



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

EXECUTIVE COMMITTEE MINUTES
October 18, 2017

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, on October 18, 2017 at 11:00 a.m.

Executive Committee Members Present

Jerry Stratton, President, Salinas City Elementary School District
Rory Livingston, Vice President, King City Union School District (arrived at 11:30 a.m.)
Veronica Flournoy, Spreckels Union School District
Ana Aguillon, Salinas Union High School District

Executive Committee Members Absent

Colleen Stanley, Monterey County Office of Education

Guests and Staff

Mike Simmons, Alliant
Marcus Beverly, Alliant
Matt Gowan, Alliant
Alberto Verduzco, Salinas Union High School District
Hallie Pacheco, Administrative Assistant, MERMA

A. CALL TO ORDER

President Stratton called the meeting to order at 11:09 a.m.

B. ROLL CALL

Present: Jerry Stratton, Veronica Flournoy, Ana Aguillon
Absent: Rory Livingston (arrived at 11:30 a.m.), Colleen Stanley

C. APPROVAL OF AGENDA POSTED

Motion was made to approve the agenda as posted.

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

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Executive Committee Minutes – August 16, 2017,
2. Payment Registers – August and September 2017

Motion was made to approve items 1 and 2 with a single motion as amended with corrections made to the August 16, 2017 Executive Committee Minutes to correct misspelled last name of Executive Committee Member Aguillon.

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

F. ADMINISTRATIVE REPORTS

1. President’s Report

President Stratton reported he has had some email communication with Garry Bousum since the last Executive Committee Meeting in regard to Garry Bousum’s concerns about the level of excess reserves that MERMA has. He has been informed of the Dividend Study and has been emailed the proposals.

2. Pool Administrator’s Report

Matt Gowan discussed that workers’ compensation is auditable. The excess insurance premium is based on the estimated payroll numbers given. If the payroll numbers are off by a significant amount, then we have underpaid the excess insurance company and will owe an additional premium.

The payroll went from an estimated \$350 million for fiscal year 16/17 to actual final payroll of \$404 million which is a 14% increase. Not an issue in terms of budget as this JPA bills monthly to the members. We have the money to pay this additional premium.

Discussion held regarding why the numbers increased so much over the estimated payroll. The estimated payroll is requested in January. Ana Aguillon stated that her district is still in the middle of development of their budget in April and adding positions and programs. Veronica Flournoy commented that it could be the reporting period being inconsistent. Not sure if everyone is using the same reports and the timeframe is a problem. She stated it would make sense for everyone to use the second interim budget report as it would be the most current projection. MCOE could submit this information to MERMA.

Veronica Flournoy also suggested to come up with the variance of difference in past years estimated/final payroll and add 3% – 5% on the second interim payroll numbers MERMA receives. Matt Gowan stated this could be done with the Executive Committee's approval. Veronica suggested gathering payroll history for the past 5 years as well.

Marcus Beverly would like to discuss dates for the next Board of Directors Meeting before the meeting is over.

3. Executive Committee Report

None

Rory Livingston arrived for the meeting at 11:30 a.m.

G. JPA BUSINESS

1. Dividend Study Proposals

Mike Simmons stated the dividend study is being conducted to provide additional objective analysis of MERMA's reserve requirements and associated dividend options. MERMA has enjoyed a significant improvement in its financial condition over the last several years, with a Net Position increasing from \$4.4 million in 2013 to \$17.6 million in 2017. This has raised the issue of how and when MERMA may have enough assets to distribute funds above target benchmarks to the members. In the past members have chosen to return funds to members by reducing the amount of administrative charges included in the premium.

It was decided to do an independent study. MERMA has solicited proposals from two qualified consultants to review the JPA's history, current financial condition and funding policies and provide guidance for determining the appropriate amount of assets to maintain. They are also asked to evaluate options for methods to allocate funds returned to the members.

The two proposals received are:

1. Price Waterhouse Coopers – Project fees are estimated to be \$50,000
2. Aon Risk Consultants – Fixed fee of \$11,000, with \$1,500 allocated to an in-person presentation.

Mike Simmons stated both are actuaries and can meet our timeline of completion. Both consultants will be very effective in presenting at a level everyone will understand.

Marcus Beverly stated he has checked references by talking to former clients of both consultants. They both were highly recommended and very well spoken of.

After a lengthy discussion, motion was made to select Aon Risk Consultants to provide the Dividend Study proposal.

MOTION: Veronica Flournoy	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
ABSENT: 1		
AYES: Veronica Flournoy, Ana Aguillon, Rory Livingston, Jerry Stratton		
ABSENT: Colleen Stanley		

Break for lunch at 12:18 p.m.

Reconvened at 1:08 p.m.

2. MERMA Administrative Job Descriptions

Mike Simmons stated that Connie Martin will be retiring at the end of the year. He reported that MERMA currently has one job description for its Administrative Assistant and is considering adding a more senior position and a more junior position to provide greater flexibility and salary range in hiring new staff.

Mike Simmons stated that he will have some recommendations for the Executive Committee to consider at the November 8th meeting.

Job descriptions for review:

1. Administrative Assistant I
2. Administrative Assistant II
3. Confidential Senior Administrative Assistant

A motion was made to approve the administrative job descriptions as amended with revisions made to the general education/experience requirements.

MOTION: Veronica Flournoy	SECONDED: Rory Livingston	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
ABSENT: 1		
AYES: Veronica Flournoy, Rory Livingston, Ana Aguillon, Jerry Stratton		
ABSENT: Colleen Stanley		

H. Closing Comments

Marcus Beverly would like to do something to recognize Connie Martin who will be retiring at the end of the year. Perhaps December 12th for a luncheon. The members also discussed January 24 or 31 as prospective dates for the Board meeting. Will confirm once more feedback is received.


I. Upcoming Meeting

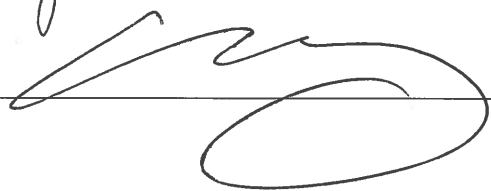
Next Executive Committee meeting will be held on November 8, 2017 at 1:30 p.m.

J. ADJOURNMENT

Motion was made to adjourn the meeting at 1:30 p.m.

MOTION: Veronica Flournoy	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
ABSENT: 1		
AYES: Veronica Flournoy, Ana Aguillon, Rory Livingston, Jerry Stratton		
ABSENT: Colleen Stanley		

Gerald Stratton, President: 

Marcus Beverly, Executive Director: 

Date: 11/8/17