

**DRAFT
B1**

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
SAN FRANCISCO, CA
THURSDAY, APRIL 21, 2005, 3:00 P.M.**

MEMBERS PRESENT

Mary Akin, City of Modesto
Sandra Blanch, City of Palo Alto
Patrick Flaherty, City of Bakersfield
Sherrell Freeman, City of Monterey
Ann Garcia, City of Ontario
Beverly Jensen, City of Mountain View
Jim Patricola, City of Burbank
Tom Phillips, City of Santa Monica
Brad Landreth, City of Santa Barbara
Tom Vance, City of Anaheim
Erwin Young, City of Santa Cruz

MEMBERS ABSENT

Charlotte Dunn, City of Visalia

GUESTS AND CONSULTANTS

Keyan Aghili, Carl Warren & Company
Janelle Cabanding, Driver Alliant Insurance Services
Daniel Howell, Driver Alliant Insurance Services
Chris Hunt, Carl Warren & Company
Larry Hunt, Carl Warren & Company
Mike Simmons, Driver Alliant Insurance Services

A. CALL TO ORDER

President Tom Phillips called the meeting to order at 3:05 p.m.

B. CONSENT CALENDAR

B1. Approval of Minutes, February 9, 2005 Board Meeting

A motion was made to approve the minutes as submitted with the following changes:

- ❖ Delete “*Within the past year, CPEIA has changed its Bylaws to address various Board and Executive Committee issues. Discussions resulted in proposed changes including increased amounts of seats on the Board and Executive Committee.*” The discussions involved dissolving CPEIA into CSAC-EIA.
- ❖ Amend “These issues will be addressed at a series of upcoming meetings to discuss proposed amendments to the CPEIA Bylaws and JPA Agreement. Any changes would not be in effect until maybe next year. Tom Phillips will keep members updated and share information as received.” to read as “*These issues will be further discussed at a series of upcoming meetings. Tom Phillips will keep members updated and share information as received.*”

Program Administrators will make these changes and post the minutes to the Members Section of the ACCEL website soon.

MOTION: Ann Garcia **SECOND:** Patrick Flaherty **MOTION CARRIED**

C. REPORTS

C1. PRESIDENT’S REPORT

C1a. CSAC-EIA Update

Tom Phillips referred to the separate attachment included in the agenda which contained copies of documents and correspondence relating to the potential changes in the CSAC organization, including the dissolution of the CPEIA and amending the EIA to have 3 classes of members: Counties, Schools and All Other, rather than maintaining CSAC-EIA and its sister pool, CPEIA.

Any amendments to their Bylaws and JPA Agreement will be approved by a 2/3 vote by its voting members at upcoming meetings. Tom Phillips will have more information in the coming months and will keep members updated.

C1b. Appointment of Nominating committee

Ann Garcia and Sandra Blanch were appointed as the Nominating Committee for the 2005/2006 election period. Ann Garcia and Sandra Blanch will contact members who are interested in serving on the various committees and provide an update at the next meeting. Program Administrators will assist the Nominating Committee as needed.

C1c. Program Administration Performance Measures for 2004-2005

Tom Phillips provided the results of this year's Performance Measures to Dan Howell, Mike Simmons and Janelle Cabanding.

The overall result is that members are pleased with the Program Administrators, and would like to discuss the following concerns:

- ❖ A Stewardship Report hasn't been done in the past few years; after a discussion, Members requested in lieu of a Stewardship Report, the Program Administrators to provide a Member City recap sheet which would show their years of participation in ACCEL, similar to the charts provided at PARMA last year showing the 60 rate and actual experience. Members agreed this would be very valuable to their finance staff, and perhaps reinforce the value of ACCEL. Program Administrators also reminded Members that up until about 1998, ACCEL used to produce an annual newsletter. Members may want to explore doing this again.
- ❖ Members would like an early indication what their insurance premiums will be since they start their budgets in the fall; Program Administrators will provide market updates in the fall so members will have the earliest indication of what to expect the next fiscal year.
- ❖ There seems to be an inconsistency with the timeliness of issuing certificates; Members asked Janelle Cabanding which is an easier way to communicate: email, fax, or website form. Janelle replied that email and website form is best but perhaps if members send a fax, to call or email to let her know it is on the way. Janelle added that she tries to issue the certificates within a couple of days, and does email them in PDF format for faster delivery. Janelle will improve on faster delivery of issuance.
- ❖ Minutes and Action Lists need to be sent out more quickly after each meeting in order for assigned items to be done on time; Program Administrators will prepare the meeting minutes and action lists and send out within 2 weeks of meetings to members for review and follow up of any open items.
- ❖ Responses with phone call and emails have been slow; Mike Simmons replied that they do their best to return emails and phone calls within a 2-day time frame. Mike suggested that if members tried to reach him or Dan Howell to call their cell phone. Their Driver Alliant email is linked to their wireless phones i.e., Blackberry, so they do receive their emails on the road and try to respond timely.
- ❖ Extensions of insurance binders; Dan Howell replied that there must be a "glitch" in the insurance binder process, since the Program Administrators do have a suspense system. Program Administrators need to also be more persistent with excess carriers in getting their insurance binders extended so these are delivered more timely. Dan Howell thanked the Board for bringing this to their attention and will work on timely delivery of insurance binders.

- ❖ The grading scale doesn't seem to be clear; Members didn't really see the significant difference between "Excellent" and "Outstanding". Members may want the grading scale changed.

Program Administrators thanked the Board for their valuable input and look forward to improving their performance in these areas. Program Administrators will make the appropriate changes to the Performance Measures document and send to the President for review, and will post the updated document to the ACCEL website soon.

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 4:30 p.m. pursuant to Government Section Code 54956.95.

MOTION: Ann Garcia **SECOND:** Jim Patricola **MOTION CARRIED**

A motion was made to come out of closed session at 5:05 p.m.

MOTION: Beverly Jensen **SECOND:** Jim Patricola **MOTION CARRIED**

Claims Committee Chair, Brad Landreth had no items to report from Closed Session.

C2b. Liability Claims Administrator Contract Renewal July 1, 2005-2008

Claims Committee Chair, Brad Landreth, introduced Chris Hunt from Carl Warren who has been assigned as Keyan Aghili's back up on ACCEL. Larry Hunt was also in attendance to answer questions, if any, regarding the renewal proposal. Brad Landreth mentioned that the Claims Committee recently had a meeting to discuss the three-year renewal proposal received by Carl Warren & Company.

It is the recommendation of the Claims Committee for the Board to approve renewal of the proposed agreement as submitted effective July 1, 2005, for the following fee:

- ❖ July 1, 2005-June 30, 2006: Administration Fee \$12,000; Service Fee Maximum \$62,500
- ❖ July 1, 2006-June 30, 2007: Administration Fee \$TBD; Service Fee Maximum \$TBD
- ❖ July 1, 2007-June 30, 2008: Administration Fee \$TBD; Service Fee Maximum \$TBD

A motion was made to accept the Claims Committee's recommendation.

MOTION: Erwin Young **SECOND:** Sherrell Freeman **MOTION CARRIED**

The meeting was adjourned at 5:45 p.m. and will reconvene at 8:30 a.m. tomorrow.

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
SAN FRANCISCO, CA
FRIDAY, APRIL 22, 2005, 8:30 A.M.**

MEMBERS PRESENT

Mary Akin, City of Modesto
Sandra Blanch, City of Palo Alto
Patrick Flaherty, City of Bakersfield
Sherrell Freeman, City of Monterey
Ann Garcia, City of Ontario
Beverly Jensen, City of Mountain View
Jim Patricola, City of Burbank
Tom Phillips, City of Santa Monica
Tom Vance, City of Anaheim
Erwin Young, City of Santa Cruz

MEMBERS ABSENT

Charlotte Dunn, City of Visalia
Brad Landreth, City of Santa Barbara

GUESTS AND CONSULTANTS

Janelle Cabanding, Driver Alliant Insurance Services
Daniel Howell, Driver Alliant Insurance Services

President Tom Phillips reconvened the meeting at 8:42 a.m.

C3. FINANCIAL AND TREASURER'S REPORT

C3a. Ratification of Disbursements for Months Ending January 31, 2005, February 28, 2005 and March 31, 2005

There was no discussion on this item.

C3b. Report of Investments – Pursuant to Gov't Section Code 53646(b)(1) for Months Ending January 31, 2005, February 28, 2005 and March 31, 2005

There was no discussion on this item.

C3c. Estimated Earnings Report as of March 31, 2005

There was no discussion or comment on this item.

C3d. Financial Statement Ending March 31, 2005

The quarterly to yearly comparison on hand written page 68 is incorrect. Patrick Flaherty will work with the Accounting Coordinator to figure out if this report should be included in future agendas since the year-to-date comparison seems to be more useful showing a comparison.

A motion was made to file and accept Agenda Items C3a through C3d.

MOTION: Ann Garcia **SECOND:** Sherrell Freeman **MOTION CARRIED**

C3e. Investment Policy Review Pursuant to Government Section Code 53646(a)(2)

Mike Simmons referred to the separate redline-strikeout document in the agenda. Treasurer Patrick Flaherty mentioned that the Finance Committee met on March 30 and April 12, 2005 to discuss various financial items, including the review of the Investment Policy and to make a recommendation at today's meeting. Minutes of these meetings were included in the agenda for members' information. Discussions in the Finance Committee meetings included:

- ❖ Making changes to reflect certain amounts of cash to be left in LAIF;
- ❖ Making changes to reflect a certain amount of cash to make available depending on how much ACCEL retains in self insured limits;
- ❖ Making changes to reflect the ability to move funds into other investment tools like CAMP, although there is not a recommendation to do this now;
- ❖ Assign the Finance Committee to make a semi-annual reviews of the Investment Policy and to research investment options and tools (September and April);
- ❖ The Finance Committee should communicate with the Claims Committee/Claims Committee Chair to be sure there are adequate funds in LAIF in the event an ACCEL claim needs to be settled.

A motion was made to approve the following changes to the Investment Policy:

- ❖ In the handout, handwritten page 8: **4.7 Local Agency Investment Fund Demand Deposit**, add the following:

Pursuant to review by the Investment Review Committee, ACCEL shall maintain approximately one-third of its assets in LAIF or other similar funds that provide similar liquidity and security. This amount will be benchmarked to ACCEL's risk sharing limit, and for the current year should be maintained at a level of approximately two times the self-insured limit exposure. The Committee has the authority to semiannually review and adjusts the liquidity ratio with ratification by the Board.

- ❖ In the handout, handwritten page 11: **16.0. Investment Committee Review**, amend to read as follows:

16.0 INVESTMENT REVIEW COMMITTEE

At least semiannually, an "Investment Review Committee" (The Finance Committee) shall meet to discuss the status of current investments, strategies for future investments, and other matters deemed relevant, and shall report to the ACCEL Board.

- ❖ In the handout, the Revision date should read as "April 21, 2005" if this motion is approved.

MOTION: Brad Landreth **SECOND:** Erwin Young

MOTION CARRIED

Program Administrators will make the above changes as approved and post the revised Investment Policy to the website soon.

C3f. FY 2004/2005 Budget through March 31, 2005

There was no discussion on this item.

C3g. Estimated 2005/2006 Liability Payroll

Members were reminded to submit their DE6 payroll pursuant to the ACCEL Bylaws by May 1, 2005. The Treasurer and Program Administrators will be sending a follow up email next week for those members who have not yet submitted their payroll. There was no further discussion on this item and no action was taken.

C3h. Preparation for Financial Audit as of June 30, 2005

Patrick Flaherty has this on the agenda for general updates as they are received. Janelle Cabanding indicated that the first step of the process is when the critical date schedule is received by the auditors, which is expected to be sent to the Treasurer sometime in late May or early June. Program Administrators will contact Brown Armstrong on the status of this letter. There was no further discussion on this item.

C3i. Resolution 04/05-05 Adopting the Administrative 2005/2006 Budget

A motion was made to approve Resolution 04/05-05 Adopting the Administrative 2005/2006 Budget and adopting the Administrative Budget of \$360,000. This budgeted amount includes Individual Membership Travel for:

- ❖ Anaheim \$2,500
- ❖ Palo Alto \$2,000
- ❖ Ontario \$1,500

MOTION: Tom Vance **SECOND:** Jim Patricola **MOTION CARRIED**

C3j. City of Monterey Investment Services Agreement July 1, 2005 to June 30, 2006

Members discussed investment services options and agreed that historically they have always felt secure keeping the investment services with a Member city, rather than taking the risk hiring an outside management firm. As discussed during the Investment Policy Review agenda item, the Finance Committee will semiannually be reviewing the Policy and also explore investment options to share with members.

The City of Monterey has provided Investment Services for ACCEL for the past 8 years and members agree they have been doing consistent, great work on the investments. The City of Monterey's proposed renewal fee is \$17,000, same as the prior year. A motion was made to extend the City of Monterey's Investment Services Agreement for the July 1, 2005 to June 30, 2006 term.

MOTION: Tom Vance **SECOND:** Mary Akin **MOTION CARRIED**

C3k. Minutes from the Finance Committee Meetings March 30, 2005 and April 12, 2005

These minutes were included in the agenda for information only and no action was taken.

C4. PROGRAM ADMINISTRATOR'S REPORT

C4a. Brown Act Issues

Program Administrators included this item in the agenda since two situations have recently come up with regard to meetings held in the Transamerica Pyramid. There is discussion that it is illegal to hold a meeting in a location that a member of the public cannot access freely, without showing proper identification.

The April ACCEL meeting has been traditionally held in the Transamerica Pyramid Building or other San Francisco location. The Transamerica security requires an ID to access the building. Program Administrators are clarifying this to be sure meetings are held in compliance with the Brown Act and the law. The second issue involves disabilities. Program Administrators include the following on all Agenda covers:

- ❖ For special accommodation because of a disability, please phone (*Name*) at (*Phone Number*) or email (*email address*) at least 24 hours prior to the meeting time as shown above.

Program Administrators informed members that there is also another meeting facility next door to the Pyramid Building they can use if needed in the future. Program Administrators will keep members updated on this issue.

C5. UNDERWRITING COMMITTEE'S REPORT

C5a. Physical Therapist Coverage – MOC and C.V. Starr Exclusion Language

Members recall in the past that the Memorandum of Coverage was to act as reinsurance if excess insurance excluded something that ACCEL did include. Program Administrators clarified that in the beginning years when ACCEL started retaining less self insured limits and purchasing insurance, the Declarations Pages included the following wording:

- ❖ *These limits are reinsured through the Insurance Company of the State of Pennsylvania's (ICSP) provision of \$7,000,000 excess of \$2,000,000 layer of coverage. Please see ICSP's coverage document for Terms and Conditions for this contributing layer.*

This above wording was included on the Declarations Page for Fiscal Year 1998-1999. In the current Program Year 2004-2005, this wording is not included on the Declarations Pages and the Memorandum of Coverage stands separately from the C.V. Starr Policy. Program Administrators were asked to contact C.V. Starr to clarify physical therapist coverage.

C5b. City of Burbank Coverage and Underwriting Issues – Update

There are no updates to report at today's meeting.

C5c. Discussion Regarding Changes in Members' Risk Profiles

The Underwriting Committee will have a recommendation at the next meeting.

D. UNFINISHED BUSINESS

D1. ACCEL Excess Liability Program Renewal

There are still renewal applications from members missing. Janelle Cabanding indicated that only about half have been receive of the 12 members. Dan Howell urged that although specifications have been sent out, it is important that ACCEL underwriters receive a current submission. Program Administrators will work with the President to get an urgent email out to those members who have not yet sent their application in, with a dead line of mid-May.

Dan shared the loss run received from C.V. Starr (Insurance Company of the State of Pennsylvania). Dan pointed out that since 1996, ACCEL is at a 100% loss rate and believes C.V. Starr may increase ACCEL's retention from its current \$2,000,000 Excess \$1,000,000. Dan Howell will be working with Carl Warren and AIG to be sure ACCEL Claims are being reserved properly and will keep members updated on the marketing as needed.

Dan Howell mentioned that as ACCEL retains more in limits, there may need to be an increase in the 60 cent rate. Markets who may consider quoting the first excess layer are Genesis, ACE and American Re. Dan Howell says that Genesis is very conservative and is selective, currently specializing in schools. ACE is unsure since there are talks that they have terminated their

public entity facility, but may consider writing. Premium wise, Dan Howell doesn't expect an increase in the higher excess layers above \$13,000,000 since claims haven't penetrated those layers. Members asked why it seems that the excess markets are limited. Dan responded that the market is very selective about what new accounts they write, and that ACCEL is a tougher risk since they do have large claims.

Quotes are expected in June and will be shared with members. Dan Howell asked if members were interested in the optional higher limits above \$23,000,000 to contact him to get an early indication of participation to those underwriters.

D2. Optional Excess Workers' Compensation Program Renewal (CPEIA)

Janelle Cabanding mentioned that Optional Excess Workers' Compensation Program Members received their estimates in March via email. The summary included in the agenda packet is a summary of estimates including members' optional quotations. No updates have been received since March. Program Administrators will keep members updated via email as they are received by CPEIA.

Brad Landreth asked if any Workers' Compensation members have considered withdrawal. Janelle Cabanding responded that no members have indicated intent to withdraw, but were reminded that if anyone is considering it, the deadline to provide notice to the EIA is May 1, 2005.

Program Administrators mentioned that the EIA has scheduled an Underwriting Committee meeting on April 28, 2005 and if members wanted to change their SIR, they need to notify them as soon as possible so the EIA can include on their agenda for approval. To date, Palo Alto is the only respondent.

E. NEW BUSINESS

E1. Estimated Retrospective Rating Plan Calculations: (a) Close out of Program Years 2, 3, 4, 5 & 6 and (b) \$9,000,000 Excess \$1,000,000 and \$500,000 Excess \$500,000

Members received the draft calculation results from the Program Administrators. Janelle Cabanding is still confirming claims data with some members. Tom Phillips asked that members be sure they are including all ACCEL related claims above \$25,000 for this report, including employment related cases, except for claims relating to back wages. Program Administrators will have the final calculation report at the next meeting with information on administratively closing out Program Years 2 through 6 (1987 through 1991).

E2. IBNR as of June 30, 2005

Program Administrators confirmed that the draft Retrospective Rating Calculations included these IBNR figures. A motion was made to approve the IBNR as included in the agenda for the purposes of the Financial Audit and Retrospective Rating Calculations.

❖	\$ 500,000 Excess \$ 500,000	\$	0	(1987 – 1991)
❖	\$9,000,000 Excess \$1,000,000	\$	0	(1991-1997 & 1998-2003)
❖	\$9,000,000 Excess \$1,000,000	\$	80,000	(1997/1998)
❖	\$9,000,000 Excess \$1,000,000	\$	123,000	(2003/2004)
❖	\$9,000,000 Excess \$1,000,000	\$	2,224,000	(2004/2005)

MOTION: Tom Vance **SECOND:** Sherrell Freeman **MOTION CARRIED**

E3. Ex-Members Obligations to ACCEL

E3a. Resolution 04/05-06 – Amending the Ex-Members Financial Obligation Policy & Procedure

Members reviewed the recommended changes to the Ex-Members Financial Obligation Policy & Procedure. The Program Administrators were directed to make the following changes and re-agendize for approval at the next meeting:

- ❖ On handwritten page 95, make additional changes to No. 4: “Claims data shall be provided for the period valued as of December 31 and in the following format, submitted to the Program Administrators no later than February 15”;
- ❖ On handwritten page 95, add new bullet: The Authority’s may request a mid-year report with a valuation date of June 30th;
- ❖ On handwritten page 96, delete “Ex-members shall submit the December 31 data no later than February 15”;
- ❖ Any reference to a “closed out year” should be clarified as “administratively closed” since ACCEL is per occurrence based may need to re-open a Program Year if there are open claims above \$25,000 (total incurred).

There was no action taken on this item.

E3b. Resolution 04/05-07 – Amending the Financial Plan

Members discussed the draft changes to the Financial Plan as it relates to previous Item E3a. A motion was made to approve the following changes to the Financial Plan Policy & Procedure and to adopt Resolution 04/05-07 – Amending the Financial Plan:

- ❖ On handwritten page 98, TABLE OF CONTENTS, include the following acronyms to better clarify the Policy:
 - I. POLICY & PROCEDURE (P&P)
 - II. RETROSPECTIVE RATING PLAN (RRP)

- ❖ On handwritten page 108, Vb. Ex- Members Financial Obligations, agree with the recommended changes:
 - Vb. Ex-Members Obligations
The P&P: Ex-Members Obligations to ACCEL governs the responsibilities of ex-members until their participating Program Years are administratively closed.

MOTION: Tom Vance

SECOND: Beverly Jensen

MOTION CARRIED

Program Administrators will have Resolution 04/05-07 executed and post the amended Financial Plan to the website soon.

E4. CSAC-EIA – CAJPA Accreditation Premium Discount

Members were pleased to hear that CSAC-EIA is recognizing pools who have been awarded Accreditation with Excellence through the California Association of Joint Powers Authorities (CAJPA). On March 4, 2005, CSAC EIA adopted a new Policy Statement which allows JPAs a premium discount for being accredited through the CAJPA. A copy of the adopted policy was included in the agenda packet. CSAC has informed ACCEL that they will be receiving a \$7,500 credit for being accredited with Excellence by CAJPA. The credit awarded is up to \$5,000 for Standard Accreditation and up to \$7,500 for JPAs Accredited with Excellence.

Members discussed how this amount will be allocated back to the CPEIA Excess Workers' Compensation (EWC) members. Program Administrators suggested allocating based on % of participants' payroll. Members discussed keeping in the Administration Budget and using it for Accreditation purposes. ACCEL's CAJPA Accreditation is not up for renewal until 2007. Members may want this allocated since not all members of ACCEL participate in the CPEIA EWC Program.

E5. NEXT TWO MEETINGS SCHEDULE

Members received information on the next two meetings. There was no discussion on this item and no action was taken.

F. CORRESPONDENCE / INFORMATION

There was no discussion on the following items.

- F1. WorkCompCentral Article - A.M. Best Issues Credit Ratings to AIG Subs**
- F2. City of Modesto – Small Claims Court Decision**
- F3. CAJPA 2005 Spring Training Information - May 20, 2005**
- F4. CAJPA 2005 Annual Conference Information – September 2005**
- F5. Periscope Bulletin – March 2005**
- F6. Workers' Compensation Law Bulletin – March 2005**
- F7. Workers' Compensation Law Bulletin – February 2005**
- F8. The Risk Report – December 2004**
- F9. The Risk Report – March 2005**

G. PUBLIC COMMENTS

There were no public comments made.

H. GENERAL RISK MANAGEMENT ISSUES

Members discussed the following items :

- ❖ Bill SB899
- ❖ Proposed Bills AB1345, AB514 and SB916
- ❖ Newsletter Workers' Compensation Executive Newsdesk, members must subscribe but their website shows the summary of each newsletter.
- ❖ Insurance Requirements in Contract Manual for 2005; Dan Howell mentioned that Driver Alliant is still in the process of updating the manual and will be notifying members once it is received.

ADJOURNMENT

A motion was made to adjourn the meeting at 11:23 a.m.

MOTION: Tom Vance

SECOND: Jim Patricola

MOTION CARRIED