

**MINUTES OF THE  
ACCEL BOARD OF DIRECTORS MEETING  
MONTEREY, CALIFORNIA  
THURSDAY, OCTOBER 9, 2003, 3:00 P.M.**

**MEMBERS PRESENT**

Ben Bankard, City of Modesto  
Sandra Blanch, City of Palo Alto  
Charlotte Dunn, City of Visalia  
Patrick Flaherty, City of Bakersfield  
Ann Garcia, City of Ontario  
Tom Phillips, City of Santa Monica  
Karen Thesing, City of Mountain View  
Tom Vance, City of Anaheim  
Erwin Young, City of Santa Cruz

**MEMBERS ABSENT**

Brad Landreth, City of Santa Barbara  
City of Monterey

**GUESTS AND CONSULTANTS**

Janelle Cabanding, Driver Alliant Insurance Services  
Leo Heyenrath, Heyenrath & Associates  
Dan Howell, Driver Alliant Insurance Services  
Craig Schweikhard, Carl Warren & Company  
Mike Simmons, Driver Alliant Insurance Services

**A. CALL TO ORDER**

The meeting was called to order by President, Tom Phillips at 3:02 p.m.

Tom Phillips requested an emergency item be added under New Business as agenda item "E4. 2004 Nominations for CPEIA Board of Directors".

Tom noted that he nominated himself to be considered for a Board Member position for CPEIA. ACCEL, as a member of the CPEIA Excess Workers' Compensation Program, is allowed one vote. Tom asked that this item be discussed at tomorrow's meeting.

A motion was made to add the following emergency item under New Business:

*E4. 2004 Nominations for CPEIA Board of Directors*

**MOTION:** Ann Garcia      **SECOND:** Sandra Blanch      **MOTION CARRIED**

**B. CONSENT CALENDAR**

**B1. Approval of Minutes – June 19<sup>th</sup> and 20<sup>th</sup>, 2003 Board of Directors Meeting**

A motion was made to approve the minutes as submitted.

**MOTION:** Karen Thesing      **SECOND:** Ben Bankard      **MOTION CARRIED**

**C. REPORTS**

**C1. PRESIDENT'S REPORTS**

Tom Phillips shared his experience as an attendee at the CAJPA 2003 Conference. Tom mentioned there were over 400 registrants, and about 60 exhibitors. He attended many sessions including Mediation (non-pool) Conflict of Resolution, HIPPA Federal Audit on Medical Privacy and PDRP (PERI). Tom encouraged Board members visit the CAJPA website to obtain copies of information from presentations at the conference.

**C1a. Resolution 03/04-01 – Recognizing the Contributions of Mary Sue Baker**

A motion was made to approve Resolution 03/04–01.

**MOTION:** Ben Bankard      **SECOND:** Ann Garcia      **MOTION CARRIED**

**C1b. Resolution 03/04-02 – Recognizing the Contributions of Tom Vance**

A motion was made to approve Resolution 03/04–02 with changes as discussed.

**MOTION:** Karen Thesing      **SECOND:** Charlotte Dunn      **MOTION CARRIED**

**C2. CLAIMS COMMITTEE'S**

**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 3:16 p.m. pursuant to Government Code Section 54956.95.

**MOTION:** Tom Vance      **SECOND:** Sandra Blanch      **MOTION CARRIED**

A motion was made to come out of Closed Session at 4:30 p.m.

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

Claims Committee Chair, Karen Thesing reported that the claims were reviewed and direction was given to the Claims Administrator on the Gammoh v. Anaheim case. Direction was also given to the Program Administrators to list the claims on the agenda page by claimant name, alphabetically.

### **C2b. Liability Claims Audit**

Leo Heyenrath presented his report. He thanked members for their assistance and cooperation through the process. Leo mentioned that page 9 needs to read as “Santa Monica” in lieu of “Santa Barbara”.

Leo needed clarification on his request to reconcile claims information with Carl Warren. It is possible that members are not sending the amount of closed claims to Carl Warren. Members were reminded to properly report claims to Craig Schweikhard when they close out. By doing this, it may resolve this issue. It was suggested that during the claims audit process, Janelle Cabanding send the Stratification Reports to Leo for a comparison.

Mike Simmons reminded members that claims above \$25,000 are included in the Loss Stratification Report, and are the only claims applicable to ACCEL. Mike also mentioned that if loss reports have different valuation dates, the open claims amounts will vary if there was activity.

It was clarified that Leo is expected sometime during his claims audit process to review the Loss Stratification Reports and provide input or comments back to Driver to be sure all three reports tie. Mike Simmons mentioned that there were questions from the auditors because these reports did not reconcile, although the difference was considered not material.

A motion was made to file and accept the ACCEL Claims Audit as presented.

**MOTION:** Tom Vance      **SECOND:** Sandra Blanch      **MOTION CARRIED**

### **C3. TREASURER’S REPORTS**

Treasurer Patrick Flaherty presented the following Financial Reports.

**C3a. Report of Investments – Pursuant to Gov't Section Code 53646(b)(1) as of June 30, July 31, and August 31, 2003**

There was no discussion on this item.

**C3b. Ratification of Disbursements as of June 30, July 31, and August 31, 2003**

Mike Simmons mentioned more categories in the chart of accounts regarding claims payment will be added. The categories may include Claimant Paid, ALAE, Monitoring Counsel, Coverage Counsel. In doing this, it will enable ACCEL to keep better track for themselves and for auditing purposes.

**C3c1. 2002/2003 Final Budget**

Patrick mentioned that this item was not prepared in time for the meeting and would be presented at the next meeting.

**C3c2. 2003/2004 Budget to Date**

There was no discussion on this item.

**C3d. Financial Statement Ending June 30, 2003**

There was no discussion on this item.

**C3e. Final Audited Payroll for FY 2002/2003**

More clarification was needed in order to finalize the audit. Program Administrators were directed to clarify which amounts to apply to the audit from members' DE6 payroll report and finalize the audit after the meeting.

Erwin Young had a question regarding payroll reporting to excess carriers which will be discussed after the presentation of the Financial Audit ending June 30, 2003 at tomorrow's meeting. He also reminded Program Administrators to exclude Library Payroll from his amounts reported.

**C3f. Approval of Financial Audit as of June 30, 2003**

*This item has a Time Certain of Friday, October 10, 2003 at 8:30 a.m.*

A motion was made to file and accept Agenda Items C3a, C3b, C3c2, and C3d.

**MOTION:** Karen Thesing **SECOND:** Charlotte Dunn **MOTION CARRIED**

**C3g. Review of the ACCEL Investment Policy – Resolution 03/04-05 - Investment Policy Amendment**

Page formatting on Section 17.0 needs to be corrected. A motion was made to approve Resolution 03/04-05 and the revised Investment Policy as presented in the agenda.

**MOTION:** Tom Vance      **SECOND:** Karen Thesing      **MOTION CARRIED**

**C3h. Accounting Services Update**

Patrick reported that everything has been going well during the transitional period, moving the Accounting Coordinator duties to Linda Shin. Pat will continue to bring members up to date.

**C3i. Estimated Earnings Report as of June 30, 2003**

Mike Simmons presented this item and discussed that the Estimated Earnings Report (EER) did not reconcile with Carl Warren & Company's numbers. It was noted that this will be corrected over time, but should not have a material impact on the Financial Audit. Mike Simmons mentioned the issue of collateralization of bank funds. Dan Howell discribed that banks sometimes do collateralize funds that are uninsured above \$100,000. Program Administrators were directed to research this issue further and report back to the Board at a future meeting. Mike also mentioned that members will receive more information on this item during the presentation of the Financial Audit at tomorrow's meeting.

**C3j. Estimated 2003-2004 Payroll**

Ann Garcia requested Program Administrators to obtain the definition of workers' compensation payroll from the CPEIA.

The meeting was adjourned at 5:21 p.m. and will reconvene tomorrow morning at 8:30 a.m.

**(CONTINUED)**  
**MINUTES OF THE**  
**ACCEL BOARD OF DIRECTORS MEETING**  
**MONTEREY, CALIFORNIA**  
**FRIDAY, OCTOBER 10, 2003, 8:30 A.M.**

**MEMBERS PRESENT**

Ben Bankard, City of Modesto  
Sandra Blanch, City of Palo Alto  
Charlotte Dunn, City of Visalia  
Patrick Flaherty, City of Bakersfield  
Ann Garcia, City of Ontario  
Tom Phillips, City of Santa Monica  
Karen Thesing, City of Mountain View  
Tom Vance, City of Anaheim  
Erwin Young, City of Santa Cruz

**MEMBERS ABSENT**

Brad Landreth, City of Santa Barbara  
City of Monterey

**GUESTS AND CONSULTANTS**

Mike Bowles, Employee Benefit Specialists  
Janelle Cabanding, Driver Alliant Insurance Services  
Craig Schweikhard, Carl Warren & Company  
Leo Heyenrath, Heyenrath & Associates  
Dan Howell, Driver Alliant Insurance Services  
Ryan Neilson, Brown Armstrong  
Mike Simmons, Driver Alliant Insurance Services  
Steve Starbuck, Brown Armstrong

President Tom Phillips reconvened the meeting at 8:40 a.m. Tom reminded members that the Finance Committee had the following Agenda Item with a Time Certain of Friday, October 10, 2003 at 8:30 a.m.

### **C3f. Approval of Financial Audit as of June 30, 2003**

The Auditors from Brown Armstrong were in attendance to present the Financial Audit. Steve Starbuck and Ryan Neilson introduced themselves. Steve Starbuck distributed the Draft Financial Audit at the meeting and mentioned that when finalized, they will send the bound copies to the Program Administrators for distribution to members, and also provide the document in Adobe PDF format via email.

Steve presented the report. He said that there were items that still needed refining, and noted those items as members reviewed the Draft during his presentation. A management letter will come shortly when the audit is finalized. They could not finalize the audit because they are still missing one Attorney confirmation response and a copy of the final, approved June Board Meeting Minutes. (Janelle Cabanding provided a copy of the approved June Minutes to Ryan at today's meeting.)

Steve stated that the Estimated Earnings Report does not tie with Carl Warren's report. Program Administrators have scheduled a meeting later this month to "drill down" on getting the reports to match so that the \$80,000 difference can be eliminated.

Steve was asked for a copy of Joan Anderson's documentation regarding an opinion on potential conflicts with the program administrators' role conducting the Accounting functions. It was suggested that a Policy & Procedure be developed addressing this issue. Program Administrators were directed to explore this issue and agendize for discussion at the next meeting if necessary.

A motion was made to approve the Draft Financial Audit as presented at the meeting, subject to receipt of the Final Audit, and if there are no significant changes in the Draft report distributed at today's meeting.

**MOTION:** Erwin Young      **SECOND:** Karen Thesing      **MOTION CARRIED**

Program Administrators will advise of any changes upon distribution of the Final Draft.

### **C4. EXECUTIVE COMMITTEE'S**

#### **C4a. Draft Minutes - July 17, 2003 Executive Committee Meeting**

Although this item was submitted in the agenda as information only, it was clarified that Tom Vance made the Motion, not Tom Phillips. The Executive Committee will have the opportunity to approve these minutes at a future Executive Committee Meeting.

## **C5. PROGRAM ADMINISTRATOR'S**

### **C5a1. Resolution 03/04-03 - Amendment to Financial Plan**

A motion was made to approve Resolution 03/04-03 and the amendments to the Financial Plan as presented in the agenda.

**MOTION:** Karen Thesing **SECOND:** Ben Bankard **MOTION CARRIED**

### **C5a2. DRAFT Resolution 03/04-04 - Amendment of Bylaws**

This item was included in the agenda as information to and fulfill the Bylaws' requirement of a 30-day advance notice of changes. Members will have the opportunity to approve these changes at the next meeting.

### **C4b. ACCEL Strategic Planning Draft Agenda**

It was discussed that the December Strategic Planning Session will start at Noon on Thursday, December 4<sup>th</sup> with a lunch meeting. The Board will have its regular Board meeting the next day.

President Tom Phillips requested the Program Administrators to send the Draft Strategic Planning Agenda sometime in mid-November to members requesting comments or suggestions for discussion items to put on the agenda.

Erwin Young would like the issue of payroll reporting to Excess Carriers agendized.

Program Administrators were directed to agendize the issue of an ACCEL Workers' Compensation Actuarial Study to revisit the issue of forming a Workers' Compensation Pooled Program. Members also would like Program Administrators to clarify with CSAC/CPEIA if there are members' monies that may cover some of the cost.

Ben Bankard asked Program Administrators to include an article for discussion "Worthless Meetings: Rest in Peace".

### **C5c. ACCEL 2003-2004 Service Calendar – Revised**

There was no discussion on this item.

## **C6. UNDERWRITING COMMITTEE'S**

### **C6a. ACCEL Prospective Members**

President Tom Phillips presented this item. Tom reported that prospect letters were mailed out recently and he is requesting the Board to assist in making follow-up calls to the letters. Program



Administrators compiled a follow-up list showing which prospects Board members volunteered to call. Program Administrators will email a follow-up next week.

Program Administrators were asked to follow-up on the City of Ventura on their interest on ACCEL membership earlier this year. Mike Simmons indicated that he did follow-up with Ellis Green (Risk Manager of Ventura) after the PARMA conference and never heard back.

Members expressed an interest to invite prospects to attend the December Strategic Planning Meeting or to set up possibly a separate ACCEL informational presentation at a location somewhere in Southern California. Members suggested setting up lunch meetings with prospects and request to be reimbursed for meal expenses. Mike Simmons recommended members to create a mutual understanding that reasonably, a prospect lunch meeting should not exceed \$50. It was mentioned that if members have a prospect who is interested in attending a meeting, they should discuss with Program Administrators to agendaize with a Time Certain (to avoid having them wait outside during Closed Session), and also may want to prepare a PowerPoint ACCEL presentation.

**D. UNFINISHED BUSINESS** – None.

**E. NEW BUSINESS**

**E1. CSAC PersonalAccess Worksite Benefits Program**

Mike Bowles from Employee Benefit Specialists made a presentation on this new program. Mike provided a handout, which outlined the Program and its advantages. Mike described the CSAC PersonalAccess Worksite Benefits Program as a program that is designed to mix and match benefit services allowing clients to utilize only those tools that make sense for their business and budgetary needs.

Mike encouraged members to contact Borden Darm from the Driver Alliant Sacramento Office for more information. Members thanked Mike for his presentation. Program Administrators will obtain Mike's presentation and post to the ACCEL website.

**E2. Next Two Meetings Schedule**

It was clarified that the December meeting is scheduled for Thursday and Friday, December 4<sup>th</sup> and 5<sup>th</sup>, 2003 in the City of Santa Monica. Program Administrators will follow up with members on the meeting arrangements.

**E3. 2004 Proposed Calendar of Meetings**

Members reviewed the draft Calendar of Meetings for 2004 and did not make any changes to the dates. It was discussed that the February 2004 Meeting will start at 10:00 a.m. (later changed to 1:00 p.m.)

**E4. 2004 Nominations for CPEIA Board of Directors**

Program Administrators provided a handout showing the Nominations for the CPEIA Board of Directors, which Tom Phillips is listed as a Nominee for Board position. A motion was made to make the following nominations:

- President: Larry Moss, East Bay Regional Parks District
- Vice President: Scott Schimke, Northern California Special Districts Insurance Authority
- Member: Gail Braun, City of Napa
- Member: Charles Mitchell, California Fair Services Authority
- Member: Jake O'Malley, Contra Costa County Municipal Risk Management Insurance Authority
- Member: Tom Phillips, ACCEL – City of Santa Monica
- Member: Jeff Stevens, BICEP – City of Santa Ana

**MOTION:** Tom Vance      **SECOND:** Karen Thesing      **ABSTAIN:** Charlotte Dunn

**MOTION CARRIED**

**F. CORRESPONDENCE / INFORMATION**

There was no discussion on these items.

**G. PUBLIC COMMENTS**

Tom Vance complimented Dan Howell and his hard work on securing higher excess limits for the City of Anaheim's Dam and resolving other coverage issues relating to utility operations. Dan worked with the carrier to be sure that subsidence issues were taken care of and also negotiated pricing for additional excess liability limits above what ACCEL currently carries. Tom encouraged members to contact Dan if they were interested in purchasing higher limits. Sandra Blanch expressed an interest. Program Administrators were directed to send estimated costs for higher excess limits (\$40,000,000 Excess \$22,000,000) following the meeting.

**H. GENERAL RISK MANAGEMENT ISSUES – None.**

**ADJOURNMENT**

Meeting was adjourned at 11:28 a.m.