

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

March 12, 2018

1:00 p.m.

**Walnut Creek City Hall
City Manager's Conference Room**

1666 N Main Street
Walnut Creek, CA 94596

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 **December 21, 2017** Minutes

Action

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through January 2018

Information

5. OLD BUSINESS - None

6. NEW BUSINESS

A. Authorize Executive Director to Resolve Outstanding Issues with CJPIA

Action

7. EXECUTIVE DIRECTOR AND MEMBER REPORTS

A. Executive Director: Dental pool (17/2900), PACE (32/3000), MIC

Information

B. Members:

Information

8. ADJOURN

The next Regular Meeting will take place on May 17, 2018 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) 587-7300. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**MUNICIPAL SERVICES AUTHORITY
BOARD OF DIRECTORS MINUTES
DECEMBER 21, 2017**

The Municipal Services Authority held a special meeting of the Board of Directors on December 21, 2017 via teleconference. The meeting was called to order at 10:27 a.m.

1. CALL TO ORDER / ROLL CALL

Members Present: Steve Rogers, Chair
Dan Schwarz, Vice-Chair
Members Absent: Fran Robustelli, Member
Other Attendees: Richard Averett, Executive Director
Jeff Kise, Finance and Operations Manager
Tiffany Buraglio, Executive Assistant
Chris Foss

2. PUBLIC COMMENT - None

3. APPROVAL OF CONSENT AGENDA

A. Approval of **November 16, 2017** Minutes

Action: Moved and seconded (Schwarz/Rogers) to approve consent agenda
AYES: Rogers, Schwarz
NOES: None
ABSTAIN: None

4. TREASURER'S REPORT

A. Approval of Independently Audited FY2017 Financial Statements

These are the audited financial statements which originally appeared on the November 16, 2017 EC Meeting agenda and discussion/approval were delayed until the final copy was available. Executive Director Averett stated that the JPA was performing as expected and the JPA reserve has accumulated as planned and executed over the years.

Action: Moved and seconded (Schwarz/Rogers) to approve Independently Audited FY2017 Financial Statements
AYES: Rogers, Schwarz
NOES: None
ABSTAIN: None

5. OLD BUSINESS - None

6. NEW BUSINESS - None

7. EXECUTIVE DIRECTOR AND COMMITTEE MEMBERS

A. Executive Director: None.
B. Members: None.

8. ADJOURN – The meeting adjourned at 10:32 a.m. The next regular meeting is scheduled for February 15, 2018 at 1:00 p.m. in Dublin.

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

EC Meeting: 3-12-2018
Item: 4A

RECOMMENDATION

No action is required of the Board of Directors. These are informational, preliminary financial reports through January 2018, and are attached for review.

ANALYSIS

All reports are draft and unaudited.

Fiscal-year to-date (FYTD) net income for the JPA was \$60,876. 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 \$20,586 fiscal year to-date. The FYTD net position is \$2,152,964 reflecting the JPA's continued emphasis on building prudent reserves for potential claims. The JPA is on track to meet its budgeted net gain of \$100,000 by FYE.

Note that in February (after the January 31 reporting period) a payment of \$200,000 was sent to CJPIA as an initial payment on the \$1,011,825 retrospective contributions payable on the audited June 30, 2017 financial statements.

Municipal Services Authority
Profit & Loss
 July 2017 through January 2018

	<u>Jul 17</u>	<u>Aug 17</u>	<u>Sep 17</u>	<u>Oct 17</u>	<u>Nov 17</u>	<u>Dec 17</u>	<u>Jan 18</u>	<u>TOTAL</u>
Income								
440410 - Member Contributions	33,000	33,000	33,000	33,000	33,000	33,000	33,000	231,000
Total Income	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>231,000</u>
Expense								
520100 - Broker Expense	3,875	3,875	3,875	3,875	3,875	3,875	3,875	27,125
520200 - Admin Fee Expense	6,500	6,500	6,500	6,500	6,500	6,500	6,500	45,500
520300 - Gen Liability Insur Exp	5,156	5,156	5,156	5,156	5,156	5,156	5,156	36,092
520400 - Worker Comp Insur Exp	5,403	5,403	5,403	5,403	5,403	5,403	5,403	37,821
520700 - Professional Services		3,000						3,000
550200 - Claims Expense - WC	1,603	1,895	5,895	2,402	3,170	2,723	2,898	20,586
Total Expense	<u>22,537</u>	<u>25,829</u>	<u>26,829</u>	<u>23,336</u>	<u>24,104</u>	<u>23,657</u>	<u>23,832</u>	<u>170,124</u>
Net Income	<u><u>10,463</u></u>	<u><u>7,171</u></u>	<u><u>6,171</u></u>	<u><u>9,664</u></u>	<u><u>8,896</u></u>	<u><u>9,343</u></u>	<u><u>9,168</u></u>	<u><u>60,876</u></u>

Municipal Services Authority
Balance Sheet
As of January 31, 2018

Jan 31, 18

ASSETS

Current Assets

Checking/Savings

110010 · Union Bank Cash 4,445

Total Checking/Savings 4,445

Accounts Receivable

120100 · Due From/To RGS-LGS 3,238,173

Total Accounts Receivable 3,238,173

Other Current Assets

130100 · Prepaid Expenses 72,170

Total Other Current Assets 72,170

Total Current Assets 3,314,788

TOTAL ASSETS 3,314,788

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 1,161,825

Total Liabilities 1,161,825

Equity

320000 · Unrestricted Net Assets 2,092,088

Net Income 60,876

Total Equity 2,152,964

TOTAL LIABILITIES & EQUITY 3,314,789

TO: BOARD OF DIRECTORS **BOD Meeting: 03-12-2018**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 6A**
SUBJECT: POTENTIAL ADMINISTRATIVE RESOLUTION WITH CJPIA

RECOMMENDATION

Authorize Executive Director to Resolve Outstanding Issues with CJPIA.

BACKGROUND

MSA member agencies, RGS and LGS, were each members of the workers' compensation and general liability California Joint Powers Insurance Authority (CJPIA insurance risk-sharing pools. Both agencies were members from approximately 8/1/08 to 6/30/12. MSA was formed to provide an insurance pool for RGS and LGS without dissimilar member risks and to benefit from their combined resources. Under the existing terms of their membership with CJPIA, exiting members remained responsible for their unresolved claims and potential losses from other members' unresolved claims incurred during the RGS/LGS membership period.

RGS and LGS had few, low-dollar workers' comp claims while CJPIA members, but RGS incurred four significant claims. Of the four RGS claims, three were resolved several years ago and one remains outstanding. The plaintiff has been non-responsive. MSA has booked \$1.011 million to-date for RGS and LGS past claims and pool liabilities while CJPIA members. This amount has been expensed on the MSA audited financial statements as of June 30, 2017, but no payments had been made.

It has been staff's understanding for the last several years that CJPIA's retrospective adjustments were not invoices, but were tracking cost for RGS and LGS as participants in the pool, and that eventually RGS would receive a payment schedule when all claims were resolved. Staff recently initiated conversations with CJPIA to determine if the matter could be resolved and RGS and LGS could exit the pool and not continue under the cloud of the pool's potential impacts on RGS and LGS. In those discussions, staff learned that CJPIA expected we would initiate payments on the retrospective balance.

A draft communication has been sent to CJPIA requesting to finalize our involvement with the pool. In late February 2018, MSA sent a partial payment of \$200,000 to CJPIA, demonstrating good faith toward early resolution. CJPIA will be estimating the remaining contingency of the last claim and respond with a proposal. As of March 6, 2018, CJPIA has not responded.

FINANCIAL IMPACT

If a settlement could be reached that did not exceed the amount already booked (\$1.011 million) it would substantially below the previously communicated projections for the ultimate cost associated with this pool. The partial payment already made as well as future payment of the balance expensed as of 6/30/2017, would not adversely affect MSA's financial statement, as the \$1.011 million has already been expensed.