



Monterey Educational Risk Management Authority

P.O. Box 3320, Salinas, CA 93912

www.merma.org

**BOARD OF DIRECTORS
WebEx/TELECONFERENCE
MEETING MINUTES
October 14, 2020**

The Board of Directors of the Monterey Educational Risk Management Authority held a WebEx/teleconference meeting on October 14, 2020 at 1:30 p.m.

Board of Directors Present via WebEx/Teleconference

Rory Livingston, President, King City USD
Colleen Stanley, Vice-President, MCOE
Ana Aguillon, Secretary, Salinas UHSD
Veronica Flournoy, Spreckels USD
Becky Moore, Santa Rita USD
Yvonne Perez, Carmel USD – *Joined meeting after roll call*

Board of Directors Absent

Jonathan Sison, Big Sur USD
Lindsay Lopez, Bradley USD
Martha Eva Contreras, Chualar USD
Dr. Hector Galicia, Gonzales USD
Rosemarie Grounds, Graves USD
Annette Mooneyham, Greenfield USD
Daniel Stonebloom, Lagunita USD
Dr. Jinane Annous, Mission USD
Song Chin-Bendib, Pacific Grove USD
Sara Perez, Alternate Salinas City Elementary SD
Josh Van Norman, San Antonio USD
Catherine Reimer, San Ardo USD
Jessica Riley, San Lucas USD
Letty Diaz, Soledad USD
Sherrie Castellanos, SMCJUHSD
Tracie Corpuz, Washington USD

Guests and Staff Present via WebEx/Teleconference

Jacinto Bernal, McGilloway, Ray, Brown & Kaufman
Susanne King, Monterey County Treasurer’s Office
Sarah Meacham, PFM Asset Management
Marcus Beverly, Alliant
Matt Gowan, Alliant
Marlene Richardson, Intercare
Connie Hampson, Intercare
Angela Murguia, MERMA
Maria Hernandez-Sandoval, MERMA
Hallie Pacheco, MERMA

A. CALL TO ORDER

Rory Livingston called the meeting to order at 1:36 p.m.

B. ROLL CALL

Present: Rory Livingston, Colleen Stanley, Ana Aguillon, Veronica Flournoy, Becky Moore

5 Board members present, and 17 Board members absent.

Yvonne Perez joined the meeting after roll call.

C. APPROVAL OF AGENDA AS POSTED

Motion was made to approve the agenda as posted.

MOTION: Veronica Flournoy	SECONDED: Colleen Stanley	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
ABSENT: 17		
AYES: Veronica Flournoy, Colleen Stanley, Ana Aguillon, Rory Livingston, Becky Moore		
ABSENT: Yvonne Perez, Jonathan Sison, Lindsay Lopez, Martha Eva Contreras, Dr. Hector Galicia, Rosemarie Grounds, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Song Chin-Bendib, Sara Perez, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellanos, Tracie Corpuz		

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Board of Directors Minutes – May 13, 2020
2. GASB 75 Actuarial Report FYE 6/30/2020
3. County Treasurer’s Office Addendum to MOU – Investment Services

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

MOTION: Veronica Flournoy	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 5	NOES: 0	ABSENT: 17
ABSTAIN: 0		
AYES: Veronica Flournoy, Ana Aguillon, Colleen Stanley, Rory Livingston, Becky Moore		
ABSENT: Yvonne Perez, Jonathan Sison, Lindsay Lopez, Martha Eva Contreras, Dr. Hector Galicia, Rosemarie Grounds, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Song Chin-Bendib, Sara Perez, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellanos, Tracie Corpuz		

F. ADMINISTRATIVE REPORTS

1. President’s Report

Rory Livingston stated he will hold his report until the end of the meeting in case the matter he would like to discuss is not covered in the agenda items.

2. Board of Directors Report

Nothing to report.

Yvonne Perez arrived at the meeting.

G. FINANCIAL REPORTS

1. Investment Portfolio

Sarah Meacham of PFM Asset Management provided an overview of MERMA’s investment portfolio. She stated the economy has been affected by the Covid-19 pandemic. The effects on the economy were most significant in the first and second quarter of this year. Given the economic destruction we saw, we are surprised how much corporate spreads have come back. The portfolio continues to perform well for the quarter ended June 30, 2020 with a return of 1.29% which is quite high on an absolute basis and relative to the index. This is recoupment of the underperformance that was seen earlier in the year. For the past year, the total return on an absolute basis is quite high at over 5 ¼% but it is in line with the Treasury benchmark.

A motion was made to accept and approve the investment portfolio report as presented.

MOTION: Veronica Flournoy	SECONDED: Colleen Stanley	MOTION CARRIED
AYES: 6	NOES: 0	ABSENT: 16
ABSTAIN: 0		
AYES: Veronica Flournoy, Colleen Stanley, Ana Aguillon, Rory Livingston, Becky Moore, Yvonne Perez		
ABSENT: Jonathan Sison, Lindsay Lopez, Martha Eva Contreras, Dr. Hector Galicia, Rosemarie Grounds, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Song Chin-Bendib, Sara Perez, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellanos, Tracie Corpuz		

2. Investment Policy

Susanne King, Treasury Manager of Monterey County Treasurer-Tax Collector's Office, presented the updated Investment Policy with minor revisions. MERMA reviews and adopts the County's policy as our own on an annual basis.

A motion was made to approve the Investment Policy with changes outlined as presented.

MOTION: Colleen Stanley	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 6 NOES: 0	ABSTAIN: 0	ABSENT: 16
AYES: Colleen Stanley, Ana Aguillon, Veronica Flournoy, Rory Livingston, Becky Moore, Yvonne Perez		
ABSENT: Jonathan Sison, Lindsay Lopez, Martha Eva Contreras, Dr. Hector Galicia, Rosemarie Grounds, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Song Chin-Bendib, Sara Perez, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellanos, Tracie Corpuz		

3. Financial Statements for FYE 2020 and 2019

Jacinto Bernal of McGilloway, Ray, Brown & Kaufman presented the Draft Financial Statements for FYE 2020 and 2019. No action was taken on this item as the reports were presented in draft form as the investment income interest allocation is still being finalized.

Becky Moore left the meeting.

4. Financial Benchmark Performance

Marcus Beverly presented the financial benchmark performance for MERMA. The overview is based on comparing the June 30 financials to the funding policy's various benchmarks and ratios. MERMA's net position has increased \$3.3 million over the last fiscal year with a decrease in claims liabilities of \$2.7 million. MERMA maintained annual funding at an 80% confidence level and maintained a low \$50,000 SIR.

Marcus stated the most notable benchmark improvement is the net position to expected liabilities ratio. MERMA is now well within the benchmark with a continued decrease in expected liabilities from about \$21.5 million to \$19 million. This is a very healthy sign for a workers' compensation pool and overall great news.

Marcus stated given the continued strong performance, MERMA has the option of declaring a dividend as discussed at the August Executive Committee meeting.

Rory Livingston stated one of the issues that all of the districts will be confronted with as we try to reopen schools is in the guidance issued by the State Department of Health. There is a recommendation that 25% of our employees be tested for Covid every 2 weeks. This is subject to the local Health Director. Rory stated once you reopen, within 30 days you need to have a plan in place for testing. Rory stated the districts are looking at major expenses for employees to have testing done. He stated possibly MERMA could consider doing as a cost-effective measure to cover the surveillance testing for the districts.

Lengthy discussion held.

H. JPA BUSINESS

1. Executive Committee Vacancy

Marcus Beverly stated there is a vacancy on the Executive Committee and Yvonne Perez has expressed interest and has been shadowing the Committee for the past few months.

A motion was made to appoint Yvonne Perez to fill the vacancy on the Executive Committee.

MOTION: Veronica Flournoy	SECONDED: Colleen Stanley	MOTION CARRIED
AYES: 5	NOES: 0	ABSENT: 17
ABSTAIN: 0		
AYES: Veronica Flournoy, Colleen Stanley, Ana Aguillon, Rory Livingston, Yvonne Perez		
ABSENT: Jonathan Sison, Lindsay Lopez, Martha Eva Contreras, Dr. Hector Galicia, Rosemarie Grounds, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Song Chin-Bendib, Sara Perez, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellanos, Tracie Corpuz, Becky Moore		

2. Loss Control Update and Needs

Discussion continued regarding surveillance Covid testing from what was discussed under the Financial Benchmark Performance item. Rory stated if MERMA could put together a framework and a plan on how to move forward with a certain set of assumptions and then if we need to execute, we can, or have a conversation on executing and then how to fund it. It was discussed that MERMA and MCSIG work together and communicate on their findings regarding providing surveillance testing for the districts.

Maria Hernandez Sandoval provided an update on loss control activities. She has been providing first aid, CPR and AED training. She has also resumed performing in person ergonomic evaluations. Maria also provided stats on the types of injuries that are occurring. She stated most of the incidents are preventable through the implementation of safety plans, procedures, communication, hazard assessment, inspections, effective incident investigations and training.

No action was taken on this item. This topic will be discussed again at the November 18th Executive Committee meeting to see what needs to be addressed.

3. Revised Conflict of Interest Code

Marcus Beverly presented the revised Conflict of Interest Code. He stated the Conflict of Interest Code was approved at the August 12th Executive Committee meeting and then sent to the Monterey County Clerk of the Board for review. The Clerk requested changes before the Code could be presented to the Board of Supervisors. These changes were made, and the Monterey County Board of Supervisors has approved our Conflict of Interest Code.

A motion was made to approve the revised Conflict of Interest Code as presented.

MOTION: Veronica Flournoy	SECONDED: Colleen Stanley	MOTION CARRIED
AYES: 5 NOES: 0	ABSTAIN: 0	ABSENT: 17
AYES: Veronica Flournoy, Colleen Stanley, Ana Aguillon, Rory Livingston, Yvonne Perez		
ABSENT: Jonathan Sison, Lindsay Lopez, Martha Eva Contreras, Dr. Hector Galicia, Rosemarie Grounds, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Song Chin-Bendib, Sara Perez, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellanos, Tracie Corpuz, Becky Moore		

Ana Aguillon left the meeting.

4. MERMA Overview – Annual Report

Matt Gowan presented the MERMA Annual Report and highlighted some changes since last year’s report. Highlights include a \$500,000 reserve set aside for a Risk Control Fund, dividends paid totaling \$1.5 million, improved coverage this year with statutory limits, and maintained pandemic coverage. He also reminded everyone that MERMA has the Deadly Weapons Program Coverage. MERMA is CAJPA Accredited with Excellence.

5. Intercare Claims Management Stewardship Report

Connie Hampson of Intercare provided a summary of the Claims Management Stewardship Report for Fiscal Year 2020.

- The number of reportable claims is down 3.5%
- Closing percentage on new reportable claims increased 20%
- The average paid on new indemnity claims is down 2.2%
- Costs per \$100 payroll is down 5%
- Pending claim inventory is down 11.6%
- Achieved \$3,207,068 net savings from the total medical charges
- Achieved \$101,475.42 net savings from total pharmacy charges
- Achieved \$618,622.19 net savings in utilization review
- Intercare requested and recovered a total of \$3,528,613 in excess reimbursements
- 39 referrals to Independent Medical Review (IMR) and IMR upheld the InterMed decisions on 31 of those referrals
- Successful in settling 38 claims by Compromise and Release, closing out future liability
- The Intercare team closed 604 claims and achieved a closing ratio of 110% and reduced the pending inventory by 12%
- Customer satisfaction survey had a 92% satisfaction rating

Colleen Stanley stated amazing results again and thanked Intercare. Rory stated it is hard to beat success. Marcus Beverly stated that Marlene and the crew at Intercare haven’t skipped a beat during the pandemic and have been in the office the entire time. They have boosted the closing ratio and can’t really ask more than that. Keep it up.

I. Closing Comments

None


J. Upcoming Meetings


Board of Directors Meeting – May 12, 2021, 1:30 p.m.

K. ADJOURNMENT

Motion was made to adjourn the meeting at 4:13 p.m.

MOTION: Veronica Flournoy	SECONDED: Colleen Stanley	MOTION CARRIED
AYES: 4	NOES: 0	ABSTAIN: 0
ABSENT: 18		
AYES: Veronica Flournoy, Colleen Stanley, Rory Livingston, Yvonne Perez		
ABSENT: Jonathan Sison, Lindsay Lopez, Martha Eva Contreras, Dr. Hector Galicia, Rosemarie Grounds, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Song Chin-Bendib, Sara Perez, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellanos, Tracie Corpuz, Becky Moore, Ana Aguillon		

Rory Livingston, President: 

Marcus Beverly, Executive Director: 

Date: 5/13/21