



Monterey Educational Risk Management Authority

P.O. Box 3320, Salinas, CA 93912

www.merma.org

**BOARD OF DIRECTORS
ZOOM/TELECONFERENCE
MEETING MINUTES
October 13, 2021**

The Board of Directors of the Monterey Educational Risk Management Authority held a Zoom/teleconference meeting on October 13, 2021, at 9:00 a.m.

Board of Directors Present via Zoom/Teleconference

Rory Livingston, President, King City USD
Veronica Flournoy, Spreckels USD
Yvonne Perez, Carmel USD
Song Chin-Bendib, Pacific Grove USD
Susana Mancera-Juarez, Salinas City Elementary SD
Becky Moore, Santa Rita USD

Board of Directors Absent

Debbie Gold, Big Sur USD
Lindsay Lopez, Bradley USD
Martha Contreras, Chualar USD
Dr. Hector Galicia, Gonzales USD
Michelle Ross, Graves USD
Annette Mooneyham, Greenfield USD
Daniel Stonebloom, Lagunita
Dr. Jinane Annous, Mission USD
Colleen Stanley, Vice-President, MCOE
Ana Aguillon, Secretary, Salinas UHSD
Josh Van Norman, San Antonio USD
Catherine Reimer, San Ardo USD
Jessica Riley, San Lucas USD
Letty Diaz, Soledad USD
Sherrie Castellano, SMCJUHS
Tracie Corpuz, Washington USD

Guests and Staff Present via Zoom/Teleconference

Jake Stroud, Monterey County Treasurer-Tax Collector’s Office
Sarah Meacham, PFM Asset Management
Marlene Richardson, Intercare
Connie Hampson, Intercare
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman
Marcus Beverly, Alliant
Matt Gowan, Alliant
Hallie Pacheco, MERMA

A. CALL TO ORDER

Rory Livingston called the meeting to order at 9:05 a.m.

B. ROLL CALL

Present: Rory Livingston, Veronica Flournoy, Yvonne Perez, Song Chin-Bendib, Susana Mancera-Juarez, Becky Moore

Six Board members present, and sixteen Board members absent. Since a quorum of the Board was not present, the Executive Committee is empowered to act as the governing body on all matters to be considered at the meeting. A quorum of the Executive Committee was present.

C. APPROVAL OF AGENDA AS POSTED

Motion was made to approve the agenda as posted.

MOTION: Veronica Flournoy	SECONDED: Yvonne Perez	MOTION CARRIED
AYES: 6	NOES: 0	ABSENT: 16
ABSTAIN: 0		
AYES:	Veronica Flournoy, Yvonne Perez, Rory Livingston, Song Chin-Bendib, Susana Mancera-Juarez, Becky Moore	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz	

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Board of Directors Minutes – May 12, 2021
2. Lozano Smith Agreement for Legal Services

Motion was made to approve items 1 and 2 on the Consent Calendar with a single motion as presented.

MOTION: Veronica Flournoy	SECONDED: Song Chin-Bendib	MOTION CARRIED
AYES: 6	NOES: 0	ABSTAIN: 0
ABSENT: 16		
AYES:	Veronica Flournoy, Song Chin-Bendib, Yvonne Perez, Rory Livingston, Susana Mancera-Juarez, Becky Moore	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz	

F. ADMINISTRATIVE REPORTS

1. President’s Report

Rory Livingston said good morning and glad you could all attend.

2. Board of Directors Report

Nothing to report.

G. FINANCIAL REPORTS

1. Investment Portfolio

Jake Stroud, Deputy Treasurer-Tax Collector from the Monterey County Treasurer-Tax Collector’s Office introduced himself. He stated he is overseeing Treasury with Susanne King’s retirement. He is a Certified Public Funds Investment Manager.

Sarah Meacham, Managing Director of PFM Asset Management presented an update on the market and the investment portfolio since last year. She stated COVID continues to be an impact on the market and continues to drive expectations of the market as it affects growth and recovery in the U.S. She stated yields are low on an absolute basis and present a challenging investment environment.

Sarah stated the diversification in the portfolio has been really beneficial as it provided higher returns relative to the treasury index benchmark over the past year. She stated we outperformed the benchmark by almost 50 basis points over one year, which is phenomenal. While the absolute return is low, the market that we are investing into is quite good. She stated she is very happy with the way the portfolio is performing.

Discussion held regarding considering putting more money into the investment portfolio. Sarah Meacham stated if you don’t have a need for the dollars, it is always a good time to put them into a long term investment strategy. PFM’s approach to the market is about discipline and diligence through interest rate cycles as we don’t really try to time the market. It’s better to be in the market when it is appropriate with your dollars. She stated if they are long term dollars it is appropriate to have them in your long term investments.

Motion was made to accept and file the Investment Portfolio report as presented.

MOTION: Veronica Flournoy	SECONDED: Becky Moore	MOTION CARRIED
AYES: 6	NOES: 0	ABSTAIN: 0
ABSENT: 16		
AYES:	Veronica Flournoy, Becky Moore, Yvonne Perez, Rory Livingston, Song Chin-Bendib, Susana Mancera-Juarez	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz	

2. Investment Policy

Jake Stroud, Deputy Treasurer-Tax Collector of Monterey County presented the updated Investment Policy with minor revisions. Jake explained the change related to dissolving the Treasury Oversight Committee. One other change was to add the ability to invest in securities that could result in a negative return, per government code that will sunset on January 1, 2026.

Motion was made to approve the Investment Policy as presented.

MOTION: Veronica Flournoy	SECONDED: Yvonne Perez	MOTION CARRIED
AYES: 6	NOES: 0	ABSTAIN: 0
ABSENT: 16		
AYES:	Veronica Flournoy, Yvonne Perez, Rory Livingston, Song Chin-Bendib, Susana Mancera-Juarez, Becky Moore	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz	

3. Financial Statements for FYE 2021 and 2020

Jacinto Bernal of McGilloway, Ray, Brown & Kaufman presented the Financial Statements for Fiscal Year Ending 2021 and 2020.

Motion was made to accept and file the Financial Statements for Fiscal Years ended 2021 and 2020, as presented.

MOTION: Veronica Flournoy	SECONDED: Song Chin-Bendib	MOTION CARRIED
AYES: 6	NOES: 0	ABSTAIN: 0
ABSENT: 16		
AYES:	Veronica Flournoy, Song Chin-Bendib, Yvonne Perez, Rory Livingston, Susana Mancera-Juarez, Becky Moore	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz	

4. Financial Benchmark Performance

Marcus Beverly presented the financial benchmark update as of June 30th. He stated MERMA’s net position has increased by about \$2.5 million over the fiscal year with a decrease in claims liabilities of \$2.4 million. MERMA is in a very strong financial position and continues with conservative, stable rates and funding. Lowering liabilities over the years is in large part due to better claims management and carrying a lower retention.

Marcus suggested that in the future he would like to get some direction on strengthening some of the benchmarks in the Funding Policy. Two changes relate to the ability to take a higher retention and setting a goal of assets equal to liabilities at a 95% Confidence Level. We have a low retention right now that won’t last forever, and we want to be prepared to take on more risk as the market shifts. Also, possibly consider putting some more money in the longer term investment fund.

Marcus stated we have been holding off on paying dividends because of COVID as we are in an uncertain period and remain conservative.

Rory Livingston stated he would be interested in seeing a comparison of a 5-year trend on what our income has been based on our rates and what our actual expenses and reserves are for that current year to see if we were accurate in setting those rates at that time. As we continue to build a big nest egg from cumulative past years and possibly needing to consider some relief in our rates.

Discussion held. Members provided direction to look at different methods for calculating the Experience Modifications to avoid big swings and ways to smooth premium increases.

No action was taken on this item. Discussion will continue at the November 10th Executive Committee meeting.

The Board of Directors took a break at 10:32 a.m. – Reconvened at 10:45 a.m.

Susana Mancera-Juarez didn’t return to the meeting after break.

H. JPA BUSINESS

1. Bylaw Changes

Marcus Beverly presented changes to the Bylaws along with Resolution No. 21-02. He stated the changes involve the timing of selection of officers, and the addition of an Intern Member of the Executive Committee. Notice of these changes were sent to all Board members.

Motion was made to pass Resolution No. 21-02 to approve the changes to the MERMA Bylaws as presented.

MOTION: Veronica Flournoy	SECONDED: Yvonne Perez	MOTION CARRIED
AYES: 5	NOES: 0	ABSENT: 17
ABSTAIN: 0		
AYES:	Veronica Flournoy, Yvonne Perez, Rory Livingston, Song Chin-Bendib, Becky Moore	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz, Susana Mancera-Juarez	

2. Intern Executive Committee Member

This item was tabled for now as the Board member who was interested in being elected was unable to attend the meeting.

3. Policy for Non-Claims Dispute Resolution

Marcus Beverly presented a new Policy for Non-Claims Dispute Resolution which is a requirement for the CAJPA Accreditation with Excellence. The process is similar to the one in place for resolving coverage disputes found in the Memorandum of Coverage. Marcus stated the next time the Bylaws are updated this should be placed in it.

Motion was made to approve the Policy and Procedure for Arbitration of Non-Coverage Disputes as presented.

MOTION: Veronica Flournoy	SECONDED: Becky Moore	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
AYES:	Veronica Flournoy, Becky Moore, Yvonne Perez, Rory Livingston, Song Chin-Bendib	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz, Susana Mancera-Juarez	

4. Policy Review

Marcus Beverly presented the Underwriting Policy and stated it is to be reviewed every three years. No changes are needed at this time but would like it to be noted that it has been reviewed with no changes. He also stated that we should note a recommendation to continue the discussion before the next fiscal year about whether the process is adequately measuring the risks and allocating costs and if the funding model itself needs to be revised.

The Claim Policy was presented with a minor revision to indicate a regular review of the policy instead of every year.

Motion was made to approve the changes to the Claim Policy as presented.

MOTION: Song Chin-Bendib	SECONDED: Veronica Flournoy	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
AYES:	Song Chin-Bendib, Veronica Flournoy, Becky Moore, Yvonne Perez, Rory Livingston	
ABSENT:	Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz, Susana Mancera-Juarez	

5. MERMA Overview – Annual Report

Matt Gowan presented the MERMA Annual Report and reported on some key points. This report is distributed to all Board members and is used to update new members and vendors so they can quickly know about MERMA’s history. He stated MERMA is one of the oldest JPA’s started in California. He reported that Claims Examiner, Carol Epp has retired as of July 2021.

Matt also provided an update on reinsurance for next year. He stated we are already seeing a reinsurance increase due to high-end claims. It is going up largely because of COVID. This will not affect the lower SIR. For the lower SIR it is being predicted to be a hardening market in the near future, but no one has seen it yet. He stated he will know more after January 1st.

Matt stated for the Deadly Weapons Program he does not expect the pricing to change much on the renewal policy. He wanted to remind the Board the way this policy is written it only covers you at your physical locations on your property schedules.

Yvonne Perez left the meeting at 11:08 a.m.

6. Loss Control Update

Marcus Beverly presented the Loss Control Activity and Recommendations Update from Maria Sandoval which provided injury stats and recommendations for improving and reducing the injury rate at the districts.

Marcus reported that we are in the recruiting process and interviewing for a new Loss Control Manager.

7. Intercare Claims Management Stewardship Report

Connie Hampson of Intercare provided a summary of the Claims Management Stewardship Report for FY 2020-21.

- New reportable claims decreased 40%
- Pending Inventory decreased 3%
- Total paid for first year claims decreased 26%
- Frequency rate per 100 employees decreased 4%
- Incurred per \$100 of payroll decreased 3%
- Bill Review achieved \$8,842,552 net savings from the total medical charges
- Utilization Review achieved \$1,538,721 net savings
- Requested and recovered \$1,289,708 in excess reimbursements
- Requested and recovered \$17,804 in subrogation reimbursements
- Successful in achieving a closing rate of 104%
- Successful in settling 31 claims via Compromise & Release and reduced pending by 3%
- Achieved 93% in overall client satisfaction rating
- Successful in achieving a claim audit score of 91.7%, an “Exceeds Expectations” finding
- Developed and implemented an on-line COVID positive test reporting tool to ensure compliance with SB1159 reporting requirements

Yvonne Perez returned to the meeting at 11:36 a.m.

8. Roundtable Discussion

Marcus Beverly thanked everyone for participating and helping with the meeting items. Another successful year and some good discussion and direction on getting creative with the funding next year.

I. CLOSING COMMENTS

None

J. UPCOMING MEETINGS

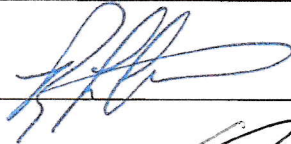
Board of Directors Meeting – May 11, 2022, 1:30 p.m.

K. ADJOURNMENT

Motion was made to adjourn the meeting at 11:49 a.m.

MOTION: Veronica Flournoy	SECONDED: Song Chin-Bendib	MOTION CARRIED
AYES: 5	NOES: 0	ABSTAIN: 0
ABSENT: 17		
AYES: Veronica Flournoy, Song Chin-Bendib, Yvonne Perez, Rory Livingston, Becky Moore		
ABSENT: Debbie Gold, Lindsay Lopez, Martha Contreras Dr. Hector Galicia, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Dr. Jinane Annous, Colleen Stanley, Ana Aguillon, Josh Van Norman, Catherine Reimer, Jessica Riley, Letty Diaz, Sherrie Castellano, Tracie Corpuz, Susana Mancera-Juarez		

Rory Livingston, President:



Marcus Beverly, Executive Director:



Date: 5/12/2022