

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. For a teleconference meeting, the public may participate in the meeting at any of the teleconference locations listed.

REGULAR MEETING

May 17, 2018

1:00 p.m.

Via Teleconference

Larkspur City Hall, City Manager's Office, 400 Magnolia Avenue, Larkspur, CA 94939

Walnut Creek City Hall, Assistant City Manager's Office, 1666 North Main St, Walnut Creek, CA 94596

Yountville Town Hall, Town Manager's Office, 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 **March 12, 2018** Minutes

Action

4. TREASURER'S REPORT

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

Information

5. OLD BUSINESS - None

6. NEW BUSINESS

A. Approval of Work Plan for Distribution of Assets

Action

7. EXECUTIVE DIRECTOR AND MEMBER REPORTS

A. Executive Director:

Information

B. Members:

Information

8. ADJOURN

The next Regular Meeting will take place on August 16, 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
MARCH 12, 2018**

The Municipal Services Authority held a regular meeting of the Board of Directors on March 12, 2018 at Walnut Creek City Hall City Manager's Conference Room. The meeting was called to order at 1:01 p.m.

1. CALL TO ORDER / ROLL CALL

Members Present: Dan Schwarz, Vice-Chair
Fran Robustelli, Member
Members Absent: Steve Rogers, Chair
Other Attendees: Richard Averett, Executive Director
Sophia Selivanoff, RGS Director of HR Services
Sky Woodruff, JPA General Counsel
Scott Kivel, JPA Special Counsel
Keith Boggs
Julie Carter
Mike Garvey

2. PUBLIC COMMENT - None

3. APPROVAL OF CONSENT AGENDA

A. Approval of **December 21, 2017** Minutes

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

4. TREASURER'S REPORT

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

This was an informational item only and no action was taken. Executive Director Averett noted net is up \$60,876 and net equity is \$2.15M.

5. OLD BUSINESS - None

6. NEW BUSINESS

A. Authorize Executive Director to Resolve Outstanding Issues with CJPIA.

Executive Director Averett noted the already booked amount for the combined liability to the pool, and the desirability to resolving this matter administratively to eliminate future liability due to other agencies' outstanding claims.

Action: Moved and seconded (Robustelli/ Schwarz) to Provide the Executive Director with Authority to Resolve Outstanding Issues with CJPIA.
AYES: Schwarz, Robustelli
NOES: None
ABSTAIN: None

7. EXECUTIVE DIRECTOR AND COMMITTEE MEMBERS

A. Executive Director: Dental Pool has 17 agencies and 2900 primary EEs covered; PACE has 32 agencies participating and 3000 primaries covered; MIC/Keenan has not been able to provide an insurer accepting our claim regarding LGS audit response.

B. Members: none.

8. ADJOURN – The meeting adjourned at 1:13 p.m. The next regular meeting is scheduled for May 17, 2018 at 1:00 p.m. in Larkspur.



**MUNICIPAL
SERVICES
AUTHORITY**

SERVING PUBLIC AGENCIES SINCE 2012

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

EC Meeting: 5-17-2018
Item: 4A

RECOMMENDATION

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

ANALYSIS

All reports are draft and unaudited.

Fiscal-year to-date (FYTD) net income for the JPA was \$79,208. 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 \$26,386 fiscal year to-date. The FYTD net position is \$2,171,296 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.

In February 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 March 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>Feb 18</u>
Income								
440410 - Member Contributions	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
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>33,000</u>
Expense								
520100 - Broker Expense	3,875	3,875	3,875	3,875	3,875	3,875	3,875	3,875
520200 - Admin Fee Expense	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
520300 - Gen Liability Insur Exp	5,156	5,156	5,156	5,156	5,156	5,156	5,156	5,156
520400 - Worker Comp Insur Exp	5,403	5,403	5,403	5,403	5,403	5,403	5,403	5,403
520700 - Professional Services		3,000						
550200 - Claims Expense - WC	1,603	1,895	5,895	2,402	3,170	2,723	2,898	3,543
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>24,477</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>8,523</u></u>

Municipal Services Authority
Profit & Loss
July 2017 through March 2018

	<u>Mar 18</u>	<u>TOTAL</u>
Income		
440410 - Member Contributions	33,000	297,000
Total Income	<u>33,000</u>	<u>297,000</u>
Expense		
520100 - Broker Expense	3,875	34,875
520200 - Admin Fee Expense	6,500	58,500
520300 - Gen Liability Insur Exp	5,156	46,404
520400 - Worker Comp Insur Exp	5,403	48,627
520700 - Professional Services		3,000
550200 - Claims Expense - WC	2,257	26,386
Total Expense	<u>23,191</u>	<u>217,792</u>
Net Income	<u><u>9,809</u></u>	<u><u>79,208</u></u>

Municipal Services Authority
Balance Sheet
As of March 31, 2018

	<u>Mar 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
110010 · Union Bank Cash	4,170
Total Checking/Savings	<u>4,170</u>
Accounts Receivable	
120100 · Due From/To RGS-LGS	3,085,649
Total Accounts Receivable	<u>3,085,649</u>
Other Current Assets	
130100 · Prepaid Expenses	43,302
Total Other Current Assets	<u>43,302</u>
Total Current Assets	<u>3,133,121</u>
TOTAL ASSETS	<u><u>3,133,121</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	569,030
Total Long Term Liabilities	<u>961,825</u>
Total Liabilities	961,825
Equity	
320000 · Unrestricted Net Assets	2,092,088
Net Income	79,208
Total Equity	<u>2,171,296</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,133,121</u></u>

TO: BOARD OF DIRECTORS **BOD Meeting: 05-17-2018**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 6A**
SUBJECT: APPROVAL OF WORK PLAN FOR DISTRIBUTION OF ASSETS

RECOMMENDATION

Approve the work plan for distribution of assets and resolution of administrative matters prior to dissolution of JPA.

BACKGROUND

CalPERS' audit finding and subsequent determination that Local Government Services Authority (LGS) should not have enrolled employees in the CalPERS retirement system has reversed their previous position and necessitated the closure of LGS. As one of two member agencies of MSA, closure of LGS will mean closure of MSA.

MSA has served as a risk pool for LGS and RGS workers' compensation and general liability, and belongs to a non-risking sharing insurance purchasing pool – Municipal Insurance Cooperative, a JPA. MSA has also served LGS and RGS as a benefits aggregator, including of medical, vision, short and long-term disability, etc. MSA hosts a successful dental program pool, and belongs to a medical pool JPA. Staff is working with our benefit providers and partners to ensure continuity of insurance and benefit services for RGS after dissolution.

As the insurance pool for LGS and RGS, the members contributed to MSA reserves. MSA also 'inherited' the unpaid claims of the members while they were individually members of the California Joint Powers Insurance Authority.

The final dissolution date is not set; however, it is believed that a date on or before June 30, 2018, will enable all administrative matters to be addressed. Successfully taking the following steps should ensure a smooth transition for all parties.

WORK PLAN FOR DISSOLUTION

- Move benefit plans from the MSA name to RGS.
- Review all websites and printed material to inform the public as to the MSA's status, and were appropriate, direct employees and others to assistance and close websites when no longer needed.
- File closure with State Controller's Office and Secretary of State.
- Change the named member with PACE (major medical pool) from Municipal Services Authority to Regional Government Services Authority.
- Ensure MIC (insurance pool) WC and general liability programs continue under RGS' name.
- Work with Keenan & Associates to rebrand the MSA Dental Pool.
- Distribute MSA assets and liabilities to the Agency's two members: LGS and RGS.

DISTRIBUTION OF NET ASSETS

The JPA has no office equipment or supplies to distribute because it paid RGS for all support services, including staffing. Liabilities for prior claims will be distributed to the member for which they were incurred. Net assets are proposed to be distributed evenly between the two members, because it is roughly

how the two members contributed to MSA. Below is a brief summary of projected, through 6/30/2018, of assets and liabilities and the proposed net assets going to each member upon dissolution.

Fiscal Year End 2018 net income for the JPA is forecasted to be \$105,611 reflecting normal member contributions and administrative and claims expenses. This net income will bring the projected net equity for the JPA to \$2,197,388.

Dissolution of the JPA requires it allocate associated assets and liabilities to its member agencies. The net position is anticipated to be distributed in equal amounts to the member JPAs. The following table outlines how the projected 6/30/18 balance sheet will be distributed.

MSA 2018-06 Pro Forma Balance Sheet

	<u>Jun 30, 18 Pro Forma</u>	<u>LGS Portion</u>	<u>RGS portion</u>
Assets			
Current Assets	<u>3,161,819</u>	<u>1,212,649</u>	<u>1,949,170</u>
Total Assets	<u>3,161,819</u>	<u>1,212,649</u>	<u>1,949,170</u>
Liabilities			
IBNR	119,235		119,235
Claim liability	<u>842,590</u>	<u>111,787</u>	<u>730,803</u>
Total Liabilities	<u>961,825</u>	<u>111,787</u>	<u>850,038</u>
	<u>2,197,388</u>	<u>1,098,694</u>	<u>1,098,694</u>
Net Equity	<u>2,197,388</u>	<u>1,098,694</u>	<u>1,098,694</u>
Total Liabilities and Equity	<u><u>3,159,213</u></u>	<u><u>1,210,481</u></u>	<u><u>1,948,732</u></u>