



Monterey Educational Risk Management Authority

P.O. Box 3320, Salinas, CA 93912

www.merma.org

**EXECUTIVE COMMITTEE
ZOOM/TELECONFERENCE
MEETING MINUTES
November 10, 2021**

The Executive Committee of the Monterey Educational Risk Management Authority held a Zoom/teleconference meeting on November 10, 2021, at 1:30 p.m.

Executive Committee Members Present via Zoom/Teleconference

Rory Livingston, President, King City Union School District
Colleen Stanley, Vice-President, Monterey County Office of Education
Veronica Flournoy, Spreckels Union School District
Yvonne Perez, Carmel Unified School District – *Joined meeting after roll call*

Executive Committee Members Absent

Ana Aguillon, Secretary, Salinas Union High School District

Guests and Staff Present via Zoom/Teleconference

Catherine Reimer, San Ardo Union School District
Marcus Beverly, Alliant
Matt Gowan, Alliant
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman
Connie Hampson, Intercare
Marlene Richardson, Intercare
Hallie Pacheco, MERMA

A. CALL TO ORDER

Rory Livingston called the meeting to order at 1:32 p.m.

B. ROLL CALL

Present: Rory Livingston, Colleen Stanley, Veronica Flournoy
Absent: Ana Aguillon, Yvonne Perez

C. APPROVAL OF AGENDA AS POSTED

Motion was made to approve the agenda as posted.

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

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Executive Committee Minutes – August 11, 2021
2. Payment Registers and Board Reports – August, September, October 2021
3. Treasurer’s Reports – June 30, 2021, and September 30, 2021
4. Amendment No. 1 – Final Audit to 2020-21 State National Reinsurance Agreement
5. 2021-22 State National Reinsurance Agreement
6. Agility Recovery Solutions – Proposal Agreement

Motion was made to approve items 1 through 6 as presented with a single motion.

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

F. ADMINISTRATIVE REPORTS

1. President’s Report

President Rory Livingston stated he spent yesterday interviewing three candidates for the MERMA Loss Control Manager position along with MERMA staff and Marcus Beverly. Marcus Beverly thanked him for participating.

2. Pool Administrator’s Report

Marcus Beverly stated MERMA is currently undergoing the CAJPA Re-Accreditation process, and we may need to update a contract or two with required language.

Yvonne Perez joined the meeting.

3. Claims Administrator’s Report

Connie Hampson of Intercare provided the Executive Committee with the following reports:

- Annual and Monthly Claim Results – September and October 2021
- New Claim Analysis Received FYTD – as of 10/31/21
Connie Hampson reported new claims are up 68% from last year at this time.
- Frequency & Severity Reports FYTD Claims Reported - 7/1/21 – 10/31/21
- Claim Closing Analysis FYTD – as of 10/31/21
- Net Reserve Changes – FYTD – as of 10/31/21
- MERMA Company Nurse Results – September and October 2021
- MERMA Bill Review Results – September and October 2021

4. Loss Control Update

Marcus Beverly updated the Committee on the recruitment for a new Loss Control Manager. He stated three good candidates were interviewed in person yesterday at the MERMA office. He would like to move forward and make an offer to one of the candidates.

Rory Livingston stated he agreed with Marcus in moving forward with the top candidate. He stated he is well-versed and would be an asset to grow our risk and loss control program.

5. Executive Committee Report

Nothing to report.

G. FINANCIAL REPORTS

1. Financial Statements for Period Ending September 30, 2021

Jacinto Bernal of McGilloway, Ray, Brown & Kaufman presented the Financial Statements for Period Ending September 30, 2021.

Motion was made to accept and file the Financial Statements for Period Ending September 30, 2021, as presented.

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

H. JPA BUSINESS

1. Ex-Mod Smoothing

Marcus Beverly stated this is a follow-up to the discussion we had at the Board meeting regarding a couple issues related to the funding. This item is mainly focused on the swings that can happen from year to year on individual members primarily due to Ex Mod changes. We have been using the WCIRB rating model that uses three years of claims data. Claims are capped based on a sliding scale based on the size of the individual member.

Marcus has discussed the issues with the actuary and he has recommended the following options.

- Cap the annual increase or decrease in a member's Ex Mod at x%
- Extend the loss period from three years to four or five years
- Set the loss cap at a lower level than the WCIRB method
- Set a "collar" – absolute cap on the minimum and maximum Ex Mods

After discussion, the Committee gave direction to look at extending the loss period from three years to five years. Marcus stated he will also look at the loss cap itself to see if it is set at an appropriate level.

2. Premium Smoothing

Marcus Beverly stated there was feedback from the Board at the last meeting to discuss options to assist the members with rate relief. He kept this separate from the prior item as this is more of a tactical approach than a funding model that we use every year. His recommendation is if members want rate relief or premium smoothing that the Board declare a dividend. He stated any premium smoothing should be accounted for separately from the annual funding developed by the actuary.

Rory Livingston left the meeting.

The Committee gave direction to wait until January or February to get the actuarial report to discuss further.

3. Funding Policy and Investment Portfolio

Marcus Beverly presented the current Funding Policy. He stated the contingency reserve is currently set at a minimum 90% Confidence Level and has a suggested goal of 95%. The other suggested change would be to the Net Position to SIR ratio, with a goal of up to 10:1 at a minimum \$500,000 SIR.

Marcus stated in the context of our current Funding Policy if we wanted to move some money into the investment portfolio it wouldn't be more than \$1 million dollars. That is based on the strictest ratio that we have in our policy, Expected Liabilities to Liquid Assets. This is the best measure to use for this purpose. We want to keep the ratio under 1:1 and we're right about there. As interest rates rise that would be the time to invest more money. This is something we should keep our eye on but with the uncertainty and potential for a dividend we will wait and see where we stand.

No action was taken on this item. Marcus stated as far as the Funding Policy he will have the actuary show us the 95% Confidence Level to see where that will put us to strengthen our financial position even more. Marcus will bring back with actuarial analysis that will show the difference and see if we want to raise that goal.

I. CLOSING COMMENTS

None

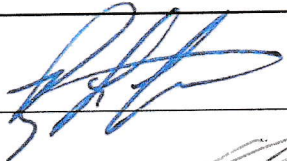
J. UPCOMING MEETINGS

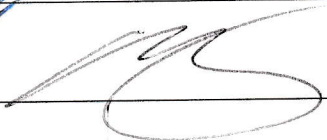
Executive Committee – January 26, 2022, 1:30 p.m.

K. ADJOURNMENT

Motion was made to adjourn the meeting at 2:37 p.m.

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

Rory Livingston, President: 

Marcus Beverly, Executive Director: 

Date: 1/27/22