

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
SANTA MONICA, CA
THURSDAY, DECEMBER 4, 2003, 12:00 P.M.**

MEMBERS PRESENT

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

GUESTS AND CONSULTANTS

Sherrell Freeman, City of Monterey
Mary Sue Baker, City of Monterey
Mike Simmons, Driver Alliant Insurance Services
Janelle Cabanding, Driver Alliant Insurance Services
Craig Schweikhard, Carl Warren & Company

A. CALL TO ORDER

The meeting was called to order by President, Tom Phillips at 12:35 p.m.

B. CONSENT CALENDAR

Mary Sue Baker, previously the Risk Manager for the City of Monterey, introduced her replacement, Sherrell Freeman, Administrative Services Manager. The Board welcomed her to the organization.

Members had a scheduled Strategic Planning Session with a time certain of 12:00 p.m. Tom Phillips requested members to review the Topics on the Strategic Planning Session Agenda scheduled on the agenda and for members to make comments if needed.

1. ADMINISTRATION

1A. Introduction to Strategic Planning

Tom Phillips mentioned that historically, the Strategic Planning Sessions were held every other year, and scheduled along with the Board Meeting usually in December. Program Administrators reminded members that Strategic Planning is also a requirement of their accreditation status with the California Association of Joint Powers Authorities (CAJPA). Tom mentioned that Mike Simmons will act as the facilitator if the Board felt it was necessary.

1B. Worthless Meetings: Rest In Peace

Ben Bankard presented this item. Ben shared his meeting experience with the Board and felt this article would be useful to members.

Tom Phillips asked if the Board had any questions regarding how ACCEL runs its meetings, since frequency of meetings was an issue at the last Strategic Planning Session. Members agreed that they did not want to change their meeting structure. Tom Vance commented that he feels ACCEL's Meetings are run well and have been for many years.

1C. Legislative Advocacy

Tom Phillips scheduled this item for discussion at today's meeting. Tom asked if ACCEL wants to take a strong and active advocacy role. Members discussed what other pools and other organizations are doing and agreed that now is the time to be involved. It was suggested that possibly the Executive Committee or other ACCEL Committee monitor and strategically try to encourage members to be proactive. It was discussed that ACCEL needs to form an AdHoc Committee.

President Tom Phillips appointed the following members to the AdHoc Committee:

- Karen Thesing, City of Mountain View
- Sandra Blanch, City of Palo Alto
- Tom Vance, City of Anaheim
- Tom Phillips, City of Santa Monica

Craig Schweikhard asked if members needed assistance or need references. Members may need to budget funds for this type of Committee to be effective. Formation of a Legislative Committee was also discussed. The AdHoc Committee will need to explore what documents need changes in order to have the Committee travel on ACCEL's authority.

1D. Website

Mike Simmons asked members to provide input or make suggestions regarding the ACCEL website if needed. Craig Schweikhard requested that the historical Memorandum of Coverage documents be available in the Members Only section.

Craig feels this information would be beneficial to members and also gives immediate access to these documents. Janelle Cabanding said the website has been recently updated to include new contact information. Members would like the Links Section updated to include useful industry links. Program Administrators will remind members to provide input following the Board meeting. Members agreed with Ann Garcia that email one of the most useful ways of communication. Ann requested members to include their phone number in their emails so it will be easily accessible if a call back needs to be made, without having to search for the information.

Members expressed an interest to have a Forum or Bulletin Board on the website. After further discussion, members felt it was not necessary at this time but will revisit the issue if needed. Program Administrators were directed to update the website by including the following items:

- 1994 Memorandum of Coverage
- 1997 Memorandum of Coverage
- 2003 Underlying Memorandum of Coverage
- 2000-2003 Excess Insurance Policy
- 2004 Excess Insurance Policy
- 2004 Calendar of Meetings
- Update the Links Section as necessary

2. STATUS OF THE INSURANCE INDUSTRY

Mike Simmons explained that this item was included for information only. Members asked for rough premium estimates for next year. Mike explained that a rough estimates will not be available until the reinsurance treaties finalize their numbers in January. Mike mentioned that members may see increases from 10% to 20%. Mike recommended that if members wanted to be over conservative, they should budget an increase of 20% to 30%.

3. ACCEL LIABILITY PROGRAM

3A. Excess Liability Payroll Reporting

This was scheduled for discussion since there was concern how liability payroll was reported and audit at policy year end. The ACCEL Excess Liability Policy states that the

Premium may be audited based on population figures, but it may not necessarily mean on an annual basis such as ACCEL's Deposits are.

After discussion of this item, a motion was made to amend all necessary documents to reflect the following change:

Effective July 1, 2004, all Excess Liability Insurance costs paid through ACCEL are subject to audit for the purposes of allocating the costs amongst members using DE6 or similar for the estimated funded layer.

MOTION: Erwin Young **SECOND:** Ann Garcia **MOTION CARRIED**

Program Administrators were directed to amend necessary documents to reflect this change and to also provide the CPEIA definition of Payroll to ACCEL Workers' Compensation Program Members.

3B. Membership Requirements and Underwriting Criteria.

Members discussed the criteria outlined in their Underwriting Standards Policy & Procedure. Members agreed they need to provide more clarity on Section E. Risk Management Program of their Policy:

1. City must have a full time Risk Manager, though not necessarily with that exact title.
2. City must have a comprehensive Risk Management program.

After a discussion, members agreed to Amend Section E. Risk Management Program of the Policy & Procedure to read as "It is desired that the City have a full time Risk Manager, though not necessarily with that exact title, who is assigned to the administration of the City's Liability Program.

ACCEL's Application fee of \$2,500 was also discussed. Members felt that this amount may be too high and may be the cause of why some potential members may hesitate to apply for membership. It was stated that some JPA's don't charge an application fee or some may charge on a % factor i.e., payroll or population.

A motion was made to amend ACCEL's Application Fee to be \$500 effective December 5, 2004. It was clarified that this fee is non-refundable.

MOTION: Ann Garcia **SECOND:** Tom Phillips **MOTION CARRIED**

A sub-motion was made to amend ACCEL's Application Fee to be free of charge to new members.

MOTION: Erwin Young **SECOND:** None **MOTION FAILED**

Program Administrators will amend the necessary documents reflecting the approved change and present at a future meeting.

Members discussed the population requirement of not more than 350,000 as stated in their Policy.

A motion was made to amend their criteria to read as "Desired population less than 500,000".

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

The Underwriting Committee will schedule a meeting to review the Underwriting Criteria and bring for a discussion at the next meeting if necessary. The Underwriting Committee is also to research on the topic of what other types of entities to allow into ACCEL that may make sense.

3C. Retrospective Rating Plan

Members expressed no interest in changing their Rating Plan. Program Administrators may want to update the Computer Program in the future and will provide price quotes at a future meeting.

3D. Memorandum of Coverage

The Underwriting Committee was directed to finalize the changes to the 1997 Memorandum of Coverage by July 1, 2004. Program Administrators will assist the Underwriting Committee as necessary.

3E. Claims Reporting and Claims Litigation Policy & Procedures

Craig requested this item be placed on the Strategic Planning Agenda for discussion since an issue came up on an AIG Claim. Craig mentioned that AIG was attempting to argue that work done by Contract City Attorney did not act to erode the SIR. Craig also requested members to review the Policy & Procedures to determine if amendments needed to be made.

Program Administrators were directed to amend the Policy & Procedures to only show the P.O. Box as Carl Warren & Company's mailing address and also show Driver Alliant's new address. Program Administrators will prepare the draft at the next meeting.

3F. Potential Members

President Tom Phillips requested a status from members who were assigned to make follow up calls to the prospect letter recently mailed.

Erwin Young mentioned that he spoke with representatives from the Cities of Salinas and Gilroy and they each expressed an interest in ACCEL. Erwin recommended that ACCEL invite these Cities to attend a portion of the February 2004 Board Meeting since they indicated they will be attending the PARMA Conference as well.

Program Administrators were directed to organize a 45-minute presentation to be given at the February Board Meeting for potential members to gain a more deep understanding of the Organization and a chance to meet the ACCEL Board. It was noted that rate graphs should be included in the presentation. Program Administrators were also directed to send out an invitation to the potential members listed on the follow-up call list. Craig Schweikhard requested that Program Administrators include the City of Ventura on the list as they have indicated they are still interested in membership.

Karen Thesing met with the Patricia Born from City of Fremont and said that they have no interest and that they are very pleased with their current situation. Karen mentioned that Patricia Born's supervisor may want to seek quotes with no personal commitment.

Tom Vance contacted Gene Light from City of Riverside and also Lauren Farley from City of Newport Beach. Tom indicated that they both expressed a strong interest to talk about it more. Tom Vance also met with Karen Foster from City Huntington Beach who is currently a member of Big Independent Cities Excess Pool (BICEP). Karen is interested in membership.

Tom Phillips mentioned that he met with Gretchen Beatty from the City of Torrance and mentioned that their City Manager is set on non-pooling. Tom said that they are, however, in the process of hiring new Finance Director who may be persuaded otherwise. Tom feels Torrance is a well-suited city since they have about the same payroll as Santa Monica. Tom also pointed out that Fullerton has not had a million dollar claim in 15 years and are currently in the CAMEL Program which currently pools \$3,000,000. Tom Phillips mentioned Torrance may be interested in submitting an application in February of next year.

Tom Phillips also mentioned that he and Tom Vance had attended meetings with Jeff Stevens and Karen Foster regarding the possibility of BICEP members either joining individually or merging with ACCEL to form a new pool. Tom Phillips provided background on this issue since discussions arose in previous conversations about BICEP merging with ACCEL. Tom Phillips reminded members when City of Santa Ana applied for ACCEL membership years ago but could not sell the idea to their governing body.

This is when Jeff Stevens formed the BICEP which became a \$25,000,000 excess pool, members San Bernardino, Santa Ana, City of Oxnard, City of Huntington Beach and City of Pomona (who left the pool 2 years ago).

Tom Phillips mentioned that Huntington Beach is in the process of withdrawing their membership from BICEP and that City of West Covina was the most recent member to joined the pool. Tom Vance said that BICEP is holding their Board meeting and discussing the possibility of merging with ACCEL and he mentioned to Jeff Stevens that the ACCEL Board may not be interested but a discussion will take place on this issue and he will provide feedback.

Tom Phillips said from an underwriting standpoint, Santa Ana and Huntington Beach may be a good fit to ACCEL. Craig Schweikhard mentioned that San Bernardino loss history is not that good and also they are not managing their Risk Management Program well.

Ann Garcia shared her experience working at Santa Ana for eleven and a half years and gave her opinion that Santa Ana is run well and the City has no extreme exposure transit lines.

After discussing the topic of BICEP and ACCEL merging into a new pool, members mutually agreed that they have no interest in dissolving in ACCEL to form a new pool with BICEP, but will look into having BICEP members join on an individual basis, while assisting BICEP members who may not fit into ACCEL by referring them to Driver Alliant for other Programs such as CAMEL. Tom Vance and Tom Phillips will contact Jeff Stevens with this information and keep ACCEL updated.

4. WORKERS' COMPENSATION OPTIONAL PROGRAM

4A. Workers' Compensation Actuarial Study

Program Administrators were directed to contact the EIA regarding the actuarial study subsidy reimbursement of \$2,000 to determine what happens to the \$2,000 if members do not use the funds. Program Administrators were also asked to follow up to see when members' claims audits were due to the EIA. Members also asked if ACCEL as a whole needed to have a claims audit completed. Program Administrators will follow up on these issues and report to members following the meeting.

4B. Development of Workers' Compensation Shared Risk Pool

Members agreed that they did not have enough spread of risk or interest to form an ACCEL Shared Risk Program for Workers' Compensation.

The meeting was adjourned at 5:17 p.m. and is scheduled to reconvene at 8:30 a.m.

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
SANTA MONICA, CA
FRIDAY, DECEMBER 5, 2003, 8:30 A.M.**

MEMBERS PRESENT

Ben Bankard, City of Modesto
Ann Garcia, City of Ontario
Erwin Young, City of Santa Cruz
Tom Philips, City of Santa Monica
Tom Vance, City of Anaheim
Karen Thesing, City of Mountain View
Pat Flaherty, City of Bakersfield
Charlotte Dunn, City of Visalia
Sandra Blanch, City of Palo Alto
Brad Landreth, City of Santa Barbara
Sherrell Freeman, City of Monterey

GUESTS AND CONSULTANTS

Mary Sue Baker, City of Monterey
Mike Simmons, Driver Alliant Insurance Services
Janelle Cabanding, Driver Alliant Insurance Services
Craig Schweikhard, Carl Warren & Company
Jonathan Lackey, City of Santa Monica
Dana Fox, Lynberg & Watkins
Jeanette Schachtner, City of Santa Monica
Mike Beautz, City of Santa Monica
Barbara Trujillo, City of Santa Monica.

President Tom Phillips reconvened the meeting 8:29 a.m. Tom Phillips introduced Jonathan Lackey, City of Santa Monica's Senior Liability Claims Adjuster.

B1. Approval of Minutes – October 9th and 10th, 2003 Board of Directors Meeting

A motion was made accept the minutes as presented in the agenda.

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

C. REPORTS

C1. PRESIDENT'S

President Tom Phillips reported that there are Time Certain's listed on the agenda that are delayed and the review of the Claims List will resume until the presentations are ready.

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 8:32 a.m. pursuant to Government Code Section 54956.95.

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

A motion was made to come out of Closed Session at 9:25 a.m.

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

The Claims Committee will continue reviewing the list of claims following a discussion with Dana Fox on the Santa Monica Farmers Market case.

C2b. Santa Monica Farmers Market Presentation

Dana Fox of Lynberg & Watkins reviewed this case with members.

A motion was made to enter back into closed session at 9:58 a.m. pursuant to Government Code Section 54956.95.

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

A motion was made to come out of Closed Session at 10:42 a.m.

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

Claims Committee Chair, Karen Thesing reported that the claims were reviewed and direction was given to the Claims Administrator on the Gammoh and Brassinga Cases.

C3. FINANCIAL & TREASURER'S

Treasurer Patrick Flaherty presented the following Financial Reports.

C3a. Report of Investments – Pursuant to Government Section Code 53646(b)(1).

There was no discussion on this item.

C3b. Ratification of Disbursements

There was no discussion on this item.

C3c. Budget

The final 2002-2003 Budget was distributed at the meeting. There was no discussion on this item.

C3d. Financial Statement Ending September 30, 2003

There was no discussion on this item.

C3e. Estimated Earnings Report as of September 30, 2003.

Patrick indicated that this item would be available at the next meeting.

A motion was made to file and accept Agenda Items C3a, C3b, C3c and C3d.

MOTION: Tom Vance **SECOND:** Ben Bankard **MOTION CARRIED**

C3f. Final Audited Payroll for FY 2002/2003.

The Final Audited Figures were distributed at the meeting. A motion was made to file and accept the final payroll audit as provided in the handout

MOTION: Tom Vance **SECOND:** Charlotte Dunn **MOTION CARRIED**

C4. EXECUTIVE COMMITTEE’S – None

C5. PROGRAM ADMINISTRATOR’S

C5a. CAJPA Re-Accreditation Review

Mike Simmons presented this item and indicated that Program Administrators have started on the process of Re-Accreditation. Mike indicated that the first step of the process is to pay the re-accreditation fee of \$3,750, which has already paid to CAJPA. Mike mentioned that this was not budgeted under the current year but will be paid out of Contingency. Program Administrators will keep members up to date on this process and will continue to provide updates at future meetings.

C6. UNDERWRITING COMMITTEE'S

C6a. ACCEL Prospective Members

Underwriting Committee Chair, Tom Vance indicated that there are no other reports from the Committee on this issue since this was already discussed during their Strategic Planning Session yesterday.

D. UNFINISHED BUSINESS

D1. Resolution 03/04-04 Amendment of Bylaws

A revised draft was distributed at the meeting. A motion was made to accept the changes as distributed and to also amend payroll to ready as "Gross Payroll", and to correct the Program Administrators' address to read as:

600 Montgomery Street, 9th Floor
San Francisco, CA 94111-2711

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

Program Administrators will provide a copy of the final changes to members and post the revised Bylaws to ACCEL's website following the meeting.

E. NEW BUSINESS

E1. Santa Monica Police Department – Collaboration and Successful Prosecution of Two (2) Workers Compensation Fraud Cases

Barbara Trujillo and Mike Beautz, Lt-Audit and Inspection Unit, both employees of the City of Santa Monica provided a presentation. The presentation outlined the activities that took place in order to successfully prosecute 2 Santa Monica employees who were filing fraudulent workers' compensation claims to receive fully-paid 4850 benefits. Members thanked Barbara and Mike on their presentation and recommended that they should present this at a future conference such as PARMA. Tom Phillips indicated that if members wanted a copy of the PowerPoint Presentation to contact him.

E2. ACCEL Higher Excess Liability Premiums

Mike Simmons presented this item. Tom Phillips indicated that although draft numbers were provided, he still would like a firm number. Mike reminded members that the price may change due to the number members' participation. Tom Phillips mentioned that he would let Driver know within 30 days if he would like to pursue. Karen Thesing and

Sandra Blanch also indicated they were interested in purchasing excess limits. Program Administrators will contact these members following the meeting.

E3. CPEIA Committee Nominations

Program Administrators reminded members that if they would like to place any nominations to any of the Committees to email or call Janelle Cabanding so she can contact the EIA with the nominations.

E4. Next Two Meetings Schedule

Program Administrators indicated they were in the process of making arrangements for the February Meeting. It was clarified that the February Board Meeting at PARMA will start at 1:00 p.m.

F. CORRESPONDENCE / INFORMATION

There was no discussion on these items.

G. PUBLIC COMMENTS - None

H. GENERAL RISK MANAGEMENT ISSUES – None.

ADJOURNMENT

A motion was made to adjourn the meeting.

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

Meeting was adjourned at 12:02 a.m.