



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 21, 2014
1:30 p.m.

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

1. CALL TO ORDER

A. Election of Officers

Action

2. CHANGES TO THE ORDER OF AGENDA AND PUBLIC COMMENT

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

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 15, 2014** Minutes

Action

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through June 2014

Information

5. OLD BUSINESS

A. Approval of Amendments to the MSA JPA Agreement and Bylaws

Action

B. Update on Purchase of FY15 Insurance

Information

6. NEW BUSINESS - None

7. ADJOURN

The next Regular Meeting will take place on October 23, 2014 at 1:00 p.m. in Larkspur.

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 15, 2014**

The Municipal Services Authority held a regular meeting of the Board of Directors on May 15, 2014 at the Yountville Community Center Art Room. The meeting was called to order at 2:20 p.m.

1. CALL TO ORDER

Members Present: Steve Rogers, Chair
Ken Nordhoff, Vice Chair
Dan Schwarz, Member

Members Absent: None

Other Attendees: Richard Averett, Executive Director Bill Poland, Keenan and Associates
Jennifer Bower, Director of Human Resources Steve Gedestad, Keenan and Associates
Julie Carter Karen Thesing, Keenan and Associates
Deirdre Dolan

2. CHANGES TO THE ORDER OF AGENDA - None

3. APPROVAL OF CONSENT AGENDA

- A. Approval of **April 14, 2014** Minutes
- B. Approval of Administrative & Financial Policies Updates, including Conflict of Interest Code
- C. Approval of FY2015 Budget

ACTION: Moved and seconded (Nordhoff/Schwarz) to approve the consent agenda.

AYES: Rogers, Nordhoff, Schwarz

NOES: None

ABSTAIN: None

4. TREASURER'S REPORT

- A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through March 2014
Executive Director Averett reviewed financial performance through March. This was an informational item and no action was taken.

5. OLD BUSINESS

- A. Authorization of Executive Director to execute JPA Agreement and Bylaws for MSA membership in the Municipal Insurance Cooperative, a JPA, subject to MSA counsel review.
Executive Director Averett reviewed the status of this item to-date and the objectives of MIC. Bill Poland and Karen Thesing, both of Keenan & Associates, presented MIC as a bundled approach. In response to Member Schwarz's question, Poland responded that existing interested agencies have enough buying power collectively to make the pool a success for member agencies.

ACTION: Moved and seconded (Nordhoff/Schwarz) to authorize Executive Director to execute JPA Agreement and Bylaws for MSA membership in the Municipal Insurance Cooperative subject to MSA counsel review.

AYES: Rogers, Nordhoff, Schwarz

NOES: None

ABSTAIN: None

6. NEW BUSINESS

- A. Authorization of Executive Director to create a dental program, execute necessary documents and prepare amendments to the MSA JPA agreement and bylaws for consideration by the Board at a future MSA meeting.
Executive Director Averett reviewed the previous discussions of this item and the objectives of forming a dental program within MSA. Averett noted that JPA counsel had already opined that the JPA Agreement

would permit a program to be formed and operated under MSA, but recommended the Agreement and Bylaws be amended to provide better program operations and insulation from MSA member agencies' interest. Steve Gedestad, Keenan & Associates, responded to Member Nordhoff's question, that the Pool providers could accommodate new participating agencies' existing MOU language. Ultimately, the more uniform agencies' dental plans are, the lower the costs of administering the program.

ACTION: Moved and seconded (Nordhoff/Schwarz) to authorize Executive Director to create a dental program, execute necessary documents such as Broker of Record and dental insurance vendor agreement, and prepare amendments to the MSA JPA agreement and bylaws for consideration by the Board at a future MSA meeting.

AYES: Rogers, Nordhoff, Schwarz

NOES: None

ABSTAIN: None

7. **PUBLIC COMMENT** - None

8. **ADJOURNMENT** – The meeting adjourned at 3:15 p.m. The next regular meeting is scheduled for 1:00 p.m., August 21, 2014, in Dublin.



TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR
SUBJECT: FINANCIAL REPORT ANALYSIS

BOD Meeting: 8-21-14
Item: 4A

RECOMMENDATION

No action is required of the Board. These are informational, preliminary financial reports through June 2014 month-end, and are attached for review. All reports are draft and unaudited. Balance Sheet impacts of auditor journal entries for the FY2013 Audit are incorporated in these preliminary statements.

NET POSITION ANALYSIS

Through June 2014, the net income for MSA was \$632,296. Additional Member contributions of \$500,000 were received during the fiscal year in order to bolster claims reserves. Without these additional contributions, normal operations would have added \$132,296 to claims reserves - \$32,296 more than budgeted.

BALANCE SHEET ANALYSIS

Through June 2014, total equity for MSA was \$1,451,819. As noted above, this figure is \$532,296 higher than budgeted due to additional Member contributions and operational savings. It is anticipated that our auditor will make substantial claims set-asides for claims originating while the Members were participating in the California Joint Powers Insurance Authority, which will have a direct impact on long-term liabilities and thus total equity.

8:52 PM
08/15/14
Accrual Basis

Municipal Services Authority
Profit & Loss
July 2013 through June 2014

	<u>TOTAL</u>
Income	
440410 · Member Contributions	834,992
Total Income	834,992
Expense	
520100 · Broker Expense	38,000
520200 · Admin Fee Expense	30,000
520300 · Gen Liability Insur Exp	64,260
520400 · Worker Comp Insur Exp	61,445
520500 · Legal	8,992
Total Expense	<u>202,696</u>
Net Income	<u><u>632,296</u></u>

Municipal Services Authority
Balance Sheet
As of June 30, 2014

	<u>Jun 30, 14</u>
ASSETS	
Current Assets	
Checking/Savings	
110010 · Union Bank Cash	4,000
110040 · CalTrust Med Term Fund	<u>412,565</u>
Total Checking/Savings	416,565
Accounts Receivable	
120100 · Due From/To RGS-LGS	<u>1,250,002</u>
Total Accounts Receivable	1,250,002
Other Current Assets	
130100 · Prepaid Expenses	<u>-17,706</u>
Total Other Current Assets	<u>-17,706</u>
Total Current Assets	<u>1,648,861</u>
TOTAL ASSETS	<u>1,648,861</u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
260001 · IBNR - GL	50,000
260002 · IBNR - WC	<u>147,042</u>
Total Long Term Liabilities	<u>197,042</u>
Total Liabilities	197,042
Equity	
320000 · Unrestricted Net Assets	819,523
Net Income	<u>632,296</u>
Total Equity	<u>1,451,819</u>
TOTAL LIABILITIES & EQUITY	<u>1,648,861</u>



TO: BOARD OF DIRECTORS
FROM: RICHARD AVERETT, Executive Director
SUBJECT: AMENDED MSA JPA AGREEMENT AND BYLAWS

BOD Meeting: 8-21-2014
Item: 5A

RECOMMENDATION

Accept the Member-approved changes to the Municipal Services Authority (MSA) JPA Agreement to better accommodate programs for public agencies.

BACKGROUND

As discussed at previous meetings, MSA has recently taken the lead in establishing a dental pool for Member and non-member public agencies to utilize. JPA Counsel recommended the Agreement and Bylaws be amended to eliminate inconsistencies and thus better accommodate these types of programs. The edits to the existing Agreement and Bylaws are designed to specifically enable MSA to provide additional programs and services beyond insurance and self-insurance, and to provide a means for non-Member agencies participating to have input on the programs they use.

Additional edits have been made to the Bylaws to facilitate alternate representation of Board Members (Article I, subsection B) and to allow greater flexibility in the method of calculating Member contributions (Article IV, subsection C). JPA legal counsel has reviewed and approved all proposed changes.

These additional programs and services will provide MSA and its Member agencies (RGS and LGS), along with non-Member agencies, cost effective benefit and other programs through pooled purchasing power and central oversight and coordination. In turn, these programs will enhance the awareness among local governments of JPA services and the value they bring public agencies.

FISCAL IMPACT

No fiscal impact of approving these changes is anticipated. Long-term, these changes will better enable MSA to effectively offer valuable programs to public agencies, resulting in increased use of MSA and RGS services.

MUNICIPAL SERVICES AUTHORITY (MSA)
JOINT EXERCISE OF POWERS AGREEMENT

January 12, 2012
As amended August 21, 2014

**MUNICIPAL SERVICES AUTHORITY (MSA)
JOINT EXERCISE OF POWERS AGREEMENT**

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**JOINT EXERCISE OF POWERS AGREEMENT
CREATING THE MUNICIPAL SERVICES AUTHORITY
(MSA)**

An agreement entitled "Joint Powers Agreement Creating the Municipal Services Authority" was entered into January 12, 2012 pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500, et seq.) of the California Government Code, relating to the joint exercise of powers, by and between the Local Government Services Authority and the Regional Government Services Authority for the purpose of creating an agency to be known and designated as Municipal Services Authority (MSA) (hereinafter referred to as "the Authority"). This Amended and Restated Joint Powers Agreement Creating the Municipal Services Authority is made and effective this 21st day of August, 2014.

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WITNESSETH:

WHEREAS, it is to the mutual benefit of the parties herein subscribed and in the best public interest of said parties to join together to establish this Joint Exercise of Powers Agreement to accomplish the purposes hereinafter set forth; and

WHEREAS, Title 1, Division 7, Chapter 5, Article 1, of the California Government Code authorizes two or more public agencies to create a separate entity to administer the joint exercise of any power common to them; and

WHEREAS, the signatories hereto have determined that there is a need by the Members for a Joint Program for Workers' Compensation, Liability and Crime Insurance Protection Program ("the Program"); and

WHEREAS, it is the desire of the signatories hereto to study and from time to time to incorporate other forms of property, casualty or employee benefit health and welfare programs into a Joint Program such as that described herein.

**NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES SET OUT
HEREIN, THE PARTIES DO AGREE AS FOLLOWS:**

1. CREATION OF THE JOINT POWERS ENTITY

A joint powers entity, separate and apart from the public agencies signatory hereto, is hereby created and shall hereafter be designated as the Municipal Services Authority (MSA).

2. FUNCTIONS OF THE AUTHORITY

A. The Authority is established for the purposes of providing the services necessary and appropriate for the establishment, operation and maintenance of programs for the benefit of its Members.

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B. The functions of the Authority are:

(1) To provide a Joint Program and system for Workers' Compensation, Liability and Crime Insurance Programs to each Member, for Workers' Compensation, Liability and Crime Program claims against the Members of the Authority and as such, to perform, or contract for the performance of, the financial administration, policy formulation, claim service, legal representation, safety engineering, and other services as necessary for the payment and handling of all Workers' Compensation, Liability and Crime Insurance Program claims against Members.

(2) To pursue the Member's right of Subrogation against a third party when in the discretion of the Authority the same is deemed appropriate. Any and all proceeds resulting from the assertion of such Subrogation rights shall accrue to the benefit of the Authority.

(3) To identify, implement, and provide additional programs and services beneficial to Members and non-Member agencies.

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3. POWERS OF THE AUTHORITY

Pursuant to and to the extent required by Government Code Section 6509, the Authority shall be restricted in the exercise of its powers in the same manner as a general law city. MSA shall have the power to do any of the following in its own name:

(1) To enter into contracts.

(2) To obtain appropriate other coverage as determined by the Authority.

(3) To acquire, hold, and dispose of property, real and personal, all for the purpose of providing the Members with the necessary administration, education, study and development services need to implement the Joint Program including, but not limited to, the acquisition of facilities and equipment, the employment of personnel, and the operation and maintenance of a system for the administration of the Joint Program.

(4) To incur debts, liabilities, and obligations necessary to accomplish the purposes of this Agreement.

(5) To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, associations, and any governmental entity.

(6) To invest funds as deemed appropriate by the Authority, and as subject to law.

(7) To provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding other Joint Programs.

(8) To sue and be sued in the name of the Authority.

(9) To perform such other functions as may be necessary or appropriate to carry out the purposes of this Agreement, so long as such other functions so performed are not prohibited by any provision of law.

- (10) To join other joint powers authorities to provide services and coverages to the Authority.
- (11) To adopt rules, regulations, policies, bylaws and procedures governing its operation.

4. TERM OF THE AGREEMENT

This Amended Agreement shall be effective and binding on any signatory thereto upon execution. This Agreement shall continue in effect until lawfully terminated as provided herein and in the Bylaws. In the event of a reorganization of one or more of the Members, the successor or successors in interest to the assets and/or obligations of that Member shall succeed as a party or as parties to this Agreement. However if said reorganization creates a material change in the risk profile of the Member as determined by the Authority's Board, then continuing membership by such reorganized Member shall be subject to Board approval.

5. BYLAWS

- A. The Authority shall be governed pursuant to those certain Bylaws attached hereto as Exhibit "A" and incorporated herein by this reference, and by such amendments to the Bylaws as may from time to time be adopted ("the Bylaws").
- B. Procedures for amending the Bylaws shall be as provided in the Bylaws so long as said procedures are not inconsistent with this Agreement.

6. MEMBERSHIP IN THE AUTHORITY

- A. Each party to this Agreement must be eligible for membership in the Authority as defined in this Agreement and shall become a Member of the Authority on the effective date of this Agreement, except as provided herein below. Each party that becomes a Member of the Authority shall be entitled to the rights and privileges of, and shall be subject to the obligations of, membership as provided in this Agreement and in the Bylaws.
- B. Upon two-thirds (2/3) vote of the Members present at a Board of Directors' meeting, any public agency that desires to join the Authority created hereby, may become a Member hereof by executing a copy of this Agreement.

7. WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

- A. Any Member that has completed a one year term as a Member of the Authority may voluntarily withdraw from this Agreement. Such withdrawal of membership shall become effective subject and according to the conditions, manner and means set forth in the Bylaws.
- B. Withdrawal by any party to the Agreement shall not be construed as a completion of the purpose of the Agreement and shall not require the repayment or return to the Members of all or any part of any contributions, payments, or advances made by the Members unless and until the Agreement is terminated.
- C. A Member may be involuntarily removed from the Authority upon a two-thirds (2/3) vote of the Members present at a Board of Directors' meeting, as provided in the Bylaws. Such removal from membership shall become effective subject and according to the conditions, manner and means set forth in the Bylaws.

8. TERMINATION OF AGREEMENT

This Agreement may be terminated effective at the end of any fiscal year by a two thirds (2/3) vote of the Members, provided, however, that the Authority and this Agreement shall continue to exist for the purpose of disposing of all obligations, distribution of assets, and all other functions necessary to conclude the affairs of the Authority.

9. DISPOSITION OF PROPERTY, FUNDS AND OBLIGATIONS

- A. In the event of the dissolution of the Authority by the Members, any property interest remaining in the Authority following a discharge of all obligations shall be disposed of as provided for in the Bylaws.
- B. In the event a Member withdraws from this Agreement, any property interest of that Member remaining in the Authority following discharge of all obligations shall be disposed of as provided for in the Bylaws.
- C. After the completion of its purpose, any surplus money remaining in the Authority's self-funded pool shall be returned to the Members in proportion to the contributions made and the claims or losses paid.

10. AMENDMENTS

This Agreement may be amended at any time by a subsequent written agreement signed by two thirds (2/3) of the parties hereto. Any such amendment shall be effective upon the date of final execution thereof by all the parties hereto.

11. SEVERABILITY

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or any other applicable law, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

12. LIABILITY

- A. The Members of the Authority shall not be jointly or severally liable for the debts, liabilities or obligations of the Authority.
- B. The Authority may insure/reinsure itself, to the extent deemed necessary or appropriate by the Board of Directors, against loss, liability, and claims arising out of or connected with this Agreement.

13. ENFORCEMENT

The Authority is hereby given authority to enforce this Agreement. In the event suit is brought by the Authority to enforce this agreement and judgment is recovered against a Member, the losing party shall pay all costs reasonably incurred by the prevailing party, including reasonable attorney's fees as fixed by the court.

14. MULTIPLE COUNTERPARTS

The Agreement may be executed in multiple counterparts, each of which shall be considered an original.

15. DEFINITIONS

The terms used herein and in the Bylaws shall have the following meanings:

- A. "The Authority" shall mean the Municipal Services Authority created by this Agreement.
- B. "Board of Directors" shall mean the governing board of the Authority established by the Bylaws to direct and control the Authority.
- C. "Claim Liability" shall mean those liabilities established by the Authority which represents Excess Property & Liability Program liabilities as respects to claims that have been incurred but unpaid and incurred but not reported.
- D. "Contribution" shall mean money paid by a Member or program participant to the Authority, or monies assessed a Member of the Authority.
- E. "Joint Program" shall mean the group purchasing of insurance/reinsurance or the setting aside of funds and reserves to pay for a self-insured retention or for losses not covered by insurance/reinsurance.
- F. "Member" shall mean the original parties to this Agreement (which have not withdrawn from the Authority) and such other California public entities as may join MSA after execution of this Agreement.
- G. "Memorandum of Coverage" shall mean the description of the scope of protection provided to the Members for Program claims.
- H. "Program Year" shall mean one year of the Joint Program, separate from each and every other Program Year and shall operate on a fiscal year from July 1st through June 30th, or as otherwise determined by the Board of Directors.
- I. "Subrogation" shall mean the recovery of payments which the Authority has made on behalf of a Member. Subrogation monies received are the properties of the Authority and for the Basis of Contribution are credited to the account of the Member.

16. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Authority and the Members, and as such, supersedes all prior agreements, understandings, negotiations and representations.

17. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Members:	RGS	LGS
Date:	_____	_____
By:	_____	_____
Title:	_____	_____

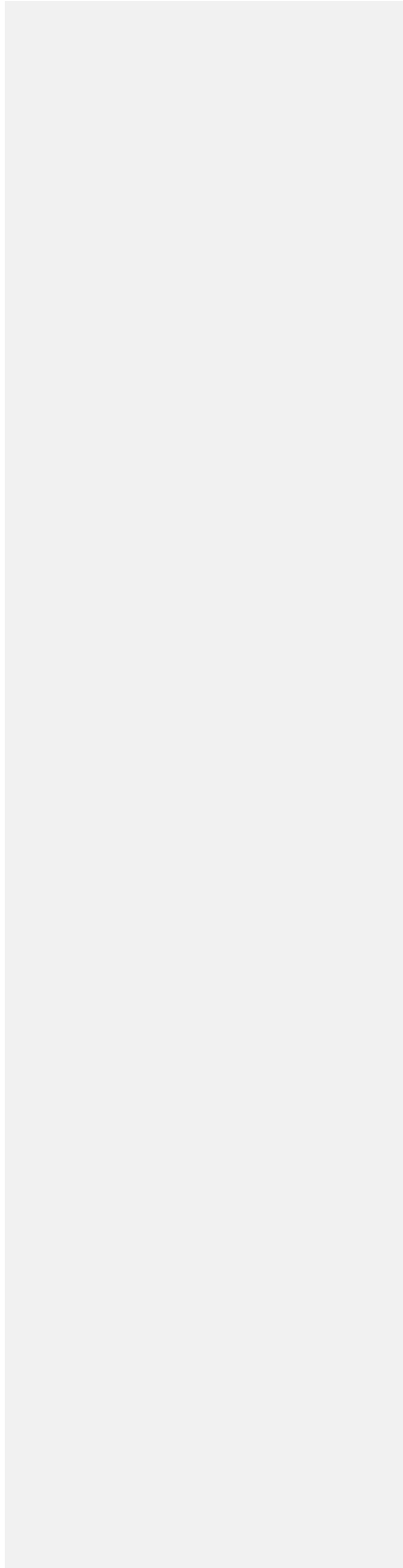


Exhibit A

BYLAWS

BYLAWS
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BYLAWS

AUTHORITY

PREAMBLE

Municipal Services Authority (MSA) ("the Authority") is established for the purpose of providing the services and other items necessary and appropriate for the establishment, operation, and maintenance of a joint program for Workers' Compensation, Liability and Crime Insurance Program protection for the public agencies who are Members hereof, and to provide a forum for discussion, review, development, and implementation of services and programs of mutual interest, including but not limited to benefits, insurance and self insurance.

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ARTICLE I

BOARD OF DIRECTORS

- A. A Board of Directors is hereby established to direct and control the Authority.
- B. Each Member of the Authority shall be entitled to appoint one representative to the Board of Directors. The Board representative must be an employee or authorized agent of the member and shall serve at the pleasure of the member by whom appointed. Only the designated Board representative may represent a member. The designated representative may invite Members of their agencies' staffs or consultants to attend meetings of the Board of Directors in an advisory capacity only. If a Member Agency's representative is not available for a regularly scheduled MSA meeting, the MSA Board may accept interim appointment by the Member Agency's representative of an alternate representative to the MSA meeting. The alternate representative shall have full representative rights for that upcoming meeting. A third representative to the Board of Directors will be appointed from 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.
- C. The Board of Directors shall conduct meetings consistent with the Ralph M. Brown Act, provided, however, that it will hold at least one regular meeting each fiscal year. The date, time, and place for each such regular meeting shall be fixed by the Chair of Board of Directors, which shall be publicly posted prior to the meeting on a public bulletin board to be designated by the Chair of the Board of Directors and filed with each Member of the Authority. All meetings of the Board of Directors shall be called, held, and conducted in accordance with the terms and provisions of the Ralph M. Brown Act (Sections 54950, et seq., of the California Government Code), as said Act may be modified by subsequent legislation, and as the same may be augmented by rules of the Board of Directors not inconsistent therewith. The Board of Directors shall cause minutes of its meetings to be kept, and shall promptly transmit to the Members of the Authority true and correct copies of the minutes of such meetings.
- D. The Board of Directors, by resolution, shall designate a specific location at which it will receive notices, correspondence, and other communications, and shall designate a Secretary who may, but does have to be a Member, for the purpose of receiving service on behalf of the Authority. The Authority shall comply with the provisions of Sections 6503.5 and 53051 of the Government Code requiring the filing of a statement with the Secretary of State.

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- E. The Board of Directors may establish and dissolve working committees. The Board Chair shall appoint the Chairperson and Members of committees from the Authority's active Membership.
- F. The Board of Directors shall determine contributions and the method by which contributions will be paid to a General Fund. The Board of Directors shall also provide for additional assessments during the year, if necessary or appropriate, to allow for increased costs and expenses that may occur. The Board of Directors shall insure that a complete and accurate system of accounting of the General Fund shall be maintained at all times consistent with established auditing standards and accounting procedures. The Board of Directors shall determine the manner in which Workers' Compensation, Liability and Crime Insurance Program claims shall be processed. Such processing shall conform to all provisions of law now in effect or later enacted.
- G. The Board of Directors shall have the power, authority and duty to handle all aspects of Workers' Compensation, Liability and Crime Program claims against Members of the Authority.
- H. The Board of Directors shall directly or by contract provide for services required to effectively implement all aspects of this joint program.

ARTICLE II

RULES OF THE BOARD OF DIRECTORS

- A. The Board of Directors may establish rules governing its own conduct and procedure and have such expressed or implied authority as is not inconsistent with, or contrary to, the laws of the State of California, these Bylaws, or the Joint Powers Agreement.
- B. A quorum for the transaction of business by the Board of Directors shall consist of a majority of the Board of Directors.
- C. No one serving on the Board of Directors shall receive any salary or compensation from the Authority.
- D. The Board of Directors may approve reimbursement for expenses incurred at its direction.
- E. The Officers of the Authority shall serve a term of two years, beginning July 1 of even-numbered years, except that in the formation year the initial term will run from the date of formation until the succeeding July 1.

ARTICLE III

OFFICERS

- A. Principal Officers shall be a Chair, a Vice Chair, and an Executive Director.
- B. Election of Officers:
 - 1. The Board shall elect a Chair and Vice-Chair from among the Directors, for a term of one (1) year.

2. Officer elections shall take place at a regularly scheduled Board of Directors meeting at the first meeting of every fiscal year. Representatives to the Board of Directors may make nominations of individuals who meet the requirements for the office at the time of election. If such nomination is seconded, the nominated individual shall be a candidate for that office for which the candidate was nominated. The candidate with the greatest number of votes shall assume the office.
 3. Any person elected as an officer may be removed at any time, with or without cause, by a majority vote of the Board of Directors.
 4. All vacancies arising may be filled at any time by a two thirds 2/3 vote of the Directors present at that Board of Directors meeting.
- C. The Chair and Vice Chair shall perform the duties normal to such offices, and shall perform such other duties as may be imposed by the Board. The Vice-Chair shall perform all of the Chair's duties in the absence of the Chair. The Executive Director shall be appointed by the Board and shall be the chief executive officer and shall have general supervision and direction of the business of the Authority, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall have other powers and perform such other duties as may be prescribed from time to time by the Board of Directors. Pursuant to Government Code Section 6505.6, the Executive Director shall serve as or be responsible for the provision of Treasurer duties, including serving as the JPA Auditor, Controller and Treasurer. The Treasurer shall be the depository, shall have custody of all of the accounts, funds and money of MSA from whatever source, shall have the duties and obligations set forth in Government Code Sections 6505 and 6505.5 and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of MSA. The Executive Director shall serve as or be responsible for the provision of Secretary duties, including recording all votes and the minutes of all proceedings. The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors when notice is required by law or these Bylaws. The Secretary shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the Chair.
- D. The Treasurer shall be the chief financial officer of the Authority and shall assume the duties described in Sections 6505.1 and 6505.5 of the California Government Code, as follows:
1. Receive all money of the Authority and place it in the designated depository to the credit of the Authority;
 2. Be responsible for the safekeeping and disbursement of all money of the Authority held by the Treasurer;
 3. Pay, when due, out of money of the Authority all legitimate and verifiable sums payable by the Authority only upon checks or other means of payment authorized by the Treasurer from a commercial account in a financial institution designated by the Board of Directors;
 4. Verify and report in writing at least annually, to the Board of Directors, the amount of money held for the Authority, the amount of receipts since the last Treasurer's Report, and the amount paid out since the last Treasurer's Report;
 5. Custodian of the Authority's property.

The Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by law or by the Board of Directors or the Chair.

ARTICLE IV

OTHER SERVICES AND PROGRAMS

- A. The Authority may establish other services and programs from time to time for the benefit of its Members and/or non-Member agencies.
- B. The Authority Executive Director shall develop guidelines consistent with the intent of this Agreement and Bylaws that best protect the Authority and Members, including separate accounting and risk management for other services and programs.
- C. The Authority Executive Director may establish Advisory Committees comprised of participating agencies in other services and programs.
- D. The Authority Executive Director shall regularly report to the Board of Directors on the status of any service or program so established.

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ARTICLE IV

FINANCE

- A. The Authority shall operate on a fiscal year from July 1st through June 30th.
- B. Authority staff shall develop, on or before June 1st of each year, a budget estimating the amount of money that will be needed for the ensuing year. On or before June 30th of each year, the Authority shall adopt a final budget showing each of the purposes for which the Authority will need money for the ensuing fiscal year. A copy of the budget shall be transmitted to each of the participating Members.
- C. Each Member shall pay to the Authority the Contribution as calculated and adopted by the Board of Directors pursuant to the following:
 - 1. Member's share based upon each Member's Total Insurable Values, Loss History, Unusual Exposures and other information relative to providing coverage;
 - 2. The Base Contribution Rate may be subject to modification based upon a Member's claim experience and weighted against the relative insurable value; and/or,
 - 3. A share of all other costs as determined by the Authority.

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Deleted: for the Member as determined by the Board. This shall be considered the Base Contribution Rate.

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Contributions are due and payable on receipt of invoice and shall be considered past due 30 days from receipt of invoice and a penalty assessed on the unpaid amount as determined by the Board of Directors.

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- D. Each fiscal year of the Authority shall operate separately from every other fiscal year in regard to its assets and Obligations and in accordance with GASB rules and regulations. Those assets and Obligations are pooled assets and Obligations of the Members who participate in each distinct and separate Program Year.
- E. A General Fund, if necessary, shall be established and maintained to receive monies, pay operating

expenses hold reserves and pay claims of the Authority. The Authority shall accept and deposit in the General Fund all monies received unless special funds are required for distinct programs that may, for example, have non-member participants.

- F. An Operating Account if necessary shall be established and maintained out of monies received and deposited in the General Fund for:
1. Insurance/reinsurance premiums;
 2. Claims management expenses;
 3. Safety engineering;
 4. Data processing costs;
 5. Administration and Professional Services, and Miscellaneous operating expenses;
 6. Loss Control; and
 7. Any other program or service for which specific designation is deemed appropriate.

ARTICLE V

EVIDENCE OF COVERAGE

- A. By June 1st of each year preceding the July 1st inception date of new or renewal programs, the Authority shall distribute to Members Insurance Certificates, Memorandum of Coverage or other documents summarizing the coverage that will be implemented July 1st. Within 60 days of the effective date of each new or renewing program formal policies or other documents will be provided to each member detailing the price, terms and conditions of each program.
- B. The documents described in item A shall include at a minimum:
1. The basis of premium contributions;
 2. The scope of protection provided for the Program;
 3. Other terms and conditions which the Board of Directors may consider necessary.

ARTICLE VI

ACCOUNTS AND RECORDS

- A. The Authority shall designate a depository in accordance with California Government Code sections 6505.5 and 6505.6.
- B. The Authority is strictly accountable for all funds received and disbursed by it and, to that end, the Authority shall establish and maintain such funds and accounts as may be required by Generally Accepted Accounting Principles or by any provision of law or any resolution of the Authority. Books and records of the Authority in the hands of the Treasurer shall be open to inspection at all reasonable

times by representatives of the Members. The Authority, as soon as practical after the close of each fiscal year, shall give, or cause to be given, a complete written report of all financial activities for such fiscal year to each Member of the Authority.

- C. The Board of Directors shall make, or contract with a Certified Public Accountant to make, an annual audit of the accounts, records, and financial affairs of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for Special Districts under Section 26909 of the California Government Code and shall conform to Generally Accepted Auditing Standards and accounting principles. When such an audit of accounts and reports is made by a Certified Public Accountant, a report thereof shall be filed as a public record with each of the Members of the Authority. Such reports shall be filed with the State within twelve (12) months of the end of the fiscal year under examination.
- D. Controller's Office. Any costs of the audit, including contracts with, or employment of, Certified Public Accountants in making the audit(s) provided for herein, shall be appropriate administrative charges against the funds of the Authority.

ARTICLE VII

RISK MANAGEMENT

The Authority may adopt minimum standards for risk management/loss control practices. Each of the Members hereby agrees to implement in its agency the minimum standards of risk management practices developed by the Authority.

ARTICLE VIII

WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

- A. Any Member may withdraw from its status as a Member and party to the Joint Powers Agreement at the end of a fiscal year by notifying the Authority of its intention, in writing, with provisional notice of withdrawal within nine months of the new Program year.
- B. The Member filing the notice of withdrawal shall notify the Authority in writing, together with a copy of the Member's Board resolution or meeting minutes authorizing such action, six (6) months prior to the start of the new Program year as to its final decision to leave the Authority.
- C. The incurred claims, incurred but not reported claims, and all contributions of the withdrawing Member shall stay with the Authority. The withdrawing Member shall continue to participate in each of the Program Years for which the agency was a Member. The allocation of assets and obligations that were in effect for those years the withdrawing Member was a Member shall continue to stay in effect until those years are closed and cleared of assets and/or obligations.
- D. A Member may be involuntarily terminated from the Authority upon a vote of two-thirds (2/3) of all the remaining Members of the Board of Directors. Involuntary termination shall have the effect of eliminating the party as a signatory of the Joint Powers Agreement and as a Member of the Authority, effective at the end of the fiscal year in which the action is taken or upon such other date as the Board of

Directors may specify, but in no case less than sixty (60) days after notice of involuntary termination is given. The responsibility and participation of an involuntarily terminated Member shall be the same as stated in Subparagraph C. of this ARTICLE.

E. Grounds for involuntary termination:

1. Failure or refusal to abide by the Agreement or Bylaws;
2. Failure or refusal to fulfill the Member's responsibility to participate in Authority governance.
3. Failure or refusal of a Member to abide by an amendment which has been adopted by the Board of Directors or by the Members of the Authority as provided in the Agreement or these Bylaws;
4. Failure or refusal to pay Contributions or assessments to the Authority as provided in the Agreement or Bylaws;
5. Failure to comply with risk management or safety standards implemented by the Authority;
6. Failure of a Member to disclose a material fact to the Authority or its Manager, whereby said material fact constitutes fraud, misrepresentation or concealment for the purposes of obtaining coverage with the Authority.

ARTICLE IX

DISPOSITION OF PROPERTY AND FUNDS

- A. In the event of the dissolution of the Authority, the complete rescission, or other final termination of the Joint Powers Agreement by all Members or other public agencies then a party to the Agreement, any property interest remaining in the Authority following a discharge of all Obligations shall be disposed of pursuant to a plan adopted by the Board of Directors with the objective of returning to each Member or other agency which is then or was therefore a party preceding the termination of the agreement, a Pro Rata Share of each Program Year's equity to which each Member was a participant. The plan adopted by the Board of Directors shall include, but not be limited to, the following:
1. Claims outstanding, and incurred but not reported to, the Authority shall be audited and calculated by an independent claims auditor and actuary selected by the Board of Directors for determination of future liabilities for expenses and costs to bring these claims to a conclusion.
 2. The current fair value of the Authority's properties shall be determined by the Board of Directors. If a Member disagrees with the current fair value of the Authority's properties as determined by the Board of Directors, the current fair value of said properties shall be determined by an independent appraiser selected by the Board of Directors.
- B. If the Authority determines a return of contributions is to be declared, such return of contribution shall be computed as determined by the Board of the Authority

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ARTICLE X

INVESTMENT OF SURPLUS FUNDS

- A. The Authority shall have the power to invest or cause to be invested, in compliance with Section 6509.5 of the California Government Code, such funds as are not necessary for the immediate operation of the Authority as allowed by Section 53601 of the California Government Code.
- B. The level of cash to be retained for the actual operation of the Authority shall be determined by the Executive Director.

ARTICLE XI

AMENDMENT

- A. Amendment to these Bylaws may be proposed by any Member of the Authority.
- B. All amendments to these Bylaws must be approved by a two-thirds (2/3) vote of the members of the Board of Directors before the amendment shall become effective. Such amendments shall be binding upon all Members of the Authority. The effective date of any amendment will be on the first day of the next month following adoption, unless otherwise stated.

ARTICLE XII

SEVERABILITY

Should any portion, term, condition, or provision of these Bylaws be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

ARTICLE XIII

EFFECTIVE DATE

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement.

The Agreement may be executed in multiple counterparts, each of which shall be considered an original.

ARTICLE XIV

DEFINITIONS

- A. "Contribution" shall mean the method by which the Authority computes the Members share of the cost of each Program Year of the Joint Program.

- B. "Joint Program" shall mean the group purchasing of insurance or reinsurance or the setting aside of funds and reserves to pay for a self-insured retention or for losses not covered by insurance.
- C. "Net Contribution Available for Pool Operations" shall mean the Contribution by each Member for each Program Year less amounts paid for Member's share of any excess insurance and individual risk management services.
- D. "Obligations" shall mean to include, but not limited to, all payments required by law together with all Claim Liabilities and any other legal obligations incurred by the Authority pursuant to this Agreement and Bylaws.
- E. "Program Year" shall mean one year of the "Joint Program" separate from each and every other Program Year and shall operate on fiscal year from July 1st through June 30th, or as otherwise determined by the Board of Directors.
- F. "Subrogation" shall mean the recovery of payments, which the Authority has made on behalf of a Member. Subrogation monies received are the properties of the Authority and for the Basis of Contribution are credited to the account of the Member.
- G. "Other Services or Programs" shall mean group offerings that may be open to Member and/or non-member agency participation.

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TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR
SUBJECT: UPDATE ON PURCHASE OF FY2015 INSURANCE

BOD Meeting: 8-21-2014
Item: 5B

This is an informational report and no action is required.

BACKGROUND

At the May 15, 2014 Municipal Services Authority (MSA) Board meeting, the Board agreed to join the Municipal Insurance Cooperative (MIC) JPA for the purpose of obtaining preferable Workers' Compensation and General Liability insurance rates.

Being a member of MIC did not require MSA to purchase insurance through the pool, allowing the JPA to choose the best available option. Proposals were received for both MSA and for the MIC pool. Both proposals were within budget, and the MIC proposal provided an additional savings of \$15,000. As the MIC pool increases in the number of member agencies, additional savings in purchased insurance and brokerage fees are expected.

	Approved FY15 Budget	MSA Proposal	MIC Proposal
General Liability	85,000	64,300	51,800
Workers' Comp	73,000	59,500	54,000
Crime	included	4,700	4,700
RGS Admin	40,000	40,000	40,000
Brokerage	38,000	38,000	38,000
Audit Services	6,000	6,000	8,500
Claims Reserve	<u>193,000</u>	<u>193,000</u>	<u>193,000</u>
Total	435,000	405,500	390,000

The initial organizational meeting for MIC was held on August 7, 2014. Two member agencies were present: the City of Upland and MSA. Other agencies are anticipated to join the insurance purchasing pool, resulting in increased rate stabilization and further savings due to bulk purchasing. As membership in the pool increases, additional savings could also be realized in brokerage costs.

ANALYSIS AND FISCAL IMPACT

The MIC proposal will enable MSA to dedicate an additional \$45,000 to claims expense beyond the budgeted contribution for fiscal year 2015 of \$193,000.