



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

EXECUTIVE COMMITTEE MINUTES
March 14, 2018

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, on March 14, 2018 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
Colleen Stanley, Monterey County Office of Education
Ana Aguillon, Salinas Union High School District

Guests and Staff

Marcus Beverly, Alliant
Matt Gowan, Alliant
Connie Hampson, Intercare
Karen Callahan, Intercare
Marlene Richardson, Intercare
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman
Derek Burkhalter, Bickmore Risk Services, by teleconference for Item H.2.
Greg Rolen, Haight, Brown & Bonesteel
Alberto Verduzco, Salinas Union High School District
Hallie Pacheco, MERMA

A. CALL TO ORDER

President Stratton called the meeting to order at 1:33 p.m.

B. ROLL CALL

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

C. APPROVAL OF AGENDA POSTED

Motion was made to approve the agenda as posted.

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

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Executive Committee Minutes – January 10, 2018
2. Payment Registers and Board Reports – January and February 2018
3. Treasurer’s Report – June and September 2017
4. FYE 2018 Financial Audit – Gilbert & Associates – Engagement Letter

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

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

F. ADMINISTRATIVE REPORTS

1. President’s Report

Jerry Stratton stated he had a telephone call with Greg Rolen, MERMA’s legal counsel. Mr. Stratton stated the Committee looks forward to hearing the final version of Greg Rolen’s presentation regarding volunteer coverage and the pros and cons under workers’ compensation versus general liability.

2. Pool Administrator’s Report

Marcus Beverly reported that the Norm Peterson Return to Work Program is off and running at MCOE and he is really excited about that. He reached out to Julio Jauregui, MERMA Loss Control Manager, to find more districts that would be interested in this program. He would like to get this contract wrapped up and the reports completed that Norm Peterson will provide.

Pool Administrator’s Report (continued)

Matt Gowan reported he will be at CASBO. He will send an invitation to an Alliant function that he is hosting. He stated to share the invitation with anyone from their districts who plan on attending CASBO.

3. Claims Administrator’s Report

Intercare provided the Executive Committee with the following reports:

- Annual and Monthly Claim Results – January and February 2018
- New Claim Analysis Received YTD 2017/18 – as of 2/28/18
- Monthly Frequency & Severity Reports Claims Reported 2/1/18 – 2/28/18
- Claim Closing Analysis YTD 2017/18 – as of 2/28/18
- Net Reserve Changes – YTD 2017/18 – as of 2/28/18
- MERMA Company Nurse Results for January and February 2018
- MERMA Bill Review Results for January and February 2018

Colleen Stanley stated she appreciated the way the pages and titles are put together in the reports. It makes it very clear. She wanted to thank Intercare very much.

4. Executive Committee Report

None

G. FINANCIAL REPORTS

1. Financial Reports for Period Ending December 31, 2017

Jacinto Bernal of McGilloway, Ray, Brown & Kaufman presented the Financial Reports as of December 31, 2017.

Motion was made to accept and approve the Financial Reports for Period Ending December 31, 2017.

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

H. JPA BUSINESS

The Committee moved to Item H.2 as this was a 2:00 p.m. time certain teleconference.

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

Derek Burkhalter of Bickmore Risk Services presented his firm's annual analysis of MERMA's outstanding liabilities and 2018-19 funding via teleconference. He stated this is a very good report with very favorable development.

Marcus Beverly stated this would be a good opportunity to increase the Confidence Level from 70% to 75% with 80% being our ultimate goal. The Committee also agreed. Derek Burkhalter stated the higher the Confidence Level the better. The rates have come down this year and can be offset by the higher Confidence Level.

After lengthy discussion, the Committee provided direction to have Derek Burkhalter provide reports at the 75% and 80% Confidence Levels for the next Executive Committee Meeting.

The Committee went back to Item H.1 at this time.

1. Dividend Notices

Marcus Beverly presented the draft notices to members regarding the approved dividend distributions. He would like the notice revised to go out under Hallie Pacheco's name and to be sent back to Hallie. The Committee recommended to include with the deadline to respond by May 1, 2018 and if we don't hear from you by May 1st, a check will be forwarded to your district.

A motion was made to approve the Dividend Notices with revisions recommended by Marcus Beverly and with the deadline to respond by May 1, 2018.

MOTION: Veronica Flourney	SECONDED: Rory Livingston	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
ABSENT: 0		
AYES: Veronica Flourney, Rory Livingston, Ana Aguillon, Colleen Stanley, Jerry Stratton		
ABSENT: 0		

3. Workers' Compensation Excess Insurance Update

Matt Gowan reported that Jerry Stratton had a meeting with the high excess carrier, U.S. Specialty Insurance. He met with our long time underwriter and his boss.

Matt stated that it is still early, but he does have some hard numbers to report. The high excess, U.S. Specialty, that's the layer from \$500,000 - \$100,000,000 will be a 3% increase. This increase is due to a \$2.2 million claim. There is no negotiating that increase. Matt stated he is trying to negotiate some type of two-year lock of a "not too exceed" number for year two.

Workers' Compensation Excess Insurance Update (continued)

For the low excess, Great American, that's the layer from \$75,000 - \$500,000, this is still in underwriting at this time but an early estimate is a 5% increase. Matt said he is also getting estimates for \$50,000 and \$100,000 SIR's.

4. Preliminary Budget FY 2018-19

Marcus Beverly presented the preliminary budget for Fiscal Year 2018-19. He stated it is pretty straightforward. He has made a change this year and has split the Admin from the Claims. The claim funding is no longer included in the Admin, it is included in the loss funding. He stated he increased the Self-Insurance Plans by 10%. For the current Fiscal Year, \$80,000 was budgeted but we had to pay \$161,000. This number goes up and down based on indemnity. He will fine tune the budget with the interest and change in claims liability to present at the next meeting.

5. Meeting Schedule FY 2018-19

Resolution to establish Board and Executive Committee meeting dates for FY 2018-19 was presented to the Executive Committee for approval.

The Executive Committee passed Resolution 18-01 as presented to establish FY 2018-19 meeting dates.

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

6. Volunteer Coverage

Greg Rolen, MERMA's legal counsel, provided an overview and a number of claim scenarios analyzing the likely outcomes under Workers' Compensation versus liability. His conclusion is that it is most beneficial to provide Workers' Compensation coverage to volunteers.

Matt Gowan stated the excess carrier has agreed to cover volunteers. There will be no immediate cost as it is an underwritten exposure. You won't see any costs in year one, but you will see costs if claims start coming, particularly in an affected Member's ex-mod.

The Committee gave direction for Greg Rolen to update his cover letter and MERMA will then distribute to all members.

I. Closing Comments

None

J. Upcoming Meetings

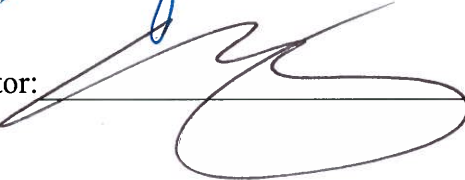
Executive Committee Meeting – April 11, 2018

K. ADJOURNMENT

Motion was made to adjourn the meeting at 3:21 p.m.

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

Gerald Stratton, President: 

Marcus Beverly, Executive Director: 

Date: 4/11/18