



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

EXECUTIVE COMMITTEE MINUTES
April 10, 2019

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, on April 10, 2019 at 1:30 p.m.

Executive Committee Members Present

Jerry Stratton, President, Salinas City Elementary School District
 Colleen Stanley, Monterey County Office of Education
 Ana Aguillon, Salinas Union High School District

Executive Committee Members Absent

Rory Livingston, Vice President, King City Union School District
 Veronica Flournoy, Spreckels Union School District

Guests and Staff

Marcus Beverly, Alliant
 Matt Gowan, Alliant
 Marlene Richardson, Intercare
 Julio Jauregui, MERMA
 Hallie Pacheco, MERMA

A. CALL TO ORDER

Jerry Stratton called the meeting to order at 1:35 p.m.

B. ROLL CALL

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

C. APPROVAL OF AGENDA AS POSTED

Motion was made to approve the agenda as posted.

MOTION: Colleen Stanley	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 3	NOES: 0	ABSTAIN: 0
ABSENT: 2		
AYES: Colleen Stanley, Ana Aguillon, Jerry Stratton		
ABSENT: Rory Livingston, Veronica Flournoy		

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Executive Committee Minutes – March 13, 2019
2. Payment Register and Board Report – March 2019
3. OPEB Actuarial Services – MacLeod Watts Engagement Letter

Motion was made to approve items 1 through 3 as presented with a single motion.

MOTION: Colleen Stanley	SECONDED: Ana Aguillon	MOTION CARRIED	
AYES: 3	NOES: 0	ABSTAIN: 0	ABSENT: 2
AYES: Colleen Stanley, Ana Aguillon, Jerry Stratton			
ABSENT: Rory Livingston, Veronica Flournoy			

F. ADMINISTRATIVE REPORTS

1. President’s Report

Jerry Stratton reported that his Leadership Team, which includes both unions, a trustee and a cabinet member, had asked for a presentation on workers’ compensation. He stated that after putting together a PowerPoint presentation what they really wanted was information on the types and frequency of injuries of certificated staff and classified staff. This information will be presented the next time the Leadership Team gets together.

2. Pool Administrator’s Report

Marcus Beverly stated MERMA is going to explore making the Form 700 process easier for everyone. MERMA’s Conflict of Interest Code may need to be revised to make the process a little easier. Would like to get everyone filing electronically.

Jerry Stratton would like an update on this at the next Board Meeting as to what the County requires and how this will be processed going forward.

3. Claims Administrator’s Report

Marlene Richardson of Intercare reported there are upcoming claim reviews for Carmel Unified School District in the month of April and Salinas City Elementary School District in May.

Marlene provided the Executive Committee with the following reports:

- Annual and Monthly Claim Results – March 2019 with fiscal year to date comparison of year prior
- New Claim Analysis Received YTD 2018/19 – as of 3/31/19
- Monthly Frequency & Severity Reports Claims Reported 7/1/18 – 3/31/19
- Claim Closing Analysis YTD 2018/19 – as of 3/31/19
- Net Reserve Changes – YTD 2018/19 – as of 3/31/19
- MERMA Company Nurse Results for March 2019
- MERMA Bill Review Results for March 2019

Jerry Stratton stated he wanted to let the Executive Committee know how Company Nurse is paid. Each claim that is treated, Company Nurse is paid \$162.50, and that is billed to the claim file. There is no charge for information only and first aid.

Marcus Beverly stated he would like a prior year column to be added to the net reserve changes report. He would like to compare current year with the prior year.

4. Executive Committee

Colleen Stanley stated that there is an error that needs to be reported in regard to interest allocation. The issue arose when MERMA's financial auditors were questioning the interest allocation amount. Ms. Stanley stated the \$25,000,000 that was taken out of the balance for MERMA's investment account wasn't placed in another bucket at the Treasurer's Office. There are two buckets at the Treasurer's Office. MCOE thought the \$25,000,000 was placed in another pool, but it was actually in the regular school pool. There are two interest amounts that come in to MERMA in org 92, but it looks like interest was double applied. The calculation for average daily cash balance of \$25,000,000 was still included in the total that allocates the amount allocated to each district. She stated she believes MERMA received too much interest and the districts have been shorted a bit. She stated she will have the numbers narrowed down and a spreadsheet by next meeting.

Colleen Stanley also stated she would like to put the \$25,000,000 into account 9135, to keep it separate, if Jacinto Bernal, MERMA's accountant agrees.

G. FINANCIAL REPORTS

1. Audited Financials as of June 30, 2018

Marcus Beverly presented the finalized Audited Financials as of June 30, 2018. The report was presented in draft form at the March 13, 2019 Executive Committee meeting, pending the interest issue. The final report is now being issued as the interest allocation issue wasn't material enough to prevent Gilbert Accountancy from issuing their final report and opinion.

Motion was made to accept and approve the finalized Audited Financials as of June 30, 2018.

MOTION: Ana Aguillon	SECONDED: Colleen Stanley	MOTION CARRIED	
AYES: 3	NOES: 0	ABSTAIN: 0	ABSENT: 2
AYES: Ana Aguillon, Colleen Stanley, Jerry Stratton			
ABSENT: Rory Livingston, Veronica Flournoy			

2. Financial Reports for Period Ending December 31, 2018

Marcus Beverly presented the finalized Financial Reports for Period Ending December 31, 2018. The report was presented in draft form at the March 13, 2019 Executive Committee meeting pending the finalized audited financials.

Motion was made to accept and approve the finalized Financial Reports for Period Ending December 31, 2018.

MOTION: Colleen Stanley	SECONDED: Ana Aguillon	MOTION CARRIED	
AYES: 3	NOES: 0	ABSTAIN: 0	ABSENT: 2
AYES: Colleen Stanley, Ana Aguillon, Jerry Stratton			
ABSENT: Rory Livingston, Veronica Flournoy			

H. JPA BUSINESS

1. Workers' Compensation Excess Insurance Update

Matt Gowan handed out a spreadsheet of 2019-20 Workers' Compensation renewal options. He stated at the last meeting it was discussed there would be a 10% increase on the lower level of insurance. Layer 1 covers from \$75,000 - \$500,000 and layer 2 covers \$500,000 to \$100,000,000.

Matt stated the lower level has seen some development and the upper level has seen some hits. He stated there is a 5% increase on the upper level, which is a relatively small dollar amount.

He stated the lower level is where most of the rate is. Initially it was estimated to be an increase of 10%, then dropped to 9%, and the final came in at 3.75% increase. A lot better than we thought.

Matt stated he did a comparison actuarially. He received a quote for \$100,000 SIR in case we saw a big increase and needed to increase the SIR. The actuarial funding is added to the insurance layer to get a rate. The rate at \$75,000 SIR would be \$2.15 and the rate at \$100,000 would be \$2.14. Almost no difference at all to move up \$25,000. He stated it makes no sense to move the SIR up this year since the increase wasn't that much. He stated from a good news standpoint, the actuarial rate is \$2.15 and the expiring rate is \$2.24.

Matt also discussed another option that is an Insurance Option. Received a quote of \$2.18. He stated that he and Marcus Beverly were concerned with the rating on this. It is an A- 7 and is not a competitive quote. The best deal would be stay where we are with Option 1, \$75,000 SIR.

The Executive Committee gave direction to Matt Gowan to provide the renewal options to the Board of Directors at the May 22, 2019 meeting.

Action deferred until the May 22, 2019 Board of Directors meeting.

2. Preliminary Budget FY 2019-20

Marcus Beverly presented the preliminary budget for FY 2019-20 for the Committee's review. He stated there wasn't much change since what was presented at the March 10, 2019 meeting. He stated there are two big factors, the excess insurance and the big increase in the Self Insurance Plans. Those two items are driving the increase in the admin budget. Projecting an increase for total admin of about 11%. Last year we budgeted a shortfall of \$32,000. He stated where we stand right now there is a shortfall of \$84,000. Given this, unless we want to budget some shortfall, we should have the actuary finalize the admin budget at \$5.6 million. The Committee agreed and provided direction to budget cautiously.

3. Revised FY 2019-20 Premium Assessments

It was discussed to bring this item back to the next Executive Committee meeting with the revised figures reflecting the admin budget at \$5.6 million.

Action deferred until the May 8, 2019 Executive Committee meeting.

4. Loss Control Update

Julio Jauregui provided a quarterly report on his recent activities. Julio continues to provide ergonomic evaluations and has created new IIPP plans for 9 schools and districts. He is working on improving MERMA's website. He stated he will continue to send reminders and talk to members about using their Matching Safety Funds. He stated MERMA's services have grown and now offer 50 different types of services.

He discussed with the Committee that he can certify employee's on forklift training. It will take 6-7 hours of training. Ana Aguillon stated she would like Julio to make the full Board aware of this forklift training and certification that he can provide at the May 22, 2019 meeting. Julio also stated he can train and certify on a Man lift.

Jerry Stratton stated when he talked to his district's Leadership Team regarding injuries within his district, so many of their incidents are around Special Needs Classrooms. Teachers bitten, punched, tripped. The Leadership Team asked if there was anything we might consider appropriate in the training done at MERMA to help. He stated there is a whole protocol by regulation of the training teachers get in Special Needs Classrooms because it is so dangerous.

Marlene Richardson of Intercare stated that MCOE has had extensive training on this and they are surprised at how many injuries are still occurring. Julio Jauregui stated he would like to know what type of training the districts are receiving. Jerry Stratton stated he would send Julio what his Special Ed Director sent him in regard to the regulations of what's required and what the law says. He stated the injuries for Special Needs Teachers and Instructional Aides are over the top

for his district. Marlene Richardson stated it is across the board for all districts with those injuries.

The Committee would like to discuss training to mitigate Special Education Classroom injuries at the May 22, 2019 Board of Directors meeting as they have addressed this issue and have recognized it as a significant problem.

Ana Aguillon thanked Julio for providing her district with the IIPP binders. She stated it really helped her district as their binders were outdated. She stated Julio came to their Safety Meeting and did a presentation and provided the district with these really nice organized binders. The Committee would like Julio to continue doing this for all members.

5. Executive Committee Members Terms Ending June 30, 2019

Marcus Beverly stated Veronica Flournoy and Colleen Stanley's terms are expiring and will be up for election at the May 22, 2019 Board of Directors meeting. Jerry Stratton stated he will be retiring as of June 30, 2019. There will be 3 vacancies that need to be filled.

I. CLOSED SESSION

The Executive Committee went into Closed Session at 2:26 p.m.

1. Designation of Agency Representative

2. CLOSED SESSION

PURSUANT TO GOVERNMENT CODE SECTION 54957.6

J. REPORT FROM CLOSED SESSION

The Executive Committee reconvened from Closed Session at 2:35 p.m.

1. The Executive Committee took action to designate Marcus Beverly as the agency's representative for unrepresented employees.

2. No reportable action was taken during this Closed Session item. The Executive Committee provided direction for Marcus Beverly to meet with unrepresented MERMA staff.

K. CLOSING COMMENTS

None

L. UPCOMING MEETING

Executive Committee Meeting – May 8, 2019


Board of Directors Meeting – May 22, 2019

M. ADJOURNMENT

Motion was made to adjourn the meeting at 2:40 p.m.

MOTION: Colleen Stanley	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 3	NOES: 0	ABSTAIN: 0
ABSENT: 2		
AYES: Colleen Stanley, Ana Aguillon, Jerry Stratton		
ABSENT: Rory Livingston, Veronica Flournoy		

Gerald Stratton, President: 

Marcus Beverly, Executive Director: 

Date: 5/8/19