



**Monterey Educational Risk Management Authority**

P.O. Box 3320, Salinas, CA 93912

[www.merma.org](http://www.merma.org)

**BOARD OF DIRECTORS MINUTES**

**October 9, 2019**

The Board of Directors of the Monterey Educational Risk Management Authority met on October 9, 2019, at the Monterey Peninsula Yacht Club in Monterey, CA.

**Board of Directors Present**

Rory Livingston, President, King City USD  
Colleen Stanley, Vice-President, MCOE  
Ana Aguillon, Secretary, Salinas UHSD  
Veronica Flournoy, Spreckels USD  
Elizabeth Wilson, Soledad USD  
Jonathan Sison, Big Sur USD  
Yvonne Perez, Carmel USD  
Annette Mooneyham, Greenfield USD  
Song Chin-Bendib, Pacific Grove USD  
Alejandro Hogan, Salinas City Elementary SD  
Josh Van Norman, (Alternate) San Antonio USD  
Tracie Corpuz, Washington USD

**Board of Directors Absent**

Ian Trejo, Bradley USD  
Martha Eva Contreras, Chualar USD  
Mary Dawson, Gonzales USD  
Rosemary Grounds, Graves SD  
Daniel Stonebloom, Lagunita SD  
Dr. Jinane Annous, Mission USD  
Catherine Reimer, San Ardo USD  
Jessica Riley, San Lucas USD  
Cesar Torrico, Santa Rita USD  
Sherrie Castellanos, SMCJHSD

**Guests and Staff**

Patricia Kaufman, McGilloway, Ray, Brown & Kaufman  
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman  
Richard Babbe, PFM Asset Management  
Susanne King, Monterey County Treasurer's Office

**Guest and Staff (continued)**

Greg Rolen, Haight, Brown & Bonesteel  
Connie Hampson, Intercare  
Marlene Richardson, Intercare  
Karen Callahan, Intercare  
Jerry Stratton, Past President, MERMA  
Marcus Beverly, Alliant  
Matt Gowan, Alliant  
Julio Jauregui, MERMA  
Angela Murguia, MERMA  
Hallie Pacheco, MERMA

**A. CALL TO ORDER**

President Livingston called the meeting to order at 9:31 a.m.

**B. ROLL CALL**

Present: Rory Livingston, Colleen Stanley, Ana Aguillon, Veronica Flourney, Elizabeth Wilson, Jonathan Sison, Yvonne Perez, Annette Mooneyham, Song Chin-Bendib, Alejandro Hogan, Josh Van Norman, Tracie Corpuz

12 Board members present and 10 Board members absent.

**C. APPROVAL OF AGENDA AS POSTED**

Motion was made to approve the agenda as posted.

<b>MOTION:</b> Alejandro Hogan	<b>SECONDED:</b> Tracie Corpuz	<b>MOTION CARRIED</b>
<b>AYES: 12</b>	<b>NOES: 0</b>	<b>ABSENT: 10</b>
<b>ABSTAIN: 0</b>		
AYES: Alejandro Hogan, Tracie Corpuz, Colleen Stanley, Ana Aguillon, Veronica Flourney, Elizabeth Wilson, Jonathan Sison, Yvonne Perez, Annette Mooneyham, Song Chin-Bendib, Josh Van Norman, Rory Livingston		
ABSENT: Ian Trejo, Martha Eva Contreras, Mary Dawson, Rosemary Grounds, Daniel Stonebloom, Dr. Jinane Annous, Catherine Reimer, Jessica Riley, Cesar Torrico, Sherrie Castellanos		

**D. PUBLIC COMMENTS**

Jerry Stratton who is now retired and attending the meeting as part of the public stated it is great to see his friends from all of his years with MERMA. He stated it was one of the most treasured and best things he was able to contribute to and be a part of in his years in school business. He would like to welcome the new faces because that is our future as we carry this forward.

### **E. CONSENT CALENDAR**

The following items were presented:

1. Board of Directors Minutes – May 22, 2019
2. Byte Technology – Statement of Work and Estimate (Redesign Website)

Motion was made to approve the Consent Calendar as presented.

<b>MOTION:</b> Elizabeth Wilson	<b>SECONDED:</b> Colleen Stanley	<b>MOTION CARRIED</b>
<b>AYES: 12</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>
<b>ABSENT: 10</b>		
AYES: Elizabeth Wilson, Colleen Stanley, Ana Aguillon, Veronica Flournoy, Jonathan Sison, Yvonne Perez, Annette Mooneyham, Song Chin-Bendib, Alejandro Hogan, Josh Van Norman, Tracie Corpuz, Rory Livingston		
ABSENT: Ian Trejo, Martha Eva Contreras, Mary Dawson, Rosemary Grounds, Daniel Stonebloom, Dr. Jinane Annous, Catherine Reimer, Jessica Riley, Cesar Torrico, Sherrie Castellanos		

Introduction of Board of Directors and guests.

### **F. ADMINISTRATIVE REPORTS**

#### **1. President's Report**

Nothing to report.

#### **2. Board of Directors Report**

Nothing to report.

#### **3. MERMA Overview – Annual Report**

Marcus Beverly and Matt Gowan provided a Draft Annual Report which provides an overview of MERMA history, coverage, services, financial condition and contact information. This is something that will be presented annually to Board Members and given to new members when they come on board. It will also be placed on MERMA's website once finalized.

### **G. FINANCIAL REPORTS**

#### **1. Draft Financial Statements for FYE 2019 and 2018**

Patricia Kaufman and Jacinto Bernal presented the draft financial statements for fiscal years ending 2019 and 2018. Discussion held.

## **2. Investment Portfolio**

Susanne King, Treasury Manager of Monterey County Treasurer-Tax Collector's Office introduced herself and stated that Allison Kaune of PFM who normally presents the annual Investment Portfolio Report to the Board just returned from maternity leave and Richard Babbe of PFM Asset Management will be presenting the report this year.

Richard Babbe reported that decreases in interest rates drove higher total returns for the year, as MERMA's investments increased in book value. PFM has increased the allocation to treasuries and corporates and decreased allocation to agencies. The portfolio is strategically positioned by extending the portfolio's duration to be in line with the benchmark's duration. Since inception the portfolio has performed very well and consistent with the benchmark and investment strategy of the portfolio, and PFM is continually looking for opportunities to increase the portfolio.

Susanne King stated she speaks with PFM almost daily and that Mary Zeeb, Treasurer Tax Collector of Monterey County, meets with PFM on a quarterly basis to go over strategy for both the County pool and the MERMA portfolio and to determine if any changes need to be made in the strategy.

## **3. Investment Policy**

Marcus Beverly presented the updated Investment Policy with suggested minor revisions. He stated MERMA reviews and adopts the County's policy on an annual basis.

Motion was made to approve the Investment Policy as presented.

<b>MOTION:</b> Elizabeth Wilson	<b>SECONDED:</b> Alejandro Hogan	<b>MOTION CARRIED</b>
<b>AYES: 12</b>	<b>NOES: 0</b>	<b>ABSTAIN: 0</b>
<b>ABSENT: 10</b>		
AYES: Elizabeth Wilson, Alejandro Hogan, Colleen Stanley, Ana Aguillon, Veronica Flournoy, Jonathan Sison, Yvonne Perez, Annette Mooneyham, Song Chin-Bendib, Josh Van Norman, Tracie Corpuz, Rory Livingston		
ABSENT: Ian Trejo, Martha Eva Contreras, Mary Dawson, Rosemary Grounds, Daniel Stonebloom, Dr. Jinane Annous, Catherine Reimer, Jessica Riley, Cesar Torrico, Sherrie Castellanos		

*Josh Van Norman left the meeting.*

## **4. Financial Benchmark Performance**

Marcus Beverly presented the estimated Balance Sheet as of June 30, 2019, and Profit and Loss Statement comparing FY 2018-19 and 2017-18 along with a Funding Policy Analysis PowerPoint presentation. Liabilities are going down and the Net Position is going up as a result. Claims liability has significantly decreased due to claims closing faster, closing claims by C&R, lower SIR and claims being managed better.

Marcus stated MERMA'S Net Position has increased \$5.7 million over the last fiscal year due to a decrease of \$2.8 million in claims liabilities and a decrease in loss adjustment expense.

Claim payments decreased and assets increased. Marcus stated MERMA is above its goal of a 1:1 ratio between Net Position and Expected Liabilities, something that has been the hardest to achieve but perhaps the most conservative of MERMA's financial benchmarks.

Marcus stated MERMA has the option of declaring a dividend in FY 2019-20 and still remain above funding goals. Marcus stated he is looking conservatively at a potential dividend and recommends a range between \$1 million to \$3 million and would also like to discuss risk management or risk control suggestions that this money could be used for.

Discussion regarding options for an in-house Return to Work Specialist, Nurse Case Manager, telemedicine or contracting with a specific doctor or office. Marlene Richardson of Intercare stated South County districts don't have a lot of options for treatment. Would be nice to give them some more options. Also discussed risk management options as to what recent claims show where the risks are and requests from the districts for support.

Motion was made to approve \$1.5 million for dividend distribution and \$500,000 reserve for future data driven loss control measures.

Yvonne Perez stated she has concerns about the motion. She would like to know how MERMA is going to solve the issues with some of the rural areas where they can't get care. She would like to hear where we are going with that to solve that problem for those rural school districts and what it will cost to resolve these issues.

Song Chin-Bendib stated she felt that \$1.5 million was too much to be distributed back. She stated she would go for \$1 million.

<b>MOTION:</b> Veronica Flournoy	<b>SECONDED:</b> Alejandro Hogan	<b>MOTION CARRIED</b>
<b>AYES: 10</b>	<b>NOES: 1</b>	<b>ABSENT: 11</b>
<b>ABSTAIN: 0</b>		
AYES: Veronica Flournoy, Alejandro Hogan, Colleen Stanley, Ana Aguillon, Elizabeth Wilson, Jonathan Sison, Yvonne Perez, Annette Mooneyham, Tracie Corpuz, Rory Livingston		
NOES: Song Chin-Bendib		
ABSENT: Ian Trejo, Martha Eva Contreras, Mary Dawson, Rosemary Grounds, Daniel Stonebloom, Dr. Jinane Annous, Catherine Reimer, Jessica Riley, Cesar Torrico, Sherrie Castellanos, Josh Van Norman		

## **H. JPA BUSINESS**

### **1. Conflict of Interest – Form 700 Filing**

Marcus Beverly stated that most of the members are already filing their Form 700's electronically through Monterey County's NetFile system but going forward all members and consultants will need to file online. He stated that for those who are not already registered, MERMA staff will enter their information into the system as a new filer.

*The Board of Directors broke for lunch at 11:36 a.m. – Reconvened at 1:03 p.m.*



## **2. Legal Update – Sexual Harassment Mitigation In the Age of #MeToo**

Greg Rolen, MERMA's legal counsel, provided a legal update and presentation on Sexual Harassment Mitigation In the Age of #MeToo.

*Song Chin-Bendib left the meeting.*

## **3. Intercare Claims Management Stewardship Report**

Connie Hampson of Intercare presented the annual Claims Management Stewardship Review for Fiscal Year 2019. She stated the report benchmarks the performance of the program over the last 3 years and looking for trends that we can focus on to make improvements in the program or areas where we have done a very good job and want to continue to do so.

*Yvonne Perez and Colleen Stanley left the meeting.*

- New indemnity claims are down 14.1%
- Total paid for first year claims decreased 9.1%
- Total paid all claims decreased 14.6%
- Total claims closed 659
- Bill Review Savings \$3,321,060 from the total medical charges
- Pharmacy Benefit Management Savings \$91,316
- Utilization Review Savings \$645,992
- Excess Recoveries received \$1,738,446
- Subrogation Recoveries received \$54,280
- Frequency Rate per 100 Employees is down 2.1%

Connie Hampson provided a handout that explains a program with Intercare, InterAid Triage and Telemedicine Program. Connie stated it is similar to Company Nurse, as we have our own Nurse Triage who refers directly to home care, telemedicine program or to receive medical treatment. This is an option that she wanted to present. She stated she has also reached out to her clients that have set up their own clinics and have ventured in that area for their input how they rolled it out, etc. We want to make sure your injured workers are taken care of as quickly as possible to get the medical care they need to get back to work as soon as possible.

## **4. Risk Control Update and Matching Safety Funds**

Julio Jauregui, MERMA Loss Control Manager, presented an overview of his activity, services he provides and an update on the Matching Safety Funds program.

## **5. Roundtable Discussion**

None

**I. CLOSING COMMENTS**

None

**J. UPCOMING MEETINGS**

Board of Directors Meeting – May 27, 2020

**K. ADJOURNMENT**

The meeting was adjourned at 2:57 p.m.

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Rory Livingston, President:



Marcus Beverly, Executive Director:



Date: 8/24/20