

**Agenda Item B.1
Board of Directors
February 6, 2013**

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
MONDAY, DECEMBER 3, 2012 AT 2:30 PM
FRIDAY, DECEMBER 4, 2012 AT 8:30 AM
Office of the Program Administrator
San Francisco, CA**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Jena Covey, City of Bakersfield
Mary Akin, City of Modesto
Rhonda Combs, City of Monterey
Claudia Koob, City of Mountain View
Ann Richey, City of Ontario
Sandra Blanch, City of Palo Alto
Mark Howard, City of Santa Barbara
Barbara Choi, City of Santa Cruz
Deb Hossli, City of Santa Monica

MEMBERS ABSENT

Betsy Dolan, City of Burbank
Sandra Blanch, City of Palo Alto (*Monday, December 3rd Only*)
Charlotte Dunn, City of Visalia

GUESTS AND CONSULTANTS

Patty Haymond, City of Santa Cruz
Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Monica Sandbergen, Alliant Insurance Services
Keyan Aghili, Carl Warren & Company
Ted Piorkowski, Chandler Asset Management (*Monday, December 3rd Only*)
Frank Tanabe, Starr Indemnity and Liability Company (*Tuesday, December 4th Only*)
Sharon Richards, Starr Indemnity and Liability Company (*Tuesday, December 4th Only*)

A. CALL TO ORDER

Ann called the meeting to order at 2:35 p.m.

B. CONSENT CALENDAR



B1. Approval of Minutes for the October 11 & 12, 2012 Board of Directors Meeting

A motion was made to approve the minutes as presented.

MOTION: Deb Hossli **SECOND:** Mark Howard **MOTION CARRIED**

ABSTAINED: Mary Akin
Rhonda Combs

C. GENERAL RISK MANAGEMENT ISSUES

Nothing to report.

D. REPORTS

D1a. Introduction of new ACCEL Board Member from the City of Santa Cruz

Ann introduced Patty Haymond as the new Risk Manager for the City of Santa Cruz.

D1b. Items of General Interest

None.

D2. Claims Committee's

D2a. Report from the November 20, 2012 Claims Committee Meeting

D21a. Claims Committee Chair

Mark Howard advised that the Claims Committee met on November 20, 2012 and re-elected him as Claims Committee Chair.

D2a2. Claims Audit

Mark Howard advised that through discussion of the Claims Audit contract during the November 20, 2012 Claims Committee Meeting, it was decided that Alliant would create a form (included in the Agenda Packet) that will be completed by the Claims auditor in conjunction with the Risk Manager at each member agency during the exit interview to review items that were found during the Claims Audit and the plan of action agreed upon to address those items. The completed form will then be sent to Alliant.

Conor Boughey further confirmed that Alliant will provide the audit form to Tim Farley that will be completed by Tim Farley with the member during the Exit Interview. Tim Farley is to complete the form at the Exit Interview with each member and then he is to send it to Alliant. He will fill out the form (during face to face exit interview or on the phone), and send it to Alliant. Alliant will send to the member agency, and the member will review and sign off when they are



satisfied with the results. Mark Howard advised that this form is formalizing the requirement of having an exit interview. Mark Howard clarified that this form is the actual form that Tim Farley will go over with the member at the Exit Interview and is to be signed off by Tim Farley and the member agency the day of the Exit Interview and then to be sent to Alliant the day of the Exit Interview.

Mike Simmons reminded the members that Tim Farley does not do all the exit interviews in person with the Member Agency. If a member is not available, Tim Farley will call the member and complete the Exit Meeting Audit form over the phone, and then will send the form to Alliant, and Alliant will then send to member for signature. If a member has a disagreement at the exit interview, Alliant will ask the member to try and resolve the issue with Tim Farley before Alliant steps in and addresses the issue. If the member is not able to resolve the issue with Tim Farley, they will engage Alliant for assistance.

Keyan Aghili with Carl Warren advised putting in small print the procedure for completing the Audit Form in the footer section of the form.

A motion was made to approve the Claims Audit Form with the proposed amendments

MOTION: Tom Vance **SECOND:** Jena Covey **MOTION CARRIED**

D2b. 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 3:45 PM pursuant to Government Section Code 54956.95.

MOTION: Tom Vance **SECOND:** Rhonda Combs **MOTION CARRIED**

A motion was made to come out of closed session at 4:42 PM

MOTION: Rhonda Combs **SECOND:** Claudia Koob **MOTION CARRIED**

Claims Committee Chair Mark Howard reported that direction was given to the Third Party Administrator regarding the agedized claims.

D3. Financial and Treasurer's

ACCEL's Treasurer, Betsy Dolan, is not available to report on the financial items. Conor Boughey presented the Treasurer's items in her place.

D3a. Ratification of Disbursements



D3b. Report of Investments – Pursuant to Gov't Section Code 53646(b)(1)

Conor Boughey advised that the April statements show income earned of \$41,901 while also being in full compliance with the Authorities Investment Guidelines. Conor further reported that the month of May was also in full compliance and had income earned of \$40,658.

D3c. Quarterly Financial Report as of June 30, 2012 and September 30, 2012

Conor stated that the March 31, 2012 Quarterly Report has been completed by Tami. On page 54 of the agenda packet, anything that shows a 75% accrual is a pre-paid expense since we are 3/4 of the way through the year.

D3d. Member Account Summary as of September 30, 2012

Conor advised that the March 31, 2012 Member Account Summary (MAS) report has been completed. The notable updates are Interest Earned of \$189,221, claims payments of \$1,340,246 for Morataya v. Bakersfield and updating the IBNR to \$1,046,410 and reserves to \$11,183,291.

D3e. ACCEL Project Cash Flow Obligations as of September 30, 2012

A motion was made to receive and file the reports D3a, D3b, D3c and D3d.

MOTION: Tom Vance **SECOND:** Mark Howard **MOTION CARRIED**

D3f. Investment Report

Ted Piorkowski, ACCEL's Investment Advisor, introduced himself to the Board and began his report on the state of the economy, and then reported on ACCEL's portfolio and earnings. Ted reported that the overall economy continues to rebound from the recession, however growth is slower than what was hoped for. Other factors to employment and GDP have been Super Storm Sandy. The Leading Economic Indicators continue to point to a slow recovery. Within ACCEL's portfolio, the Authority is heavily invested in LAIF, which continues to prove itself as a valuable liquid asset. LAIF has a cap of \$50,000,000, and ACCEL is not near that limit. ACCEL continues to outperform its benchmarks, but earnings remain low at roughly 1.77% over 12 months.

Ted responded to questions as they arose; no action was taken.

D4. Program Administrator's

D4a. Alliant Disclosure Presentation

Conor Boughey reported that the Board requested that Alliant present a report on transparency and compensation. Conor referred the board to the agenda report on Alliant's commission levels on certain placements, placements that earn no commission, alliant's fees for program



administration, as well as other fees collected by Alliant Underwriting Services (AUS) for their involvement in programs as the underwriter or claims administrator.

No action was taken.

D4b. Alliant Connect Integration

Monica Sandbergen-Izo reported on Alliant's technology and what is available to ACCEL through the ACCEL website. Monica showed a replica of an Alliant managed JPA which utilized the Alliant Connect Integration. Alliant Connect allows for easier website updates, however the interface is not as polished as the current ACCEL website.

After Monica's presentation, the board gave direction to move the ACCEL website towards the Alliant Connect system.

D5. Underwriting Committee's

The Underwriting Committee had nothing to report.

E. UNFINISHED BUSINESS

E1. ACCEL Teleconference Policy & Procedure

Conor advised that at the last Board meeting, there was a quorum issue due to too many members not able to attend the meeting at the last minute. Conor advised that the meeting was switched to a Teleconference; however, ACCEL has a Policy & Procedure in place that forbids teleconferencing for scheduled in-person meetings. Mike Simmons reminded the members that there are five Board meetings a year and everyone should do their best to attend the meetings, but that sometimes situations arise where it's impossible for a member to attend. Michael reported on the current draft of the revised policy and procedure. After some discussion, the Board reviewed the Policy and amended the language to include that a Member could appeal to the President to attend telephonically if an exceptional circumstance occurs, and the Board requires that Member's attendance.

A motion was made to approve the revised Teleconference Policy & Procedure with the discussed proposed changes.

MOTION: Mark Howard **SECOND:** Sandra Blanch **MOTION CARRIED**

E2. ACCEL Target Equity Ratios

Conor Boughey began by reviewing the Target Equity policy and procedure with the Board and advised that the origins of this report are from the CAJPA accreditation process. Mr. Boughey further stated that all pools are using equity ratios; they may be using different ratios but they are

using the same set of ratios. One of the principals of the report is that it would allow different JPA's to benchmark against each other.

Conor reviewed certain terms with the Board, such as Confidence Level, Equity (including CAJPA's definition of Equity), Net Contribution and Self Insured Retention. Conor then gave a presentation on ACCEL's current year financial ratios and the methodology behind each ratio.

No action was taken.

E3. Emerging Risks Presentation

Mr. Simmons gave a presentation on Emerging Risks within the insurance marketplace. He discussed ways that we learned from the Japan Earthquake and Tsunami and identified various other emerging risks, such as the pharma-water disaster, Social Media, Typhoons and other weather related risks, protests, the obesity epidemic, pensions, and auto risks.

It was requested that the Emerging Risk PowerPoint be posted on ACCEL's website.

F. NEW BUSINESS

F1. Claims Presentation from Starr Companies

Frank Tanabe introduced himself and advised that he is in charge of the Public Entity division at Starr Companies. Sharon Richards also introduced herself as Assistant Vice President at Starr Companies. She advised that she goes out to public entities and does claims reviews and has gone out to Carl Warren to do a claims review of ACCEL's claims.

Mr. Tanabe advised that Starr Companies is continuing to do well and that they have written up to \$2,400,000,000 in written premium. Starr Companies has been in business for 2-3 years. Mr. Greenberg, the CEO of Starr Companies, is expanding operations internationally in Asia and South America. Mr. Tanabe also advised that they are continuing to expand products lines available under Starr logo, such as Property, Crisis Management, Kidnap & Ransom, Environment Protection Liability, etc. Investment side of Starr Companies is doing well. Starr has capability to invest money in foreign companies for individuals and corporations. Mr. Tanabe advised that the Public Entity Dept. of Starr Companies will also be expanding nationwide in the mid-west region, Florida, Georgia, and North & South Carolina.

Mr. Tanabe reported that ACCEL's loss history has been good and has been profitable for Starr Companies on a long term basis. For 2013, Mr. Tanabe advised that Starr Companies will be seeking rate increases due to hardening of market and advised that a base rate increase of 4% will be seen on ACCEL's 2013 Excess Liability renewal subject to no adverse loss development. Frank Tanabe advised that Hurricane Sandy will not hurt their loss ratio

Sharon Richards provided a report on large claims that affect municipalities and their corresponding settlements and verdicts. The last time she presented to ACCEL was on December



6, 2010. She has 312 verdicts and settlements listed on her report of various kinds of public entities throughout the United States – the most are in California. Sharon advised that they are starting to see wrongful conviction claims – claimants wrongfully convicted are starting to sue cities.

Sharon advised that police departments should make it difficult for any citizen to go on a ride-along with police. She cited an example in Sacramento where a police officer invited a friend to go on a ride-along, got involved in a high speed chase and subsequently collided with another vehicle. The passenger, who was a high wage earner with a wife and kids, was severely brain damaged and requires 24/7 care for the rest of his life. Some cities restrict it to those who want to become police officers and background checks are done on the citizen wanting to go on the ride along.

No action was taken.

F2. Marketing for New Members

Conor advised that this item is usually included in the Long Range Planning session. Last year, we talked about Fullerton. Conor asked if we want to invite other Risk Managers from other cities at PARMA to the Board Meeting. There has been interest of another pool of cities to join ACCEL. Mike advised that ACCEL members are the marketers. Mike asked the members to talk about ACCEL and their website at PARMA if asked by attendees/risk managers at PARMA.

F3. ACCEL's ANML Policy Language Update – Dam Coverage

Conor advised that during this year's renewal, Alliant was asked and quoted several new dams for members. When renewal information is set, if you don't want dam coverage, don't complete the dam application. Conor reviewed current language and corrected wording. All excess policies will follow this language.

F4. Next Two Meetings Schedule

It was reported that the City of Santa Cruz will remain as location for April, 2013 Board of Directors meeting.

G. CORRESPONDENCE/INFORMATION

G1. 2013 State of the Marketplace Report

H. Public Comments

There were no public comments.

ADJOURNMENT

The meeting was adjourned by Ann Richey at 11:42 AM on Tuesday, December 4, 2012.