

ACCEL BOARD OF DIRECTORS MEETING

Day 1 - Thursday, January 19, 2023 at 12:00 PM

Day 2 - Friday, January 20, 2023 at 8:30 AM

LOCATION:

Alliant SF Office

560 Mission Street, 6th Floor

San Francisco, CA 94105

Room: Golden Gate

MEMBERS PRESENT:

Tracey Matthews, City of Anaheim

Jena Covey, City of Bakersfield

Betsy McClinton, City of Burbank

Joe Rodriguez, City of Modesto

Rafaela King, City of Monterey

Sheryl Higa, City of Mountain View

Jennifer Collins, City of Ontario Alternate *(arrived at 12:03 PM on Thursday, January 19, 2023)*

Sandra Blanch, City of Palo Alto

Rhonda Combs, City of Salinas

Mark Howard, City of Santa Barbara *(arrived at 9:07 AM on Friday, January 20, 2023)*

Ross Brandon, City of Santa Cruz

Oles Gordeev, City of Santa Monica

MEMBERS ABSENT:

Charlotte Dunn, City of Visalia

GUESTS AND CONSULTANTS:

Sheila Shanahan, City of Monterey Alternate *(left at 2:38 PM and returned at 4:08 PM on Thursday, January 20, 2023)*

Robert Powers, R.E. Powers Company *(Thursday, January 19, 2023 only; left at 2:38 PM)*

Ben Oram, George Hills Company

Carlos Oblites, Chandler Asset Management *(via teleconference only; Friday, January 20, 2023, left at 8:40 AM)*

Daniel Howell, Alliant Insurance Services

Conor Boughey, Alliant Insurance Services

Lorissa Huey, Alliant Insurance Services

Marcus Beverly, Alliant Insurance Services

Thomas Joyce, Alliant Insurance Services *(Thursday, January 19, 2023 only; arrived at 1:05 PM and left at 1:50 PM)*

Janelle Manalo, Alliant Insurance Services *(Thursday, January 19, 2023 only; arrived at 1:05 PM and left at 1:10 PM)*



A. CALL TO ORDER

Jena Covey called the meeting to order on Thursday, January 19, 2023 at 12:00 PM.
 Jena Covey called the meeting to order on Friday, January 20, 2023 at 8:30 AM.

B. CONSENT CALENDAR

B1. Approval of Minutes for the October 12, 13, and 14, 2022 Board of Directors Meeting

B2. Alliant Crime and Errors & Omissions Liability Certificates

B3. Adoption of Amended Travel Policy and Reimbursement Form

B3i. Proposed Redlined Changes Version

B3ii. Final Version

B4. ACCEL’s George Hills Claims Administration and Litigation Management Contract

A motion was made to approve the consent calendar.

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

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													

C. GENERAL RISK MANAGEMENT ISSUES

C1. Drone Program Discussion and Information

Conor Boughey stated that drone use continues to evolve within public entities. A major recent change is using drones as a first responder (DFR). The City of Chula Vista DFR Program has been successful and published articles were included in the agenda packet.

Jena Covey, City of Bakersfield shared that the City has a SWAT paramedic team which has both police and fire personnel. The Medical Director who prescribes medication for the fire department requested to be part of the SWAT team. Risk Management declined the request.

Ross Brandon, City of Santa Cruz said that the City has been dealing with large homeless camps and they are being cleared out. CalOSHA has been pushing the City to have a policy and procedure in place regarding encampment clean up. Ross asked which Members have a policy and procedure and City of Anaheim does.

Betsy McClinton, City of Burbank announced that the City is recruiting an Assistant Director over Risk Management in the next months.

Other Members reported that due to the recent stormy weather in California in early January 2023, trees and power lines fell, buildings collapsed, and there is debris everywhere.

D. REPORTS

D1. President's Report

D1a. Board Member Peer Program

As ACCEL's Board of Directors change, new Members may be provided a Peer Board Member to help with orientation to the Board.

Sheila Shanahan is the new Risk Manager at the City of Monterey and Sheryl Higa is the new Risk Manager at the City of Mountain View.

Ross Brandon, City of Santa Cruz and Rhonda Combs, City of Salinas volunteered to be Sheila's mentors.

Sandra Blanch, City of Palo Alto volunteered to be a mentor to Sheryl.

Jena Covey stated that included in the agenda packet is a list of all the Board Members with their contact information and area of specialty so if Members had questions on a particular topic they would know who to reach out to.

D1b. Alliant Service Team Org Chart

Conor Boughey presented the Alliant Service Team Org Chart that shows the Program Administration Team and Brokerage Team. He announced that Thomas Joyce and P.J. Skarlanic will be the joining the Alliant Program Administration Team. Conor also introduced Janelle Manalo who is part of the Brokerage Team.

The Board requested the Program Administrators to add contact information on the Org Chart.



D2a-e. Financial and Treasurer's Report

Conor Boughey walked through the financial items.

The Chandler Statement as of September 30, 2022 shows a beginning balance of \$40,500,000 and ending value of \$45,000,000. This was a result of Board action of transferring \$5,000,000 from the short term investment account with Local Agency Insurance Fund (LAIF) to the long term investment account with Chandler at the Special September 2022 Board Meeting.

Included in the agenda packet was the Member Account Summary (MAS) as of September 30, 2022 which is the first quarter of FY 22/23. 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.

A motion was made to accept the financial items.

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

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													

D3. Executive Committee’s Report

D3a. Verbal Report from Committee Meeting held on January 19, 2023

Jena Covey provided the Board a verbal report of what was discussed at the Executive Committee (EC) Meeting that was held earlier that day.

Jena reported that the Service Provider Evaluations will be continued annually for only the Program Administrators and Claims Administrators. If there are any issues with the other Service Providers, Members are directed to bring it up with the Committees that are in charge of those Service Providers. The timeline of the evaluations will start of August 1, 2023 and the results will be reported out at the October Board Meeting. There will only be two emails sent to the Board, which is the original email and one reminder.

The EC is delegating authority to the Finance Committee to create a new Policy and Procedure that describes when a Member does not complete the evaluations, it will be not be eligible to receive an Admin Credit.



The Program Administrators will add a form on the ACCEL website for Members who wish to provide immediate feedback on any reportable issues. If the Member is uncomfortable with the Program Administrators receiving the feedback, the Member is directed to send it to the Secretary, currently Sandra Blanch.

Also, the EC discussed that if there are any prospective Members, they need to apply by December 31 for ACCEL to consider a start date of July 1 for the next fiscal year.

D4. Claims Committee's Report

D4a. Proposed Changes: Claims Reporting and Handling Policy and Procedure

Lorissa Huey reported that there are two proposed changes to the Claims Reporting and Handling Policy and Procedure. The first proposed change is a new section, VII. Settlement Authority Process with a three tiered authority level with stated dollar amounts between the Claims Committee Chair, Claims Committee, and the Board. There will be no settlement authority given unless there is an approved ACCEL Reserve. The second proposed change is new language regarding a Member's ability to prefund a reimbursement.

The Claims Committee reviewed and took action to make a recommendation to the Board to adopt both proposed changes.

A motion was made to accept the proposed changes.

MOTION: Mark Howard **SECOND:** Ross Brandon **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													



D4b. 2022 Liability Claims Audit

Robert Powers, ACCEL’s Claim Auditor presented the draft of the 2022 Liability Claims Audit. The report included all thirteen ACCEL Members and ACCEL’s Third Party Administrators, George Hills. There were no significant findings.

The Claims Committee met on January 9, 2023 to review the draft audit and it took action to recommend to the Board to accept the audit as final.

A motion was made to approve the claims audit report as final.

MOTION: Mark Howard **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													

D4c. Claims Auditor Contract – Authorization of Extension

Lorissa Huey stated that the current Claims Auditor Contract with Rob Powers at R.E. Powers & Company LLC was executed in 2021 for a two year term, with a one year option to extend. The contract will expire once Rob presents the 2022 Claims Audit Report to the Board after the January 19 and 20, 2023 Board Meeting.

Rob has proposed a flat one year extension. The Claims Committee met to discuss the extension and made a recommendation to the Board to exercise the extension. In addition, the Claims Committee requested that this item be brought back for discussion at the June 2023 Board Meeting.

A motion was made to authorize the extension.

MOTION: Rhonda Combs **SECOND:** Jena Covey **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													



D4d. Reservation of Rights Letters – Legal Counsel

Ben Oram requested Steve Brower, from Brower Law Group to consider working with ACCEL to provide legal assistance with claim related work such as creating Reservations of Rights (RORs) letters. Steve provided a higher rate than what ACCEL currently pays, and has offered to work on one ROR for free so that ACCEL can provide feedback on his work.

The Board agreed that it is time to market for other attorneys and gave direction to the Program Administrators to start the process.

No reportable action took place.

D4e. George Hills Proposed Senior Claims Adjustor

Lorissa Huey explained that when ACCEL entered into a new agreement with George Hills effective January 1, 2023, part of the agreement was to allow ACCEL the ability to review and approve the Senior Claims Adjustor. George Hills has proposed Richard Santana. The Claims Committee met with Richard at a recent Committee Meeting and took action to recommend to the Board to accept Richard.

A motion was made to accept Richard Santana as the Senior Claims Adjustor.

MOTION: Jena Covey **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafacla King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													



D4f. CLOSED SESSION – Pursuant to Gov't Code 54956.95

A motion was made to enter into Closed Session at 2:41 PM.

MOTION: Mark Howard **SECOND:** Oles Gordeev **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													

A motion was made to come out of Closed Session at 4:05 PM.

MOTION: Rafaela King **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													

Lorissa Huey reported out of Closed Session that direction was given to the Claims Administrators.

D5. Finance Committee’s Report

D5a. ACCEL’s Investment Policy: Review by Chandler

Carlos Oblites, Chandler Asset Management reported to the Board that Chandler reviews ACCEL’s Investment Policy annually to ensure it is compliant with government code and reported that there were no changes this year.

Direction was given to the Program Administrators to make an administrative change of amending the review date in the policy to January 20, 2023.



D6. Underwriting Committee’s Report

D6a. Proposed Changes to ACCEL’s Memorandum of Coverage (MOC):

D6ai. Unmanned Aerial Vehicles (UAVs)

Conor Boughey reported that a Member Police Department is looking to operate drones without having a Part 107 remote pilot airman certificate and use the Certificate of Waiver of Authorization (COA) instead. The Member City forwarded a COA from its Police Department to ask ACCEL if this is acceptable to ACCEL.

The Underwriting Committee met to discuss this item and it gave direction to Byrne Conley, ACCEL’s Legal Counsel to draft language that keeps Part 107 in the UAV definition, and add language about the COA and similar federal regulations. The proposed changes were included in the agenda packet.

Dan Howell mentioned that United Educators Insurance Company has an UAV exclusion.

The Board directed the Underwriting Committee to further review and bring it back to the March 2023 Board Meeting.

D6aii. Fines and Assessments Exclusion

Conor Boughey reported that Byrne Conley, ACCEL’s Legal Counsel suggested to incorporate some of the Excess Carrier’s Great American exclusion into ACCEL’s Fines and Assessment Exclusion, specifically injunctive, equitable or declaratory relief so that no one can argue ACCEL pays for non-monetary damages. The proposed language included in the agenda packet further clarifies the intent of the current exclusion. The Underwriting Committee reviewed and has made a recommendation for the Board to adopt the proposed language.

A motion was made to accept the proposed changes to the Fines and Assessments Exclusion effective July 1, 2023.

MOTION: Jena Covey **SECOND:** Ross Brandon **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Jennifer Collins	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X	X	
Nay													
Abstain													

D6b. Report of Exposures Reviewed by the Underwriting Committee:

D6b1. City of Bakersfield Tele911 Program

D6b2. Member Locations - Battery Farms

Conor Boughey stated that in November 2022, the Underwriting Committee (UC) reviewed new exposures for the City of Bakersfield's Tele911 Program and battery farms at the City of Santa Barbara. Conor explained that this is an informational update to the Board and the Committee did not take any formal action.

The Board was reminded that ACCEL has an Underwriting Standards Policy and Procedure outlining applicable criteria that warrants a review and it was included in the agenda item.

D6c. Dates of Loss for Employment Practices Liability Claims

Conor Boughey reported that ACCEL has had a few Employment Practices Liability (EPL) claims that almost penetrated ACCEL's layer, and there were issues identifying the date of loss trigger on EPL matters. The Program Administrators reached out to Byrne Conley, ACCEL's Legal Counsel on whether there is any policy language that helps nail down an agreed date of loss.

In November 2022, the Underwriting Committee (UC) met to discuss and understands this may cause some arguments about date of loss and it's preferable than switching to a claims made trigger policy. The UC agreed to keep the current Memorandum of Coverage language as is.

No reportable action took place.

D7. Program Administrator's Report

D7a. Updates of the Insurance Requirements in Contracts (IRIC) Manual

Dan Howell and Marcus Beverly provided the Board a presentation on the IRIC Updates. The new updates included information such as the Updated Additional Insured Charts, New Limited Wrap Up Exclusion, and Developer Bonds for infrastructure deeded to a municipality.

Members asked questions, which were addressed.

A copy of the presentation will be posted on the ACCEL Website in the Members' Only section.

D7b. Retrospective Rating Calculation (RPC) Estimated Results for 7/1/23

Conor Boughey explained that the Rating Plan Calculation (RPC) determines each Member's potential refunds and assessments for each program year. He reminded the Board that the RPC is presented at the June Board Meeting for approval, with the results due as part of the following year's deposits. ACCEL has been navigating a period of increased loss activity and included in the agenda packet is an early estimate for the July 1, 2023 results.

The Program Administrators will send the RPC results in separate email to the Board with a brief memo about what is happening in the insurance market so that Members have it easily accessible for budget planning.

D7c. ACCEL & PRISM Website Overview

Lorissa Huey provided the Board an overview of the ACCEL Website. She showed the Board where to find pertinent documents and demonstrated how to use the Discussion Forum. The Discussion Forum is a tool used to inquire about any risk management topic.

Members requested to add what the question is in the body of the Discussion Forum email notification that the Board receives.

Also, Lorissa showed the Board the PRISM website and the various services it offers.

D7d. 2023 State of the Market Report

Conor Boughey presented the 2023 State of the Market Report. He discussed how wildfires are the newest catastrophic peril, inflation is causing the claims to increase in size, and capacity is decreasing while pricing is increasing.

A copy of the presentation will be posted on the ACCEL Website in the Members' Only section.

Members asked questions, which were addressed.

D7e. Program Administration Internal Training

Lorissa Huey shared with the Board that the Program Administrators have developed internal training resources for long-term succession planning. Lorissa commented that these are incredibly valuable and Members have access to these if interested.

D7f. July 1, 2023 Property Insurance Renewals

Conor Boughey reported that nationally claims values have increased dramatically and reinsurance markets have adjusted their pricing and capacity, both in an unfavorable direction for insureds. Construction costs, inflation, labor costs, and other factors have led to an increase in reported values for public entities, and it is expected this to continue with a 7.5% increase this year. Insurance market options are very limited, and programs like APIP and PRISM property aim to maintain their high limit programs and coverage enhancements, while stabilizing these increases the best the programs can. Other market options are very limited, providing far inferior coverage terms at similar or greater premiums. It is expected to see large property rate and premium increases at July 1, 2023.

D8. Ad Hoc Committee's Report

D8a. Status Update on ACCEL's Deposit Funding

Lorissa Huey reminded the Board that from the October 2022 Strategic Planning, the Ad Hoc Committee was created to discuss different funding models. The Committee held its first meeting on December 14, 2022 and Lorissa announced that the second meeting will be held on February 14, 2023.

Conor Boughey explained that at the first meeting, the Committee reviewed different Ex-Mods and Surcharges options. The considerations included having a range of four to ten years, using the predictive layer or pool layer, and including a minimum and maximum impact range from 10 to 50%.

As a result of the first meeting, the Committee wanted to focus on Ex-Mods using the actual pool layer, eight years, a collar of 30% on the Ex-Mod, and a Credibility Factor flat 35% weight to loss experience.

The Board asked the Ad Hoc Committee to consider making the changes at July 1, 2024 because July 1, 2023 is too soon, and to reevaluate whether the 30% Ex Mod is equitable across the thirteen Members.

This item will be agendaized for the March 2023 Board Meeting.

E. UNFINISHED BUSINESS

E1. Feedback on Live Webinar Law Enforcement Mitigation Services

Conor Boughey reminded the Board that it requested a live webinar with Benchmark Analytics to learn more about it and ask questions.

At today's meeting, Conor asked the Board to provide feedback relating to the December 13, 2022 Benchmark Analytics Live Webinar.

Tracey Matthews at the City of Anaheim reported that the City is interested.

No reportable action took place.

E2. Foreign Travel

Conor Boughey reminded the Board that at the Strategic Planning in October 2022, this topic was discussed and the Board directed the Program Administrators to collect travel application information by April 1, 2023 for a potential program to launch July 1, 2023. Conor reported that Alliant is in contact with the underwriters to clarify details and questions.

F. NEW BUSINESS

F1. ACCEL Excess Liability Program Renewal Outlook

Dan Howell discussed with the Board the insurance and reinsurance market environment for California municipal liability and provided an early status of the anticipated market changes as respects to ACCEL's Excess Liability Program Tower.

Members asked questions, which were addressed.

No reportable action took place.

F2. Optional Excess Workers' Compensation Program Renewal

Conor Boughey explained that ACCEL's Members have the option to join PRISM's Excess Workers' Compensation Program (EWC) through a 'group purchase' (ACCEL has no risk sharing for Workers' Compensation). Each Member is able to select its individual self-inured retention (SIR) and can be billed directly by PRISM. PRISM's EWC Program renews on July 1, 2023 for the eleven Members of ACCEL who participate. The estimated renewal pricing attached in the agenda packet is as of October 2022, and the next set of estimates will be provided in February 2023.

Mark Howard informed the Board that PRISM will begin requiring the EWC program participants to provide monthly loss data within the next year.

F3. Schedule of the Next Two Board of Directors Meetings

The next two Board Meetings will be held in Burbank on Thursday and Friday, March 30 and 31, 2023 and in Monterey or Santa Cruz on Thursday and Friday, June 15 and 16, 2023.

Both meetings will start at 12:00 PM on Thursdays and 8:00 AM on Fridays unless otherwise stated.

G. CORRESPONDENCE / INFORMATION

G1. PARMA Conference Information - There was no discussion on this item.

H. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Jena Covey adjourned the meeting on Thursday, January 19, 2023 at 5:07 PM.

Jena Covey adjourned the meeting on Friday, January 20, 2023 at 10:45 AM.