



Monterey Educational Risk Management Authority

P.O. Box 3320, Salinas, CA 93912

www.merma.org

**BOARD OF DIRECTORS MINUTES
October 26, 2022**

The Board of Directors of the Monterey Educational Risk Management Authority met on October 26, 2022, at the Portola Hotel & Spa at Monterey Bay, Two Portola Plaza, Monterey, CA 93940.

Board of Directors Present

Colleen Stanley, President, MCOE
Veronica Flournoy, Vice President, Spreckels USD
Ana Aguillon, Secretary, Salinas UHSD
Yvonne Perez, Carmel USD
Patricia Garfoot, King City USD
Joannie Lumbrá, Gonzales USD
Joshua Jorn, Pacific Grove USD
Catherine Reimer, San Ardo USD
Becky Moore, Santa Rita USD – *arrived after roll call*
Sherrie Castellanos, SMCJUHSD

Board of Directors Absent

Lisa Gering, Big Sur USD
Lindsay Lopez, Bradley USD
Martha Contreras, Chualar USD
Michelle Ross, Graves USD
Annette Mooneyham, Greenfield USD
Daniel Stonebloom, Lagunita
Sandra Shreve, Mission USD
Susana Mancera-Juarez, Salinas City Elementary SD
Josh Van Norman, San Antonio USD
Jessica Riley, San Lucas USD
Dr. Conny Santa Cruz, Soledad USD
Tracie Corpuz, Washington USD

Guests and Staff Present

Ofelia Navarro, Carmel USD
Suzy Covarrubias, MCOE
Jake Stroud, Monterey County Treasurer-Tax Collector’s Office
Lupe Reyes, Monterey County Treasurer-Tax Collector’s office
Allison Kaune, PFM Asset Management – *via teleconference*
Jacinto Acosta Bernal, McGilloway, Ray, Brown & Kaufman
Dennis Downing, Future Industrial Technologies
Connie Hampson, Intercare
Marlene Richardson, Intercare
Jeff Trussler, Intercare
Matt Gowan, Alliant
Marcus Beverly, Alliant
Angela Murguia, MERMA
David Bolton, MERMA
Hallie Pacheco, MERMA

A. CALL TO ORDER

Colleen Stanley called the meeting to order at 9:30 a.m.

B. ROLL CALL

Introduction of Board of Directors and guests.

Present: Colleen Stanley, Veronica Flournoy, Ana Aguillon, Yvonne Perez, Patricia Garfoot, Joannie Lumbra, Joshua Jorn, Catherine Reimer, Sherrie Castellanos

Nine Board members present, and thirteen 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: Patricia Garfoot	SECONDED: Ana Aguillon	MOTION CARRIED
AYES: 9	NOES: 0	ABSTAIN: 0
ABSENT: 13		
AYES:	Patricia Garfoot, Ana Aguillon, Veronica Flournoy, Yvonne Perez, Colleen Stanley, Joannie Lumbra, Joshua Jorn, Catherine Reimer, Sherrie Castellanos	
ABSENT:	Lisa Gering, Lindsay Lopez, Martha Contreras, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Sandra Shreve, Susanna Mancera-Juarez, Josh Van Norman, Jessica Riley, Becky Moore, Dr. Conny Santa Cruz, Tracie Corpuz	

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Board of Directors Minutes – May 11, 2022
2. Treasurer’s Report – June 30, 2022

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

MOTION: Veronica Flournoy	SECONDED: Patricia Garfoot	MOTION CARRIED
AYES: 9	NOES: 0	ABSTAIN: 0
ABSENT: 13		
AYES:	Veronica Flournoy, Patricia Garfoot, Ana Aguillon, Yvonne Perez, Colleen Stanley, Joannie Lumbra, Joshua Jorn, Catherine Reimer, Sherrie Castellanos	
ABSENT:	Lisa Gering, Lindsay Lopez, Martha Contreras, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Sandra Shreve, Susanna Mancera-Juarez, Josh Van Norman, Jessica Riley, Becky Moore, Dr. Conny Santa Cruz, Tracie Corpuz	

Becky Moore of Santa Rita USD arrived at the meeting.

F. ADMINISTRATIVE REPORTS

1. President’s Report

Colleen Stanley thanked everyone for being here today.

2. Board of Directors Report

Nothing to report.

G. FINANCIAL REPORTS

Moved forward to item G.2. as item G.1. is a time certain of 9:45 a.m.

2. Investment Policy

Jake Stroud, Assistant Treasurer-Tax Collector introduced himself and Lupe Reyes, Chief Deputy Treasurer-Tax Collector. Jake presented the updated Investment Policy which is reviewed and approved by the Board of Supervisors annually. MERMA uses the County’s Investment Policy as its own. Jake stated there were no big legislative changes this year with only a couple of clarifying points and additions added.

Motion was made to approve the Investment Policy as presented.

MOTION: Veronica Flournoy	SECONDED: Yvonne Perez	MOTION CARRIED
AYES: 10 NOES: 0	ABSTAIN: 0	ABSENT: 12
AYES:	Veronica Flournoy, Yvonne Perez, Ana Aguillon, Patricia Garfoot, Colleen Stanley, Joannie Lumbra, Joshua Jorn, Catherine Reimer, Sherrie Castellanos, Becky Moore	
ABSENT:	Lisa Gering, Lindsay Lopez, Martha Contreras, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Sandra Shreve, Susanna Mancera-Juarez, Josh Van Norman, Jessica Riley, Dr. Conny Santa Cruz, Tracie Corpuz	

Moved back to item G.I. at this time.

1. Investment Portfolio

Allison Kaune, Senior Analyst of PFM Asset Management, presented an update on the market and MERMA’s investment portfolio via teleconference. Allison stated rising interest rates have had a negative impact on total return performance for most fixed income strategies, including the MERMA portfolio. Outperformance of the benchmark for the past year is primarily due to the portfolio’s shorter duration position. She stated the portfolio continues to perform well relative to the benchmark and provides good, positive returns. Since MERMA’s portfolio inception, which has been 5 years, the portfolio is still generating good income. Allison stated yields have reached their highest levels in about 14 years. This is great for new purchases made over the past several quarters with MERMA’s investment fund.

Marcus Beverly asked if we should consider putting more money into the investment portfolio, especially if it’s a good time with rising interest rates. MERMA’s accountant, Jacinto Acosta Bernal, stated he thinks that is a great idea. Jake Stroud stated it is a good time to be strategic and start to invest more money in higher yields. Allison Kaune stated if you don’t need the money for cash flow purposes, it is a great time to lock in those higher yields. Rates will likely continue to trend higher over the next couple of quarters and locking in yields now is really great as rates will fall at some point in the future.

Direction given to move additional funds into the investment portfolio based on input from the Treasurer and PFM..

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

MOTION: Colleen Stanley	SECONDED: Patricia Garfoot	MOTION CARRIED
AYES: 10 NOES: 0	ABSTAIN: 0	ABSENT: 12
AYES:	Colleen Stanley, Patricia Garfoot, Veronica Flournoy, Ana Aguillon, Yvonne Perez, Joannie Lumbra, Joshua Jorn, Catherine Reimer, Sherrie Castellanos, Becky Moore	
ABSENT:	Lisa Gering, Lindsay Lopez, Martha Contreras, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Sandra Shreve, Susanna Mancera-Juarez, Josh Van Norman, Jessica Riley, Dr. Conny Santa Cruz, Tracie Corpuz	

3. Financial Statements for FY 2022 and 2021

Jacinto Acosta Bernal of McGilloway, Ray, Brown & Kaufman presented the Financial Statements for Fiscal Year Ending 2022 and 2021.

Motion was made to accept and file the Financial Statements for Fiscal Year Ending 2022 and 2021 as presented.

MOTION: Veronica Flournoy	SECONDED: Joshua Jorn	MOTION CARRIED
AYES: 10 NOES: 0	ABSTAIN: 0	ABSENT: 12
AYES:	Veronica Flournoy, Joshua Jorn, Ana Aguillon, Patricia Garfoot, Yvonne Perez, Colleen Stanley, Joannie Lumbrá, Catherine Reimer, Sherrie Castellanos, Becky Moore	
ABSENT:	Lisa Gering, Lindsay Lopez, Martha Contreras, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Sandra Shreve, Susanna Mancera-Juarez, Josh Van Norman, Jessica Riley, Dr. Conny Santa Cruz, Tracie Corpuz	

4. MERMA Annual Report / Financial Benchmark Performance

Matt Gowan presented the MERMA Annual Report and discussed the history of MERMA as well the highlights of the report.

Matt provided an early indication on reinsurance for next year. He stated predictions are that the Workers’ Compensation market is starting to harden. Inflation affects Workers’ Compensation, medical fee schedules and medical costs have already gone up over the last few years.

Marcus Beverly presented MERMA’s Financial Benchmark Performance. He stated the key financial benchmarks that we use are in line with the CAJPA Accreditation in terms of standard ratios and standard financial benchmarks. Marcus reported MERMA’s net position increased by \$1.6 million, liabilities decreased by \$600,000 and claim payments decreased from \$5 million to \$3.4 million over the last fiscal year. He stated this was another good year with high level results.

5. Funding Policy Update

Marcus Beverly presented the Funding Policy Update with revisions to strengthen several key financial benchmarks. He stated the Funding Policy is being revised to reflect that MERMA maintains enough assets to cover Expected Liabilities at a 90% Confidence Level, with a goal of a 95% Confidence Level. The Net Position to SIR ratio at least 5:1, with goal of 10:1, at a minimum \$500,000 SIR. The Executive Committee has reviewed the revisions and is recommending to the Board of Directors for approval.

Motion was made to approve the updated Funding Policy as presented.

MOTION: Yvonne Perez	SECONDED: Becky Moore	MOTION CARRIED
AYES: 10 NOES: 0	ABSTAIN: 0	ABSENT: 12
AYES:	Yvonne Perez, Becky Moore, Veronica Flournoy, Ana Aguillon, Patricia Garfoot, Colleen Stanley, Joannie Lumbrá, Joshua Jorn, Catherine Reimer, Sherrie Castellanos	
ABSENT:	Lisa Gering, Lindsay Lopez, Martha Contreras, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Sandra Shreve, Susanna Mancera-Juarez, Josh Van Norman, Jessica Riley, Dr. Conny Santa Cruz, Tracie Corpuz	

6. Review of Options for Annual Funding

Marcus Beverly stated the Executive Committee has been discussing options and has reviewed suggestions for revising MERMA’s funding formula to reduce swings that can occur particularly to smaller members when they have few claims historically and experience a severe claim or rash of smaller claims.

These claims may cause an increase in their Experience Modification Factor that impacts their funding for several years. He stated we have been discussing how we can moderate this and protect the smaller districts from that one claim that could really increase their ExMod.

Marcus stated after reviewing several options, the Executive Committee suggested exploring an Extraordinary Cost Pool to assist members. Lengthy discussion held.

No action taken on this item. Direction given to review loss history, provide each member with information in advance of anticipated rate increases for the following fiscal year, and inform members of possible rate relief to be approved by the Executive Committee on a case-by-case basis. This will be discussed further at the next Executive Committee meeting.

The Board of Directors broke for lunch at 11:30 a.m. – Reconvened at 12:38 p.m.

H. JPA BUSINESS

1. eBackSafe Training Presentation

David Bolton, MERMA Loss Control Manager, stated before he introduced Dennis Downing for the eBackSafe presentation, he wanted to discuss engagement and accountability. He stated engaging is attending the Board meetings, talking about safety, talking to employees and looking at your district's loss runs. He stated he would like to encourage everybody to engage in safety and loss control. Accountability takes all of us as leaders to look at safety and really dedicate our time and resources to it. We could help by strengthening our loss control programs, strengthening our safety numbers and being more engaged.

David stated as stewards of the public funds we have to look at safety and really take initiative and care about our people. It is the right thing to do to help prevent injuries. He stated that is one of the reasons why we created this eBackSafe program. From a 5-year loss run, teachers and paraeducators were the highest work group getting hurt.

David introduced Dennis Downing, CEO of Future Industrial Technologies / BackSafe. Dennis Downing provided interactive training which included stretches to help prevent strain and injury. He also provided an overview of the eBackSafe customized virtual training that is available for teachers and paraeducators. He encourages the members to get their teachers and paraeducators to participate in this training program to help prevent injuries.

2. Loss Control Update and Funding Suggestions

David Bolton, MERMA Loss Control Manager, provided an update on his activities which include training and support to member districts, ergonomic evaluations, annual review of IIPP, Cal OSHA recordkeeping and reporting. He also provided 5 year claim history stats.

David presented and discussed funding suggestions to utilize the Risk Management Fund.

- Ergonomic Chair Program
- Safety Shoes
- Eagle Lift Garbage Can Lift

- Educator Concierge/Help Me App
- Contracted Safety Training

Motion was made to approve the use of \$50,000 of the Risk Management Fund to use towards Loss Control suggestions and members' needs.

MOTION: Veronica Flournoy	SECONDED: Catherine Reimer	MOTION CARRIED
AYES: 10 NOES: 0	ABSTAIN: 0	ABSENT: 12
AYES:	Veronica Flournoy, Catherine Reimer, Ana Aguillon, Patricia Garfoot, Yvonne Perez, Colleen Stanley, Joannie Lumbra, Joshua Jorn, Sherrie Castellanos, Becky Moore	
ABSENT:	Lisa Gering, Lindsay Lopez, Martha Contreras, Michelle Ross, Annette Mooneyham, Daniel Stonebloom, Sandra Shreve, Susanna Mancera-Juarez, Josh Van Norman, Jessica Riley, Dr. Conny Santa Cruz, Tracie Corpuz	

3. Intercare Claims Management Stewardship Report

Connie Hampson of Intercare presented the Claims Management Stewardship Report for Fiscal Year Ending 2022. The following are key indicators and successes over the fiscal year.

- Reportable first year claims increased 111%
- Average paid per indemnity claim is down 50%
- Average incurred per indemnity claim is down 54%
- Total paid for all pending claims is down 26%
- Litigation rate on new claims reported FY 2022 is down 5%
- Bill Review achieved \$6,466,061 net savings from total medical charges
- Pharmacy Benefit Management achieved \$98,061 net savings from total pharmacy charges
- Utilization Review achieved \$804,584 net savings
- Closed 348 reported claims
- Successful in obtaining \$1,888,036 in Excess Reimbursements
- Successful in achieving 70% rate on approval of Requests for Authorization
- Developed a Conditional Payment Referral Checklist with Optum
- Developed and implemented an on-line COVID positive test reporting tool to ensure compliance with SB1159 reporting requirements.

Connie stated on the 3-year comparison reports a lot of what we are seeing this year matches what we saw 2 years ago. COVID did a lot of damage as far as preventing people from getting medical care as doctors weren't seeing patients. The Workers' Compensation Appeals Board was shut down and we couldn't get claims closed and settled. It was a whole different dynamic on the claims side which is reflected in the 3-year comparison.

4. Roundtable Discussion

Colleen Stanley stated it is really important to provide feedback and direction for next year's meeting and to debrief on what took place today. Colleen asked the members to email their feedback to us so that we can provide information that is needed and valuable.

I. CLOSING COMMENTS

Marcus Beverly thanked everyone for attending the meeting and it was great to see them in person.

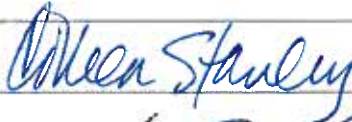
J. UPCOMING MEETINGS

Board of Directors Meeting – May 10, 2023

K. ADJOURNMENT

Colleen Stanley adjourned the meeting at 2:53 p.m.

Colleen Stanley, President:



Marcus Beverly, Executive Director:



Date:

