



**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
WEDNESDAY, FEBRUARY 11, 2014 AT 12:00 PM
DISNEYLAND HOTEL
1150 WEST MAGIC WAY
ANAHEIM, CA 92802**

MEMBERS PRESENT

Dave Nunley, City of Anaheim
Betsy Dolan, City of Burbank
Mary Akin, City of Modesto
Jimmy Forbis, City of Monterey
Claudia Koob, City of Mountain View
Ann Richey, City of Ontario
Sandra Blanch, City of Palo Alto
Patty Haymond, City of Santa Cruz
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT

Mark Howard, City of Santa Barbara
Jena Covey, City of Bakersfield

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services - left 2:26 p.m.
Vadim Livshits, Alliant Insurance Services
Tracey Matthews, City of Anaheim
Tim Thompson, Carl Warren & Company
Brandon Schlenker, Carl Warren & Company
Kelly Ogle, Carl Warren & Company
Gina Dean, CSAC-EIA

A. CALL TO ORDER

President Ann Richey called the meeting to order at 12:02 p.m.

B. CONSENT CALENDAR



B1. Approval of Minutes from the December 11 and 12, 2015 Board Meeting

MOTION: Mary Akin **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Betsy Dolan	Mary Akin	Patty Haymond	Claudia Koob	Ann Richey	Sandra Blanch	Jimmy Forbis	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

B2. City of Bakersfield Coverage Endorsement

Conor Boughey explained that at the December Board Meeting, the City of Bakersfield informed the Board that they would be buying a scheduled underlying coverage for a freeway construction project. During the project, they will be buying, and renting back out, several hundred homes for a period of one year that will be covered by the policy.

This is an amendment to the MOC to exclude anything covered by Bakersfield’s underlying coverage.

Motion to accept. Administrators will report at the June Board of Directors meeting.

MOTION: Betsy Dolan **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	Betsy Dolan	Mary Akin	Patty Haymond	Claudia Koob	Ann Richey	Sandra Blanch	Jimmy Forbis	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

C. GENERAL RISK MANAGEMENT ISSUES

Deb Hossli asked if any Members carry railroad protective liability. Dave Nunley says the City of Anaheim buys it on a contract by contract basis, and they buy it through the railroad.



C1a. Claims Handling – Rejecting Claims

Conor Boughey explained that it is unclear what every Member’s claims handling philosophy is, regarding the rejection of claims when they are submitted by a person who appears to have a mental disability. This was a question posed by Rhonda Combs.

Patty Haymond explained that Santa Cruz either takes claims to counsel to reject, or they reject by operation of law.

Monterey and Santa Cruz are the only Cities that present all claims to City Council to be rejected or accepted.

Dave Nunley explained that they reject very few claims. They send a denial letter, which lacks language advising claimants that they can consult an Attorney. The City has found that very few of those rejected claims go on to be filed as lawsuits.

D2. CLAIMS COMMITTEES

D2a. The ACCEL Board of Directors entered into Closed Session pursuant to Government Section Code 54956.95

A motion was made to enter into closed session at 12:54 p.m. pursuant to Government Section Code 54956.95.

MOTION: Mary Akin **SECOND:** Patty Haymond **MOTION CARRIED**

	Dave Nunley	Betsy Dolan	Mary Akin	Patty Haymond	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

A motion was made to come out of closed session at 1:30 p.m.

MOTION: Mark Howard **SECOND:** Mary Akin **MOTION CARRIED**



	Dave Nunley	Betsy Dolan	Mary Akin	Patty Haymond	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

There was no reportable action taken during the closed session.

D2b. Status of Contract with Claims Administrators

Michael Simmons reminded the Board that at the December meeting, the Administrators were authorized to negotiate a contract Carl Warren & Company (CW) for Claims Administration Services that is in the realm of previous pricing.

Conor Boughey explained that the Administrators compiled the Contract and amendments between ACCEL and CW. The Administrators received a template from CW and then incorporated ACCEL’s needs into the Contract. There is not yet a Scope of Work, but it is close to being completed and agreed upon. Administrators and CW don’t believe that it will affect the Contract pricing. The Contract will be \$82,000 annually, which represents an annual savings of \$10,000. Brandon Schlenker explained that the Contract is moving from a time and expense format to a flat annual fee. That is why a lower fee can be proposed.

Michael Simmons added that this Contract is for a one-year term, and has two one-year extension options, subject to discussion on pricing.

Brandon Schlenker announced that he has recently been promoted to a Director. He introduced Kelly Ogle to the meeting because she has assumed his old position as Account Manager, and she is a proposed member of the ACCEL Account Team. Brandon added that he will still be working on this account.

Dave Nunley suggests tabling this discussion to April so that Tim Farley can start his audit process at Carl Warren to see how they are doing. He is disappointed over the lack of response he has been receiving from Tim Thompson. Ann Richey responded that she believes that Kelly will fix the communication problem, and trusts in her managerial skills.

Dave expressed concern with the addition of Kelly to the team. Michael explained that that change came about because they realized that the people working on ACCEL’s account should be in the same office.

The Board has advised that the Contract can be authorized once the Scope of Services has been signed.



Motion to Table this item to the April Board of Directors meeting.

MOTION: Betsy Dolan **SECOND:** Jimmy Forbis **MOTION CARRIED**

	Dave Nunley	Betsy Dolan	Mary Akin	Patty Haymond	Claudia Koob	Ann Richey	Sandra Blanch	Jimmy Forbis	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D2c. Claims Committee Policy and Procedure

Deb Hossli presented a proposal to revise the Authority’s Claims Handling and Closed Session Confidentiality Policies and Procedures. Deb reviewed the key changes she recommends to both documents and responded to questions from the Committee. Deb explained that no action was necessary today. Rather, Committee members are requested to review the documents over the next few weeks and be ready to discuss at an upcoming Committee meeting that will be arranged by the Program Administrators. Deb indicated it was her hope the Committee would complete their review of both documents and be ready to present their recommendations to the full Board at the April meeting.

D3. FINANCIAL AND TREASURER’S REPORT

Claudia gave the Financial and Treasurer’s report. Notably, the City of Anaheim took a \$1,000,000 retro refund. This is in addition to the City of Palo Alto taking a \$400,000 refund and the City of Mountain View taking a \$500,000 refund previously.

D3c. Quarterly financial Report

Conor Boughey reports that approximately half of ACCEL’s assets are in LAIF, and that is the best return that the Board can get right now.

Conor went over the budget. He explained that safety services are up, but will be reimbursed and that will change to a 0% increase.

D3d1. Member Account Summary

There have been no claims payments in this quarter. There has been a \$1,000,000 retro payment to Anaheim and \$400,000 to the City of Palo Alto. Mountain View received \$500,000 in a previous quarter.



D3d2. Projected Cash Flow

This report reflects the Board’s actual reserves, and it includes a dollar amount of reserves, and therefore the estimated loss payments are high.

This is the first projected cash flow report completed by Tim Thompson.

Motion to accept items D3a. – D3e.

MOTION: Betsy Dolan **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	Betsy Dolan	Mary Akin	Patty Haymond	Claudia Koob	Ann Richey	Sandra Blanch	Jimmy Forbis	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D4. PROGRAM ADMINISTRATORS REPORT

D4a. State of the Marketplace Report

This report is normally presented in December, but was postponed to this meeting due to unforeseen circumstances which caused a delay at the December Board Meeting.

Michael Simmons explained that Policy Holder Surplus continues to grow because there have not been many claims. This is keeping costs down, even though interest is currently low.

Michael also reminded the Board of the critical importance of notifying of cyber security breaches timely.

E1. Status Report of City of Carlsbad’s JPA Membership

Conor Boughey reports that Ed Garbo, Risk Manager at the City of Carlsbad, was unable to be at this meeting. Ed has reported that he is still waiting on bids before he makes any decisions.

F1. ACCEL’s Liability Claims Audit

Conor Boughey reports that he followed up with Tim Farley regarding the Liability Claims Audit. Meetings are currently being scheduled with all Member Cities. Tim Farley will have exit meeting forms with him for Members to fill out as they’re audited.



F2. Status Report of Excess Liability Program Renewal

Daniel Howell explained that Starr Indemnity Liability Company (SILC), a long-time partner to ACCEL, is withdrawing from the California Insurance Market due to a high amount of recent loss development in the State. Dan explains that in the past, it cost approximately \$1,400,000 for \$10M xs \$5M of coverage. Dan explained that there are markets interested in the risk, but he believes they will be closer to \$2,000,000+ for \$10M xs \$5 of coverage. At the April and June meetings the Board will be making decisions and providing direction on which way they would like the Administrators to go regarding coverage.

Ann Richey explained that at the CSAC-EIA level there was discussion of aggregates. Dan explained that there is currently no aggregate except on products and completed operations coverage. There have been aggregates in the past, but those have all been negotiated away. Keeping the \$10M xs \$5M of coverage will result in an approximately 15% increase, but that percentage can be kept under 10% if the Pool gets more creative.

Mary Akin would like a workshop on the subject. Michael Simmons believes that this is a good idea, and it would also be a good opportunity to talk about reinsurance. The Administrators will survey the Board in May to schedule this meeting.

Mary asked about using retro funds for premium. Conor Boughey says that this can be looked at, ACCEL can also look at lowering the confidence lever that the Pool is funded at.

Dan will work with Conor to make a table that shows year over year when the actuarial study arrives and have it all ready just prior to the April meeting.

F3. Optional Excess Workers' Compensation Renewal

Conor Boughey explained that there is a renewal recap attached to the agenda packet directly from CSAC-EIA. There is an expected increase of about 10% for the coming year. Michael Simmons explained that a new round of estimates is expected in March, but he believes that the total increase should be under 10%.

F4. CSAC-EIA Representative Presentation

Michael Simmons introduced Gina Dean and explained that there have been some changes at CSAC-EIA. Gina explained CSAC-EIA to the Board. She explained that in their program all members are individually rated for GL. Gina reports that the ACCEL's Ex-Mod is 100.1, which is very average. She explained that the EIA has a rewards program for JPAs that are accredited, which ACCEL is. The reward is \$7,500 per year. Gina also explained what CSAC is doing to mitigate rate increases.



Dave Nunley explained that it is a real challenge to have a 60% increase over 3 years, as has been the case at the City of Anaheim.

Michael explained that SILC is no longer writing policies in California, and has been a long time business partner that provided very favorable coverage. One option to replace SILC is CSAC-EIA's GL1 program.

GL1 rates are at a 65% confidence level, because the program is very well funded. More funding isn't needed.

Mike explained that the Board would join at \$3-4 million as the first excess layer. Down from the current \$5 million.

Dave asked if EIA will reinsure ACCEL's MOC. Gina responded no, and that EIA has its own MOC.

Mary Akin asked if ACCEL would join as a Pool or all members individually. Michael explained that ACCEL would join as a Pool, but its SIR would be \$3M.

F5. Next Two Meetings Schedule

The next meeting scheduled to take place in Burbank, CA, on April 16th and 17th, the following meeting will be held in Monterey on June 11th and 12th.

Meeting adjourned by Ann Richey at 2:00 p.m.