

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, APRIL 16 & 17, 2009 AT 3:00 PM & 8:30 AM
HOTEL PACIFIC – PIÑOS MEETING ROOM
MONTEREY, CA**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Betsy Dolan, City of Burbank
Ralph Korn, City of Bakersfield
Mary Akin, City of Modesto
Rhonda Combs, City of Monterey
Ann Garcia, City of Ontario
Sandra Blanch, City of Palo Alto
Kris Kamandulis, City of Santa Cruz
Carol Swindell, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT

Claudia Koob, City of Mountain View
Brad Landreth, City of Santa Barbara

GUESTS AND CONSULTANTS

Keyan Aghili, Carl Warren & Company
Conor Boughey, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services

A. CALL TO ORDER

President Tom Vance called the meeting to order at 3:00 PM

B. CONSENT CALENDAR

B1. Approval of Minutes from the February 19, 2009 Board of Directors Meeting

A motion was made to approve the minutes as posted.

MOTION: Ralph Korn **SECOND:** Ann Garcia **MOTION CARRIED**

C. REPORTS

C1. President's Report

C1a. Election of Treasurer

President Tom Vance reported that Ann Garcia had been the Treasurer for one year, and that she would like to resign from this position. Tom Vance reminds the Board that this position cannot be vacant, and that the Authority is required to have a treasurer. Tom further reported that this position requires a considerable amount of time to review the actions taken by the Program Administrators and Chandler Asset Management, and that it would be beneficial if the Treasurer worked within the City's Finance Department.

After some discussion, Betsy Dolan volunteered for the role of treasurer.

Mary Akin nominated Betsy Dolan for the roll of treasurer.

MOTION: Mary Akin **SECOND:** Ralph Korn **MOTION CARRIED**

C1b. Appointment of Nominating Committee

Tom Vance explained that each year the President appoints two Board Members to form a Nominating Committee. The Nominating Committee will contact Board Members to survey which Committees Members would prefer to belong to. Ann Garcia and Kris Kamandulis volunteer for the Nominating Committee.

President Tom Vance appoints Ann Garcia and Kris Kamandulis to the Nominating Committee. The Nominating Committee will report to the Board Members at the June Board Meeting.

C1c. Program Administrators Performance Evaluations

Tom Vance reported that the Board annually reviews the Program Administrators, and does not review Carl Warren as frequently because of the different levels of involvement with the Authority. Tom further reported that last year the Performance Evaluations were not properly focused and there was a significant amount of confusing relating to what exactly the Board should expect from the Program Administrators. Tom asked the Board Members to record their five most important items that the Program Administrators perform, and to submit them to Tom so that he can compile the data and create a new template for the Performance Evaluations. After

some discussion, it was agreed that the Performance Evaluations will be discussed at the June Board Meeting.

C2. Claims Committee's Report

C2a. 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 3:30 PM pursuant to Government Section Code 54956.95.

MOTION: Kris Kamandulis **SECOND:** Carol Swindell **MOTION CARRIED**

A motion was made to come out of closed session at 5:00 PM.

MOTION: Ann Garcia **SECOND:** Charlotte Dunn **MOTION CARRIED**

Claims Committee Chair Ralph Korn, reported that ACCEL gave direction to the claims administrator to begin discussions with various parties with respects to the Modesto v. ISOP & ACCEL claim.

C2b. Claims Administrator Contract Proposal

Ralph Korn reported that Carl Warren and Company has provided a contract proposal. Carl Warren is currently under contract through June 30, 2010, and provides contract proposals which may contain fee changes. The attached renewal notice renews the current contract with the same pricing, a \$12,000 fixed administrative fee and an \$80,000 variable service fee.

A motion was made to approve the contract as presented.

MOTION: Kris Kamandulis **SECOND:** Charlotte Dunn **MOTION CARRIED**

Tom Vance adjourned the meeting at 5:15 PM.

Tom Vance reconvened the meeting at 8:30 AM on Friday April 17, 2009.

C3. Financial and Treasurer's

C3a. Ratification of Disbursements for months ending February 28, 2009

A motion was made to approve the Ratification of Disbursements.

MOTION: Mary Akin **SECOND:** Carol Swindell **MOTION CARRIED**

C3b. Investment Report – Pursuant to Government Section Code 53646(b)(1) for Months Ending February 28, 2009 & March 31, 2009

A Motion was made to receive and file the Investment Report.

MOTION: Mary Akin **SECOND:** Carol Swindell **MOTION CARRIED**

C3c. ACCEL Financial Audit as of June 30, 2009

Conor Boughey reported that the Board of Directors gave authority to the Program Administrators to enter into a three year engagement with Perry-Smith at the February 19th Board meeting. The attached engagement letter was provided by Perry-Smith, and is for a three year term with a not to exceed billing structure for \$25,000 for 2009.

A motion was made to give authority to Tom Vance to enter into the agreement as presented.

MOTION: Ralph Korn **SECOND:** Sandra Blanch **MOTION CARRIED**

C3d. ACCEL Projected Cash Flow Obligations as of 02/28/09

Mike Simmons reported that the Projected Cash Flow Obligations is an information item, and no action should be required at today's meeting. The worksheet displays the estimated expenses and revenues in ACCEL's short term future. Mike further reported that the current report contains estimates provided by Members for estimated retro payments totaling \$1,700,000. Conor Boughey added that the contributions on 8/1/09 are the actuarial determined funding guidelines at the 85% confidence level.

Mike Simmons reported that the ACCEL's current balance is ideal, and that no action should be necessary.

No Action was taken.

C4. Program Administrator's Report

C4a. Account Time Tracking as of December 31, 2008

Mike Simmons reported that ACCEL is a fee based program. The Program Administrators present their hours as an informational item, and they do not have any impact on the annual fee.

Rhonda Combs asked why Mike's hours have decreased year over year. Mike reported that this was due to the increased time spent training Conor Boughey last year.

No action was taken.

C5. Underwriting Committee's Report

C5a. Report from the March 2, 2009 Underwriting Committee Meeting

Underwriting Committee Chair Ralph Korn reported that the Underwriting Committee met on March 2nd to discuss the City of Monterey's expansion of Fire Services for Pacific Grove, Carmel by the Sea and the Monterey Airport. Ralph reported that the Committee unanimously agreed to accept the proposed expanded fire fighting activities of the City of Monterey without restriction.

No action was taken.

D. Unfinished Business

D1. ACCEL's Excess Liability Program Renewal

Daniel Howell presented ACCEL's excess liability renewal. Dan reported that ACCEL is currently self funding the \$4,000,000 excess of \$1,000,000 layer and purchasing insurance excess of that. ACCEL's current structure is \$10,000,000 excess of \$5,000,000 with Everest National Insurance Company through Alliant's ANML program, \$10,000,000 excess of \$15,000,000 with Lexington Insurance Company, \$25,000,000 excess of \$25,000,000 with Lexington Insurance Company, \$25,000,000 excess of \$50,000,000 with Axis and Arch on a 50% quota share, and \$25,000,000 excess of \$75,000,000 with Axis and Arch on a 50% quota share. Every ACCEL Member purchases at least \$35,000,000 in limits, and is provided options up to \$100,000,000.

Dan walks through the developments since last years renewal; including, the overall insurance market conditions, AIG's condition, ACCEL's loss development and the current status of large excess claims. Dan reported that ACCEL's liability renewal will be challenging due to these factors, and because of that, Alliant Insurance Services will be marketing the first \$20,000,000 excess of \$5,000,000 with Everest, AIG, AWAC, Geneses, ACE, Munich Re and CSAC-EIA.

Conor Boughey presented a web based version of ACCEL's marketing specifications. Conor reported on ACCEL's loss development, reporting that ACCEL's total paid excess of \$25,000 had increased from \$63,219,624 to \$125,849,629. In addition, Conor reported that the actuarial determined expected claims in the \$5,000,000 excess of \$5,000,000 layer is \$1,610,000, which is \$436,593 more than ACCEL is currently paying for the \$10,000,000 excess of \$5,000,000 layer.

Michael Simmons reported that CSAC-EIA has a meeting on May 6th, and that he and Tom Vance would be attending on behalf of ACCEL. ACCEL is attempting to join the CSAC GL 1 program.

No action was taken.

D2. Optional Excess Workers Compensation Program

Conor Boughey reports that Version 2 of the CSAC Workers Compensation indications are attached to the agenda item. These premium estimates include the actuarial determined funding levels for the program, and the estimates indicate a 10% increase in the primary layer and a range of -10% to 10% change in excess insurance costs.

Mike Simmons reports that the WCIRB rates were released in mid March, and that the report included a 24.4% rate increase, however, they are reviewing this increase and it has not been finalized.

No action was taken.

D3. Approval of the 2009 Actuarial Report

Conor Boughey reported that the Actuarial Report was presented by John Alltop at the February Board Meeting, but administrative changes, and claims development occurred that impacted the study. Because of that, ACCEL's Actuarial Report could not be adopted at that meeting. The attached actuarial report is the final report, and contains the recommended funding levels for the June 30, 2009 renewal.

A motion was made to receive and file the 2009 Actuarial Report.

MOTION: Mary Akin **SECOND:** Carol Swindell **MOTION CARRIED**

E. New Business

E1. Policy and Procedure – Member Travel to Committee & Board Meetings

Tom Vance reports that Member attendance at Board Meetings is a very important aspect of the Authority, and because ACCEL is sharing risk each Member Agency should be represented. However, because of City budgetary conditions it can be difficult for Members to obtain the necessary approval to travel.

Michael Simmons walks through the sample set of JPA Member Travel policies provided in the agenda item. Mike reports that JPA's that are created geographically typically do not have a travel policy that covers Board Member travel, but JPA's have Members from all over California typically have a Travel Policy which allows Members to expense their travel with the JPA rather than the Member City.

Members discussed whether or not they would like to instate a Member Travel Policy that would allow the JPA to cover the cost to attend Regularly Schedules Board Meetings as well as Board approved Committee Meetings.

A motion was made to continue with ACCEL's current schedule of meetings (two day meetings) and to instruct the Program Administrators to create a Member Travel Policy that would allow the JPA to reimburse Members for travel to Board Meetings, Board approved Committee Meetings and Board President travel on Board Approved ACCEL business.

Further to the motion, direction was give to the Program Administrators to include a new section of the Travel Policy that will address Member travel to one instate Risk Management Conference.

MOTION: Ralph Korn **SECOND:** Rhonda Combs **MOTION CARRIED**

E2. Investment Policy

Conor Boughey reported that each year the Program Administrators asks Chandler Asset Management to review the Investment Policy and advise the Board of any suggested changes. This year, Ted Piorkowski recommended two changes to the Investment Policy as noted on the attached P&P. Both of these recommended changes are related to FDIC Guaranteed Notes.

A motion was made to adopt the Investment Policy with Chandler Asset Management's proposed changes.

MOTION: Kris Kamandulis **SECOND:** Sandra Blanch **MOTION CARRIED**

E3. Notification to Amend the ACCEL Bylaws and Approval of Resolution 0809-04 Amending the Bylaws

Conor Boughey reported that Alliant's San Francisco office moved from 600 Montgomery Street, 9th Floor to 100 Pine Street, 11th Floor. At the February Board meeting the Authority adopted a resolution to document the change of address. In addition, a resolution is needed to document the change to the Bylaws, as well as changing the bylaws to reflect the current address of the Authority.

A motion was made to approve Resolution 0809-04 as well as to approve the changes to ACCEL's Bylaws.

MOTION: Charlotte Dunn **SECOND:** Carol Swindell **MOTION CARRIED**

E4. Amendment to Excess Workers' Compensation Program MOU

Michael Simmons reported that Members must execute the amended MOU by August 1, 2009 if they would like to stay in CSAC-EIA's Workers Compensation Program. Failure to execute the

amended MOU by August 1st will be tantamount to withdrawal from the Program at the next renewal, which is July 1, 2010.

A motion was made to give Tom Vance the authority to accept the changes on behalf of ACCEL.

MOTION: Mary Akin **SECOND:** Ralph Korn **MOTION CARRIED**

E5. Next Two Meetings Schedule

Members discussed the rotation of meeting locations and instructed the Program Administrators to set up a standard rotation of meeting locations that would include all Member City locations.

A motion was made to change the meeting location of the October Board Meeting to the City of Visalia.

MOTION: Mary Akin **SECOND:** Charlotte Dunn **MOTION CARRIED**

F. CORRESPONDENCE / INFORMATION

There was no discussion on this issue.

G. PUBLIC COMMENTS

There were no public comments.

H. GENERAL RISK MANAGEMENT ISSUES

There were no issues discussed.

ADJOURNMENT

A motion was made to adjourn the meeting at 12:30 PM

MOTION: Betsy Dolan **SECOND:** Mary Akin **MOTION CARRIED**