



LOCAL AND REGIONAL GOVERNMENT
SERVICES AUTHORITIES

Providing Solutions to California Public Agencies

www.lgs.ca.gov

www.rgs.ca.gov

MUNICIPAL SERVICES AUTHORITY (MSA) AGENDA

Agenda materials may be viewed on the Agency's web site or by contacting the Executive Director prior to the meeting.

REGULAR MEETING
August 22, 2013
2:15 p.m.

Dublin Civic Center
Regional Meeting Room
100 Civic Plaza
Dublin, CA 94568

1. CALL TO ORDER

2. CHANGES TO THE ORDER OF AGENDA – staff request the Board to address items 6A and B at this time.

3. APPROVAL OF CONSENT AGENDA

Consent agenda items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Executive Committee, staff or public request specific items to be removed for separate action.

A. Approval of **May 16, 2013** Minutes

Action

4. TREASURER'S REPORT

A. FY2014 Premium Costs and Retention Structure

B. Notice of WC Carrier Downgrade

Information

Information

5. OLD BUSINESS - None

6. NEW BUSINESS - None

A. Amend MSA By-Laws for Number of Member Representatives and Schedule Officer Elections

B. Election of MSA Officers

Action

Action

7. PUBLIC COMMENT

Each speaker is limited to two minutes. If you are addressing the Executive Committee (EC) on a non-agenda item, the EC may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the EC's general policy is to refer items to staff for attention, or have a matter placed on a future EC agenda for a more comprehensive action or report.

8. ADJOURN

The next Regular Meeting will take place on December 5, 2013 at 1:00 p.m. in San Rafael.

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Richard Averett at (650) 587-7301. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**MUNICIPAL SERVICES AUTHORITY
BOARD OF DIRECTORS MINUTES
MAY 16, 2013**

The Municipal Services Authority held a regular meeting of the Board of Directors on May 16, 2013 at the Central Marin Police Authority Community Room, 250 Doherty Drive, Larkspur, California. The meeting was called to order at 1:35 p.m.

1. CALL TO ORDER

Members Present: Ken Nordhoff, Chair, Member for Local Government Services
Steve Rogers, Vice-Chair, Member for Regional Government Services
Other Attendees: Anil Comelo, Board Alternate Member
Michael Garvey, Executive Committee Member
Joni Pattillo, Board Member
Dan Schwarz, Board Chair
Richard Averett, Executive Director/CFO
Jennifer Bower, Human Resources Director
Glenn Lazof, Project Manager
Sherry Kelly, Authority Clerk

2. CHANGES TO THE ORDER OF AGENDA - None

3. APPROVAL OF CONSENT AGENDA

A. Approval of **June 22, 2012** Minutes

Action: Moved, seconded (Nordhoff/Rogers) and carried unanimously to approve the minutes.

4. TREASURER'S REPORT

A. Approval of FY2014 budget and member allocation

Action: Moved, seconded (Rogers/Nordhoff) and carried unanimously to approve the FY 2014 Budget and to allocate insurance costs to each member of the JPA on the basis of the Agency's share of revenues as a percentage of total revenues, as part of the administrative cost allocation.

5. OLD BUSINESS - None

6. NEW BUSINESS - None

7. PUBLIC COMMENT - None

8. ADJOURNMENT – The meeting adjourned at 1:39 p.m. The next meeting date and location has yet to be determined.



TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR
SUBJECT: **FY2014 PREMIUM COSTS AND RETENSION SCHEDULE**

BOD Meeting: 8-22-2013
Item: 4A

INFORMATION

FY2014 insurance premium costs are within the adopted budget amounts.

BACKGROUND

Beginning July 1, 2012, Local Government Services Authority and Regional Government Services Authority began to receive insurance services through MSA. The FY2013 MSA budget was \$335,000 and was allocated to the two member agencies. During the fiscal year, LGS and RGS made additional member contributions totaling \$800,000 in order to accelerate funding of claims reserves. The same MSA operating budget amount (\$335,000) was approved for FY2014. Premium costs were not known at the time of budget adoption, but were projected to be similar to the prior year. Actual premium costs are compared in the table below.

FY2014 BUDGET AND PREMIUM COSTS - PRIOR YEAR AND ACTUAL

The MSA budget for fiscal year 2014 and fiscal year end (FYE) projections are shown below, along with the estimated FYE2013 performance. At the time of FY2014 budget adoption, carrier proposals had not been received. Actual FY2014 premiums for casualty and workers' compensation, subsequently received after budget adoption, have changed very little from FY2013 premium costs. Casualty and WC policies for FY2014 have the same per occurrence deductible of \$50,000 and \$1,000,000 respectively. The WC policy continues to have a provision for \$200,000 per claim per year cash flow protection. This year a workers' comp \$100,000 self-insured retention policy was also purchased to reduce the risks to reserves posed by the large deductible on the primary workers' comp policy.

	FY14 Budget	FY13 Estimate	FY14 Projection	FY14 - FY13
Casualty	85,000	62,256	64,260	2,004
Workers' Comp	76,000	50,040	50,008	-32
WC SIR*	n/a	n/a	11,437	11,437
RGS Admin	30,000	45,000	30,000	-15,000
Brokerage	38,000	57,000	38,000	-19,000
Audit Services	6,000	0	6,000	6,000
Claims Reserve Contrib.	<u>100,000</u>	<u>120,704</u>	<u>135,295</u>	14,591
Total	335,000	335,000	335,000	

*New for FY2014 - \$100,000 SIR policy

As can be seen, by fiscal year end the contribution to claims reserve is estimated to be \$35,000 more than budgeted. The claims reserve balance will ultimately be impacted by claims expenses. It is expected that MSA's net equity at the start of FY2014 was approximately \$918,200.



MUNICIPAL SERVICES AUTHORITY

Providing Insurance Solutions for California Public Agencies

www.lgs.ca.gov

www.rgs.ca.gov

TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR
SUBJECT: MEADOWBROOK RATING DOWNGRADED TO B++

BOD Meeting: 8-22-2013
Item: 4B

INFORMATION

Meadowbrook Insurance Group, the parent of Star Insurance, has been downgraded to a B++ rating. Keenan & Associates, MSA's broker, is monitoring the financial status of Meadowbrook and is seeking other workers' compensation carriers.

BACKGROUND

MSA workers' compensation insurance has been provided by Star Insurance since July 1, 2012. Recently we were notified by Keenan that Meadowbrook Insurance had been downgraded from A- to B++ by A.M. Best Company. An A to A- rating is considered "Excellent" and a B++ to B+ is considered "Very Good".

ANALYSIS AND ADVICE

A.M. Best announced with the downgrade that its financial strength ratings (FSR) for Meadowbrook was "stable". Keenan is not comfortable having MSA insured at the primary or excess level with any carrier having lower than an A rating. For the interim, Keenan advises that with the low WC loss history of MSA and low risk of Star Insurance being unable to honor a claim above \$1 million, MSA is best served by Keenan's continuing to monitor Meadowbrook's financial position while searching for alternative carriers.



MUNICIPAL SERVICES AUTHORITY

Providing Insurance Solutions for California Public Agencies

www.lgs.ca.gov

www.rgs.ca.gov

TO: BOARD OF DIRECTORS **BOD Meeting: 8-22-2013**
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR **Item: 6A**
SUBJECT: AMEND JPA BYLAWS FOR NUMBER OF MEMBER REPRESENTATIVES AND SCHEDULE OF OFFICER ELECTIONS

RECOMMENDATION

Approval of amendments to the Municipal Services Authority (MSA) bylaws to:

1. Article I, Section B, allowing appointment of one additional member representative from member agency Regional Government Services Authority (RGS), so that the MSA Board would be comprised of three member representatives, two from RGS and one from Local Government Services Authority; and
2. Article III, Sections A and B, setting the term of Chair and Vice-Chair and election cycle for the MSA Executive Committee Officers at annually, to occur at the first regular meeting each fiscal year.

BACKGROUND

MSA was formed as a Joint Powers Authority in January 2012 with two member agencies, Local Government Services Authority and Regional Government Services Authority. One representative (and one alternate representative) from each member agency were appointed to the Board of MSA in accordance with the joint powers agreement bylaws. The agreement also states that Officers shall serve a term of two years, beginning July 1 of even-numbered years, with the next scheduled election being in 2014.

The one-representative-per-member-agency format was chosen to provide for equal representation from any future agencies which might join MSA. However, having only two MSA Board Members has sometimes made it difficult for the Board to achieve a quorum for special meetings. Therefore, the RGS Board has requested staff develop a recommendation to increase the number of MSA Board Members to three, and to have all Board and Committee officers elected annually at the first regular meeting of each fiscal year.

Both actions – increasing the number of Member Representatives per agency and changing the election of officers schedule – can be accomplished by majority vote of the MSA Board to amend the bylaws (rather than an amendment of the joint powers agreement, which would require approval of both Member Agencies). Should another agency become a MSA Member, most likely the MSA Board may want to revisit the bylaws to restore one-Member Representative per Member Agency.

FISCAL IMPACT

There is no fiscal impact to amend the bylaws to allow an additional RGS Member Agency representative or to change officer term or election cycle.