

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
Thursday, December 2nd and Friday, December 3rd, 2010
Office of the Program Administrator
City of San Francisco, Ca**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Ralph Korn, 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 (*Thursday, December 2nd*)
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT

Betsy Dolan, City of Burbank

GUESTS AND CONSULTANTS

Keyan Aghili, Carl Warren & Company
Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Brian Perry, Chandler Asset Management (*Friday, December 3rd*)
Esther Becker, CV Starr (*Friday, December 3rd*)

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 October 7th and 8th, 2010 Board of Directors Meeting

A motion was made to approve the minutes with only typographical error.

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

C. REPORTS

C1. President's Report

President, Tom Vance, introduced Barbara Choi from the City of Santa Cruz as the acting Risk Manager. Barbara comes from the City Attorney's office and has been the City's representative in the past.

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 4:00 PM pursuant to Government Section Code 54956.95.

MOTION: Ann Richey **SECOND:** Mark Howard **MOTION CARRIED**

A motion was made to come out of closed session at 4:30 PM.

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

Ralph Korn reported that the Board of Directors discussed the agenda items, and that no action was taken.

C3. Financial and Treasurer's Report

C3a. Ratification of Disbursements for month ending October 31, 2010

Conor Boughey reported on the Disbursements for the month ending October 31, 2010.

A motion was made to approve the Ratification of Disbursements.

MOTION: Mark Howard **SECOND:** Rhonda Combs **MOTION CARRIED**

C3b. Adopting the Member Account Summary as of September 30, 2010

Conor Boughey reported that the first quarter for Program Year 2010-11 has been completed. Conor further reported that in order to advance from one program year to the next, the Program Administrators complete the “roll up” process. This requires moving all “current year” revenues and expenses to the “prior years” section of the report. In addition, this is the first quarterly report to contain the new retro percentages approved at the June Board of Directors Meeting. Program Years 5 through 20 have been updated with the new retro percentages shown at the top of sheet under the Member Agency.

The following is a summary of significant events of the first quarter:

1. Member Contributions of \$6,752,483
2. Bakersfield’s Retro Assessment applied to the 2003-04 program year totaling \$151,393
3. Claims Payment totaling \$1,410
4. First Quarter Investment Income: \$224,379

A motion was made to approve the Member Account Summary as of September 30, 2010.

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

C3c. Investment Report – Pursuant to Government Section Code 53646(b)(1) for Month Ending October 31, 2010

Conor Boughey reported that Brian Perry from Chandler Asset Management will be attending the Board Meeting and will give a thorough review of the investment report.

Following the presentation by Brian Perry, a motion was made to receive and file the investment reports.

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

C3d. Quarterly Financial Report as of September 30, 2010

Conor Boughey reported that Tami Giovanni, ACCEL’s Bookkeeper, has completed the quarterly compilation for the Board’s review.

A motion was made to receive and file the report.

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

C3e. ACCEL’s Projected Cash Flow Obligations as of June 30, 2010

Conor Boughey reported that the worksheet displays the estimated expenses and revenues in ACCEL's short term future. Conor explained this worksheet helps strategize our estimated needs to organize where our funds should be allocated. The Authority strives to keep a balance somewhere in the range of about 80% long term investments and 20% short term. Currently, the

short term assets of the authority are 33% of the total investments. However, due to the short term investments in LAIF outperforming long term assets, Chandler Asset Management does not recommend moving funds into their investment account until they are able to purchase securities with a higher yield.

A motion was made to receive and file the report. Direction was given to Chandler Asset management to notify the Program Administrators when it would be a good time to consider moving assets to long term investments.

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

A motion was made to adjourn the meeting at 5:30 PM

MOTION: Rhonda Combs **SECOND:** Mary Akin **MOTION CARRIED**

Tom Vance reconvened the meeting at 8:30 AM.

C3f. Investment Report

Tom Vance introduces Brian Perry to the Board of Directors. Brian has presented to the Board in the past when Ted Piorkowski was unavailable to do so.

Brian Perry introduced himself to the board and then proceeded to present a report on ACCEL's current investments, the state of the market and expectations for the near term. Brian addressed questions and concerns as they arose.

Michael Simmons asked Brian Perry if it would be a good time to invest more of ACCEL's investments into long term securities. Brian replied that it would not be a good time because securities that are purchased in the current market yield a very small percentage and holding that security for five years would put the Authority at a disadvantage compared to leaving the funds in LAIF.

No action was taken.

C4. Program Administrator's Report

C4a. ACCEL Financial Equity Ratios

Conor Boughey reported that the Board of Directors adopted a Policy and Procedure at the December 2007 Board Meeting that would monitor ACCEL's Financial Equity Ratio's annually. An annual review of this Policy and Procedure is a requirement of CAJPA to be Accreditation with Excellence. Conor then gave a presentation on ACCEL's current year financial ratios and the methodology behind each ratio. Conor reported that June 30, 2010 report was the first to have compliance on all ratios. The board discussed the Authority's current ratios and reviewed the methodology behind the ratios they selected to be sure they are still the best ratios to use for the Authority.

No action was taken.

C4b. Alliant's Annual Disclosure Letter

Conor Boughey reported that at the June Board of Directors meeting the Authority requested that Alliant annually provide a report of total compensation received from ACCEL. It was agreed that this would occur at the end of each calendar year.

Michael Simmons reported that Alliant's earnings are disclosed in the agenda item, and asked the Board if they had any questions about the report. There were no questions.

No action was taken.

C5. Underwriting Committee’s Report

None

D. Unfinished Business

D1. Review of ACCEL’s Memorandum of Coverage

Conor Boughey reported that this agenda item had been postponed from the October Board meeting in Bakersfield. Conor handed out a review of the Memorandum of Coverage and reported that Tom Vance would lead the discussion.

Tom Vance began with a short history of the formation of the current Memorandum of Coverage and then proceeded to walk through the review of the Memorandum of Coverage. The Board discussed coverage language in the definitions and exclusions.

No action was taken, however the board requested further discussion on this item at the next Board of Directors Meeting.

D2. ACCEL’s Accreditation

Conor Boughey reported that ACCEL’s Accreditation has been completed by John Wilson and was presented to the CAJPA Committee for approval. The Committee gave a conditional approval pending several items are completed within the next three months. Since the time of that report, the Administrators have completed all requests with the exception of two items that require Board Action. Those two items are the contract with Chandler Asset Management and a Disaster Recovery Policy and Procedure for the Authority; both of these items have been agendaized for today’s meeting.

D2a. Chandler Asset Management Contract Update

Conor Boughey reported that ACCEL’s current contract with Chandler Asset Management does not address Conflicts of Interests. CAJPA’s Accreditation standards require that contracts with Investment Advisors contain a conflict of interest provision. Because of this, the Administrators worked with Chandler Asset Management to update the current contract, however at the request of Chandler, a new contract has been proposed. The proposed changes from the current contract are outlined in the agenda item, and are not substantial in nature. There is no change in term, cancellation or compensation.

A motion was made to enter into the agreement with the Program Administrators given authority to strengthen the language regarding conflict of interest.

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

D2b. Disaster Recovery Plan

Conor Boughey reported that ACCEL does not have a Disaster Recovery Plan. Because ACCEL contracts its Program Administration to Alliant ACCEL could either adopt Alliant's Disaster Recovery Plan by resolution or adopt its own Disaster Recovery Plan. The Administrators have proposed the Authority adopt a resolution and amend the contract with Alliant to adopt Alliant Insurance Services Disaster Recovery Plan as there own.

A motion was made to amend the contract with Alliant Insurance Services and adopt resolution 1011-01 which adopts Alliant's Disaster Recovery Plan as the Authority's.

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

D3. Medicare Reporting – Carl Warren and Company

Conor Boughey reported that at the February 2010 Board Meeting the Board took action to assign Carl Warren and Company as the Reporting Agent. At that time, ACCEL did not enter into the agreement because the contract required corrections. At the April Board of Directors Meeting it was requested to have Carl Warren and Company provide a presentation on their reporting approach.

Conor further reported that the Medicare Reporting requirements have once again been postponed and Carl Warren and Company does not have a presentation available at this time. Keyan Aghili reported that Carl Warren may be able to have their vendor report to the Authority at the February Board of Directors Meeting in Anaheim.

No action was taken.

D4. ACCEL's Travel Policy & Procedure

Conor Boughey reported that at the April 2010 Board of Directors Meeting the Board voted to amend the Travel and Training Policy to allow for expenses under \$5 to be reported without a receipt as long as there is a short description of the expense incurred. The Travel Policy has been updated with these changes and is attached with the proposed updates. Because of this, the Board needs to adopt an amended version of the policy and procedure.

Michael Simmons asked the Board if they would like to include internet service charges as part of the reimbursable expenses incurred at a hotel. The Board discussed this item and agreed that these charges should be included. In addition, the Board discussed whether or not Members should be reimbursed for lost receipts.

A motion was made to adopt the policy and procedure as written.

MOTION: Mark Howard **SECOND:** Rhonda Combs **MOTION CARRIED**

A motion was made to amend the Policy and Procedure to allow for hotel internet service charges and lost receipts (with a short explanation of charges incurred) to be reimbursed.

MOTION: Mark Howard **SECOND:** Ann Richey **MOTION CARRIED**

E. New Business

E1. How does an Actuary Price Insurance Excess of a \$5,000,000 SIR An Actuarial Review Presented by Esther Becker of CV Starr

Michael Simmons reported that Esther Becker of CV Starr would present to the Board on how the excel liability pricing is modeled. Michael explained that CV Starr is the managing general agent for Everest who writes the \$10,000,000 excess of \$5,000,000 layer. This policy is part of the ANML program, so there are many different parties who were asked for approval to have CV Starr present directly to the Authority. Michael then introduced Esther Becker.

Esther Becker reported to the Board of Directors on CV Starr's corporate profile, their municipal business and her roll with the company. Esther then walked through the modeling process with the board of directors. Esther showed a series of loss data analysis she uses to model ACCEL's excess losses. Esther explained that her roll within the company is to evaluate the losses Everest may expect to incur in their layer, and that other parties negotiate the final premium. So while her calculations may show what the company can expect to pay in claims, it does not take into effect investment earnings, commissions or other factors. Esther addressed the Board's questions as they arose.

No action was taken. Thomas Vance thanked Esther for her thorough report.

E2. Excess Liability Pool Comparison

Conor Boughey reported that at the April 15, 2010 Board of Directors Meeting, the Board requested that the Program Administrators create a review of other similar Excess Liability JPA's administration fees and report the results to the Board of Directors at the December Board Meeting. The administrators completed this review and included the results in the agenda packet.

Michael Simmons reported on the results of evaluation. Michael reported that ACCEL's Program Administration fee is only \$.018 per \$100 of Member Payroll which is the lowest of the JPAs surveyed. In addition, ACCEL's Program Administration Fee on a per Member basis is also the lowest at \$17,167.

The Board discussed the findings of the report and no action was taken.

E3. Schedule of Next Two Board Meetings

Conor Boughey reported that ACCEL’s next two board meetings are scheduled for the following dates:

LOCATION	DATE(S)
Anaheim (PARMA 6 th – 9 th)	Wednesday, February 9 th , 2011
Santa Monica	Thursday and Friday, April 14 th and 15 th , 2011

The PARMA conference runs from Sunday, February 6th to Wednesday, February 9th. On February 9th, ACCEL’s Board of Directors Meeting will begin at 12:00 PM to avoid conflicts with the PARMA conference.

F. CORRESPONDENCE / INFORMATION

There was no discussion on this item.

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 12:00 PM

MOTION: Mary Akin **SECOND:** Ann Richey **MOTION CARRIED**