

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 November 16, 2017

11:00 a.m. or immediately following preceding meeting,
whichever is earlier

**Yountville Town Hall
Council Chambers**
6550 Yount Street
Yountville, CA 94599

1. CALL TO ORDER / ROLL CALL

2. 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 **August 24, 2017** Minutes

Action

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through September 2017

Information

B. Approval of Independently Audited FY2017 Financial Statements

Action

5. OLD BUSINESS - None

6. NEW BUSINESS

A. MSA Insurance Claims

Information

B. Dental Pool Committee Proposal

Action

Recess to Closed Session

1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(4): One potential case.

Reconvene Regular Meeting

C. Report from Closed Session

Information

7. EXECUTIVE DIRECTOR AND MEMBER REPORTS

A. Executive Director: JPIA claims resolution discussions

Information

B. Members:

Information

8. ADJOURN

The next Regular Meeting will take place on February 15, 2018 at 1:00 p.m. in Dublin.

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) 587-7300. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**MUNICIPAL SERVICES AUTHORITY
BOARD OF DIRECTORS MINUTES
AUGUST 24, 2017**

The Municipal Services Authority held a regular meeting of the Board of Directors on August 24, 2017 at the Walnut Creek City Hall 2nd Floor Conference Room. The meeting was called to order at 2:45 p.m.

1. CALL TO ORDER / ROLL CALL

Members Present: Steve Rogers, Chair
Dan Schwarz, Vice-Chair
Fran Robustelli, Member

Other Attendees: Richard Averett, Executive Director
Jennifer Bower, Director of Administrative Services
Sky Woodruff, General Counsel
Steve Gedestad, Keenan and Associates
Michael Garvey

A. Election of Officers – This item was deferred for confirmation of last election.

2. PUBLIC COMMENT - None

3. APPROVAL OF CONSENT AGENDA

A. Approval of **May 26, 2017** Minutes
Action: Moved and seconded (Schwarz/Robustelli) to approve consent agenda
AYES: Rogers, Schwarz, Robustelli
NOES: None
ABSTAIN: None

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through June 2017
Information item; no action was taken. Executive Director Averett noted that FYE performance should result in adding to the reserve balance.

5. OLD BUSINESS

A. Dental Pool Update
Steve Gedestad from Keenan and Associates, noted that Delta Dental 2018 rates would have been expected to change be as much as five percent, for the participating agencies. Self-funding will be implemented January 1, 2018, using the rates quoted by Delta except for smaller plans using 2017 rates. The Board was interested in having an advisory committee or other structure as a means for dental pool agencies to have input into the pools administration.

6. NEW BUSINESS - None

7. EXECUTIVE DIRECTOR AND COMMITTEE MEMBERS

A. Executive Director: Jeff Kise will be the MSA rep to MIC; liability claim to MIC re PERS; medical plan rates, especially Anthem, are expected to rise double-digit for 2018.
B. Members: none.

8. ADJOURN – The meeting adjourned at 3:10 p.m. The next regular meeting is scheduled for November 16, 2017 at 10:00 a.m. in Yountville.

TO: BOARD OF DIRECTORS
FROM: Jefferson Kise, Finance Manager
SUBJECT: FINANCIAL REPORT ANALYSIS

EC Meeting: 11-16-2017
Item: 4A

RECOMMENDATION

No action is required of the Board of Directors. These are informational, preliminary financial reports through June 2017, and are attached for review.

ANALYSIS

All reports are draft and unaudited.

Fiscal-year to-date (FYTD) net income for the JPA was \$173,305 before actuarially determined accruals for liability and workers' compensation claims. The results reflect budgeted member contribution revenue and the amortization of prepaid premiums for Workers' Compensation and General Liability Insurance, as well as broker and administration fees. Worker's compensation claims expense totals \$30,167 fiscal year to-date. The FYTD net position is \$2,092,088 reflecting the JPA's continued emphasis on building prudent reserves for potential claims.

Municipal Services Authority
Profit & Loss
July through September 2017

	<u>Jul 17</u>	<u>Aug 17</u>	<u>Sep 17</u>	<u>TOTAL</u>
Income				
440410 · Member Contributions	33,000	33,000	33,000	99,000
Total Income	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>99,000</u>
Expense				
520100 · Broker Expense	3,875	3,875	3,875	11,625
520200 · Admin Fee Expense	6,500	6,500	6,500	19,500
520300 · Gen Liability Insur Exp	5,156	5,156	5,156	15,468
520400 · Worker Comp Insur Exp	5,403	5,403	5,403	16,209
550200 · Claims Expense - WC	1,603	1,895	5,895	9,393
Total Expense	<u>22,537</u>	<u>22,829</u>	<u>26,829</u>	<u>72,195</u>
Net Income	<u><u>10,463</u></u>	<u><u>10,171</u></u>	<u><u>6,171</u></u>	<u><u>26,805</u></u>

Municipal Services Authority
Balance Sheet
As of September 30, 2017

	<u>Sep 30, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
110010 · Union Bank Cash	1,890
Total Checking/Savings	<u>1,890</u>
Accounts Receivable	
120100 · Due From/To RGS-LGS	3,148,922
Total Accounts Receivable	<u>3,148,922</u>
Other Current Assets	
130100 · Prepaid Expenses	129,905
Total Other Current Assets	<u>129,905</u>
Total Current Assets	<u>3,280,717</u>
TOTAL ASSETS	<u><u>3,280,717</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
260001 · IBNR - GL	65,000
260002 · IBNR - WC	54,235
260003 · Case Reserves - WC	30,765
260010 · Workers Comp Claims Liab - LGS	21,232
260011 · General Liability Claims - LGS	59,790
260020 · Workers Comp Claims Liab - RGS	161,773
260021 · General Liability Claims - RGS	769,030
Total Long Term Liabilities	<u>1,161,825</u>
Total Liabilities	1,161,825
Equity	
320000 · Unrestricted Net Assets	2,092,088
Net Income	26,805
Total Equity	<u>2,118,893</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,280,718</u></u>



TO: BOARD OF DIRECTORS **EC Meeting: 11-16-2017**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 4B**
**SUBJECT: APPROVAL OF AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR
ENDING JUNE 30, 2017**

RECOMMENDATION

Review and approve the independent audit reports for fiscal year (FY) 2017.

BACKGROUND

The outside audit firm of Badawi and Associates was retained to complete the FY2017 audit. The June 30, 2017 audited financial statements for the JPA, along with the audit report and Management Letter will be posted to the JPA web site.

AUDIT RESULTS

Audit results are summarized below, with more information and analysis in the Management Discussion and Analysis section of the audit report. The net financial position of the JPAs will permit a continued ability to provide insurance and benefit pooling services for member agencies and employees.

MSA FINANCIAL HIGHLIGHTS

- In the fiscal year ended June 30, 2017, the Authority had a net loss of \$42,894. The loss is due to \$206,893 in retrospective and IBNR claims accruals.
- A planned increase in administrative costs associated with the CalPERS audit is the other significant additional expense for the year.
- MSA's unrestricted net assets remained essentially unchanged with a 2% decrease to \$2,092,088. Prior fiscal period strategies to increase reserves positioned the JPA for claims accrual adjustments such as those incurred in FY17.

TO: BOARD OF DIRECTORS
FROM: RICHARD AVERETT, Executive Director
SUBJECT: DENTAL POOL COMMITTEE PROPOSAL

BOD Meeting: 11-16-2017
Item: 6B

RECOMMENDED GOVERNANCE STRUCTURE

Approval of the dental pool Advisory Committee reporting to the Executive Director, comprised of a representative from each participating agency, to provide input into direction and operation of the dental benefit pool.

BACKGROUND

MSA began hosting a dental pool program on August 1, 2014, for its member agencies, including Regional Government Services Authority and Local Government Services Authority, along with other public agencies. The purpose of the pool was to increase the competitiveness of the employers' benefit plan and to gain enough size to consider self-insuring – thus realizing further savings in benefit costs.

The pool currently has 8 agencies participating, covering over 2,000 employee lives with approximately 4,500 total lives covered. Agencies participating include: MSA (for Regional Government Services Authority and Local Government Services Authority), City of Larkspur/CMPA, City of Bishop, City of Chino, Cosumnes Community Service District, East Contra Costa Fire Protection District, Metropolitan Transportation Commission and the County of Mendocino. This participation is sufficient scale to consider self-insuring at the next opportunity – January 1, 2018. At their last meeting, the MSA Board agreed with self-insuring at the earliest available date.

At present, there is no formal governance structure of the pool: MSA hosts the pool and Keenan Associates markets, negotiates and serves as broker for the participating agencies. Participating agencies' input could be invaluable in gaining the support of the agencies and in growing the program further.

ANALYSIS

To gain the input and support of participating employers, several possible structures have been considered:

1. Advisory Committee of the MSA Executive Director – This group would meet as needed to evaluate the pros and cons of self-insuring and make other recommendations as to the operation of the pool. This structure has the most flexibility and responsiveness to market conditions and to initial operation of the pool. It is also the least costly (governance structure) to MSA and participating agencies, while providing an opportunity for agencies to have input in the direction of the pool and keeping ultimate control with the MSA Board of Directors. The Committee would comply with public agency laws for transparency and accessibility (e.g. the Brown Act). A more formal structure could be considered when the demands on the pool warrant. The MSA Bylaws (approved as part of the joint powers agreement) authorize the Executive Director to form Advisory Committees comprised of agencies participating in MSA services and programs. (Article IV, § 3.)
2. Trust – The trust would be established as a separate entity comprised of the participating agencies. This structure would give more governance responsibility to the participating agencies, but would

entail outside costs (e.g. legal services) for set-up. Control of the direction of the pool would be ceded to the Board of Trustees.

3. Joint Powers Agreement – The participating agencies could establish an agreement between themselves or establish a new agency to administer the pool. Control of the direction of the pool would be ceded to the Board of Directors, which would operate under JPA statutes and laws governing public agencies in California.

An Advisory Committee would allow agencies to self-select their level of involvement in the pool. Some agencies may only want to participate in the benefit program because it is cost effective due to the number of lives covered. Others may want to achieve greater savings from pool growth, self-insuring and/or adding new benefits (vision, life insurance, etc.) under the pool's umbrella.

FISCAL IMPACT

Authorizing the Executive Director to establish a Benefits Advisory Committee would not have a fiscal impact to the Agency other than staff costs to support/meet with representatives of the Committee.