discussion held. Intercare to send corrected Claim Closing Analysis page. Executive Committee mentioned that the reports do not need to be in color and to consider copying report front & back pages to save on paper and also numbering the pages of the report.

Executive Committee Report

None

Public Comments

Garry Bousum of MCOE requested to address the Executive Committee regarding item 6 (*Options For Use of Net Position Above Funding Benchmarks*). Garry Bousum provided the Committee with copies of the last six years of the JPA's Net Position. Garry informed the Committee that he is concerned about the amount of money in the JPA, the JPA shouldn't be the county bank and any extra money should be returned to the individual districts. Garry would like the JPA to consider a policy or procedure to return funds to the members when funding goals have been exceeded. Garry stated he thinks the JPA probably has money it doesn't need and MCOE could use the money because they don't get extra money from the state.

President Stratton informed Garry Bousum that prior to his arrival, he had already discussed with Marcus and Matt to gather protocol information from other JPAs to see what their operating to budget levels are and what ratio they use. Rory Livingston asked what the funding confidence level is for MERMA. Marcus informed the Committee that funding for MERMA's outstanding liabilities is above the 90% confidence level though you also need to take into account the benchmarks and other ratios that are used in MERMA's Funding Policy. This item will be discussed further under item 6 on the agenda.

JPA BUSINESS

Report on MERMA's Retiree Benefit Valuation as of June 30, 2016

Marcus Beverly presented the actuarial report prepared by Bickmore Risk Services regarding MERMA's OPEB liability. Discussion held and noted the liability has decreased since the last report, largely because MERMA has fewer employees.

Motion was made to accept the actuarial report as presented.

MOTION: Veronica Flournoy	SECONDED: Rory Livingston	MOTION CARRIED
AYES: 5	NOES: 0	ABSENT: 0
ABSTAIN: 0		
AYES: Veronica Flournoy, Rory Livingston, Tracie Corpuz, Colleen Stanley, Jerry Stratton		
ABSENT: 0		

Audited Financials as of June 30, 2016

Jamie Matthews of Gilbert Associates presented the audited financials as of June 30, 2016 to the Executive Committee via teleconference. Jamie discussed the Communications With Those Charged With Governance sections to summarize audited financials. Discussion held.

Motion was made to accept the Audited Financial as of June 30, 2016 as presented.

MOTION: Rory Livingston	SECONDED: Tracie Corpuz	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
		ABSENT: 0
AYES: Rory Livingston, Tracie Corpuz, Veronica Flournoy, Colleen Stanley, Jerry Stratton		
ABSENT: 0		

CSAC-EIA Claims Audit Report

Marcus Beverly presented the claims audit prepared by ALC Claims Collaborations on behalf of CSAC-EIA, MERMA’s excess coverage provider from 7/1/13 to 7/1/15. Marcus reported that the audit focused on claims handling activity from October 2014 through October 2016.

Motion was made to accept and file the CSAC-EIA Claims Audit.

MOTION: Veronica Flournoy	SECONDED: Rory Livingston	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
		ABSENT: 0
AYES: Veronica Flournoy, Rory Livingston, Tracie Corpuz, Colleen Stanley, Jerry Stratton		
ABSENT: 0		

Intercare Response to CSAC-EIA Claims Audit Report

Marlene Richardson, Claims Manager, presented Intercare’s Response to the CSAC-EIA Claims Audit Report. Marlene reported that the claims audit score dipped slightly from the 2014 claims audit. Marlene stated that this is due to the turnover in supervisory position and lack of continuity. Marlene informed the Committee that the score will improve on their next audit. Overall, Intercare scored high or improved in 12 categories. Information item, no action needed.

Loss Control Services Quarterly Report

Gary Metzler, Loss Control Manager, presented the Executive Committee with a summary of Loss Control activities for the second quarter of 2016/2017. Gary addressed the Comments/Issues section in the report. Gary informed the Committee that an additional security camera with higher resolution has been installed to cover the problem parking lot area. Gary also informed the Committee that there was an issue with an apartment neighbor complaining about the parking lot lights, too bright.

Gary met with the apartment manager and sent email to the manager to help avoid any further incidents, if incidents don't stop, it will be reported to the police department. Discussion held, information item only.

Options for Use of Net Position Above Funding Benchmarks

(This item was briefly discussed earlier in the agenda due to Garry Bousum's request to address the Executive Committee on this item)

Marcus Beverly provided an overview of past practices and suggestions for use of MERMA's Net position for discussion and direction. Marcus stated that MERMA's financial condition has improved over the last several years. MERMA has exceeded most of its funding benchmark and maintains assets approximately \$13 million above the actuary's estimated liabilities at a 90% Confidence Level. The improvement gives members options for stabilizing the FY 17/18 premiums.

After lengthy discussion, the Executive Committee deferred action on the item. They will hold further discussion on this item.

Closing Comments

None

Upcoming Meeting

Next Executive Committee meeting will be held on March 8, 2017.

ADJOURNMENT

Motion was made to adjourn the meeting at 3:10 p.m.

MOTION: Veronica Flournoy	SECONDED: Colleen Stanley	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
AYES: Veronica Flournoy, Colleen Stanley, Rory Livingston, Tracie Corpuz, Jerry Stratton		ABSENT: 0

Gerald Stratton, President: 

Marcus Beverly, Executive Director: 

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Date: March 8, 2017
