

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 25 & 26, 2009 AT 3:00 PM & 8:30 AM
CITY OF ONTARIO – HAMPTON INN AND SUITES
ONTARIO, CA**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Betsy Dolan, City of Burbank
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
Carol Swindell, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT

Kris Kamandulis, City of Santa Cruz
Brad Landreth, City of Santa Barbara

GUESTS AND CONSULTANTS

Keyan Aghili, Carl Warren & Company
Conor Boughey, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Brian Perry, Chandler Asset Management
Tim Farley, Farley Consulting

A. CALL TO ORDER

President Tom Vance called the meeting to order at 3:30 PM

B. CONSENT CALENDAR

B1. Approval of Minutes from the April 16 and 17, 2009 Board of Directors Meeting

A motion was made to approve the minutes as posted.

MOTION: Mary Akin **SECOND:** Sandra Blanch **MOTION CARRIED**

C. REPORTS

C1. President's Report

C1a. Program Administration Performance Evaluation

President Tom Vance reported that there was a need to update the evaluation template and that this update caused a delay. Tom further reported that Alliant is currently under contract as ACCEL's Program Administrator and the contract is not renewing this Program Year. Tom reported that some responses were received, however more time is needed to review the responses provided. Tom asked the Board to complete the survey if Members had not already done so.

No action was taken. The Program Administration Performance Evaluations will be agendized for the next Board Meeting.

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 4:40 PM pursuant to Government Section Code 54956.95.

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

A motion was made to come out of closed session at 6:00 PM.

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

Claims Committee Chair Ralph Korn, reported that ACCEL consulted with outside council and no action was taken.

Tom Vance adjourned the meeting at 6:05 PM.

Tom Vance reconvened the meeting at 8:30 AM on Friday June 26, 2009.

C2b. 2009 Liability Claims Audit

Tom Vance introduced Tim Farley as the Liability Claims Auditor. Tom explained that this report and its implications are very important to ACCEL because of its Risk Sharing Formula. Tom turned over the floor to Tim Farley to walk through his report.

Tim Farley reported that he used the same general technique as in years past to complete the Audit. Tim walked through the report, addressing any areas of concern as they arose. Tim reminded the Board that last years report focused on the reporting of claims between in house council and Risk Management. Tim noted that there was a noticeable improvement this year. Tim noted that the City of Burbank and the City of Santa Cruz generated the highest number of files exhibiting litigation management deficiencies. Additionally, the City of Mountain view and the City of Visalia generated the highest percentage of Excess Reporting deficiencies. Tim further reported that the Cities of Anaheim, Santa Monica and Ontario may have excessive caseloads.

Rhonda Combs asked Tim Farley to remove the item listed under Reserve Analysis for the City of Monterey, which Tim Farley agreed to.

A motion was made to receive and file the 2009 Liability Claims Audit.

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

C3. Financial and Treasurer's

C3a. Ratification of Disbursements for months ending February 28, 2009

A motion was made to approve the Ratification of Disbursements.

MOTION: Ralph Korn **SECOND:** Claudia Koob **MOTION CARRIED**

C3b. Investment Report – Pursuant to Government Section Code 53646(b)(1) for Months Ending April 30, 2009 & May 31, 2009

A Motion was made to receive and file the Investment Report.

MOTION: Ralph Korn **SECOND:** Claudia Koob **MOTION CARRIED**

C3c. Adopting the 2009/2010 Administrative Budget

Conor Boughey reported that the 2009/2010 each year the Program Administrators review the compensation section of each consultant's contract with ACCEL, and update the Budget to reflect any changes. In addition, the Program Administrators also evaluate any changes in

ACCEL's operations that may affect the Budget. Additionally, this year the Member's Travel section was removed and a new section for Member Travel and Training has been added.

Mike Simmons reported that any money that is not spent by the Board will be returned to the Board in the next Fiscal Year.

A motion was made to approve the budget as presented.

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

C3d. Investment Report

Mike Simmons introduced Brian Perry from Chandler Asset Management.

Brian Perry reported that Chandler Asset Management is a firm that specializes in Local Agencies, Special Districts, Cities, JPA's and has expertise in State requirements. Brian explained that Chandler Asset Management works in conjunction with ACCEL's investment policy and ACCEL's liquidity needs. Brian then reported on ACCEL's current financial position, an economic update, ACCEL's account profile and the portfolio holdings.

No Action was taken.

C3e. Quarterly Financial Report as of March 31, 2009

Conor Boughey reported that the third quarter compilation had been completed by James Marta and Company. Conor further reported that investment income has continued to grow resulting in larger Net Assets.

A motion was made to receive and file the report.

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

C3f. Member Account Summary as of March 31, 2009

Conor Boughey reported that the Member Account Summary as of March 31, 2008 has been completed. Conor reported walked through the report noting the various claims payments and changes in Reserves and IBNR.

A motion was made to approve the Member Account Summary as presented.

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

C4. Program Administrator's Report

C4a. Accounting Structure and Fees

Conor Boughey reported that ACCEL is currently paying James Marta & Company to complete a Quarterly Compilation for ACCEL's Income Statements. Tami Giovanni, ACCEL's Bookkeeper, has been training with them, and is now able to complete these reports. The Program Administrators would like to continue working with James Marta & Company through year end; and possibly continuing until September 30, 2009. Upon cancellation of our ongoing arrangement with them, the Program Administrators would like to assume the responsibility of presenting quarterly reports and the compensation associated with those reports.

The Program Administrators were dismissed from the meeting to allow the Board to discuss this item. Upon returning to the Board Meeting, Tom Vance reported that the Board would like to continue under the current agreement with James Marta and Company. Tom further reported that the Board would like to further review this item at the next Board meeting.

No action was taken.

C4b. Updated Status Report of AIG Financial Condition

Mike Simmons and Conor Boughey refer to the new handout from AIG which has temporarily rebranded to AIU. The report discusses the reorganization of AIG and their plan for the future.

No action was taken.

C5. Underwriting Committee's Report

No action was taken.

C6. Nominating Committee's Report

C6a. Election of Officers

Ann Richey reports that she and Kris Kamandulis called the Board Members to discuss the current Executive Committee Members and who would be interested in running for the 2009-10 Program Year. Ann Reported that Members were pleased with the current Executive Committee.

A motion was made to open the elections.

MOTION: Sandra Blanch **SECOND:** Rhonda Combs **MOTION CARRIED**

Tom Vance was nominated for President, Ralph Korn was nominated for Vice President, Betsy Dolan was nominated for Treasurer and Mary Akin was nominated for Secretary.

A motion was made to close the elections.

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

A motion was made to accept the nominations.

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

Voting is closed.

D. Unfinished Business

D1. Optional Excess Workers Compensation Program

Conor Boughey reports that ACCEL's CSAC Workers Compensation program operates as a pass through to CSAC-EIA and that no action is necessary. Estimates, invoices, policies and binders will be sent directly to Members from CSAC-EIA.

No action was taken.

D2. Policy and Procedure – Member Travel to Committee & Board Meetings

Tom Vance reports that Member attendance at Board Meetings is a very important aspect of the Authority, and because ACCEL is sharing risk, each Member Agency should be represented. However, because of City budgetary conditions it can be difficult for Members to obtain the necessary approval to travel.

Members discussed whether or not they would like to instate the Member Travel Policy that would allow the JPA to cover the cost to attend regularly scheduled Board Meetings, Board approved Committee Meetings and Member travel to one instate Risk Management Conference.

The Board discussed the policy as presented.

A motion was made to adopt the travel policy with the following changes:

1. Change the acceptable hotel rate to a not to exceed the established room block and
2. Member training is eliminated from the policy.

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

Further direction was given to the Program Administrators to revisit the Training section of the policy at the next Board meeting.

D3. Retrospective Rating Pan Refund Requests

Conor Boughey reported that the 2009 Retro Calculation has been completed and there is a total of \$7,850,576 available to return. At this time \$1,100,000 has been requested from members. The City of Monterey has formally requested \$100,000 and the City of Ontario has formally requested \$1,000,000.

A motion was made to file and accept the Retrospective Rating Plan Calculation as presented.

MOTION: Mary Akin **SECOND:** Betsy Dolan **MOTION CARRIED**

E. New Business

E1. ACCEL Excess Liability Program Renewal and Approval of the FY 2009-2010 ACCEL Pool Deposit Rate

Tom Vance asked Dan Howell to report on the Excess Liability Renewal and Pooled Layer funding.

Dan Howell reported that ACCEL received a very competitive quote from Everest National Insurance Company on the primary layer. Dan reminded the Board that ACCEL marketed itself to CSAC-EIA for Liability coverage because of the fear that Everest would not renew because of the dramatic increase in Total Incurred Claims over \$25,000 from \$63,219,624 to \$125,849,629. Dan reported that other excess carriers indicated a premium charge two to three times the premium quoted by Everest.

Dan further reporting on the marketing of the excess layers to the incumbent carriers as well as to new carriers. Everest, Axis, Arch and Lexington were are willing to write ACCEL per the expiring limits and coverage. Additionally, American Merchants quoted the \$10,000,000 excess of \$15,000,000 layer at \$523,069 compared to Lexington's (incumbent carrier) \$567,737. Dan discussed these options and pricing with the Board.

A motion was made to approve ACCEL's Pooled Layer Funding at a rate of .54 which grants a confidence level excess of 80%.

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

A motion was made to direct the Program Administrators to Bind excess coverage per the following directions:

1. Bind Everest National Insurance Company on the \$10,000,000 excess of \$5,000,000 layer not to exceed the premium indicated.
2. Bind American Merchants on the \$10,000,000 excess of \$15,000,000 layer not to exceed the premium indicated.
3. Bind Lexington Insurance Company on the \$25,000,000 excess of \$25,000,000 layer not to exceed the premium indicated. Additionally, bind the same coverage for the Cities of Modesto, Monterey and Visalia for \$10,000,000 excess of \$25,000,000 not to exceed the premium indicated.
4. Bind coverage for the Cities of Anaheim, Ontario, Palo Alto and Santa Monica with Axis and Arch Insurance Companies on the \$25,000,000 excess of \$50,000,000 not to exceed the premium indicated.
5. Bind coverage for the Cities of Anaheim and Santa Monica with Axis and Arch Insurance Companies on the \$25,000,000 excess of \$75,000,000 not to exceed the premium indicated.

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

E2. Other Insurance Renewals

E2a. Public Employee Dishonesty Insurance

Conor Boughey reported that ACCEL is in the second year of a three year policy offered through the Hartford Fire Insurance Company is currently in place and no action is required.

No action was taken.

E2b. Trustees Errors & Omissions Insurance

Conor Boughey presented the renewal options presented by Brokers' Risk for ACCEL's Trustees Errors and Omissions Insurance renewal.

A motion was made to select Option 2B at a rate of \$11,245 for \$2,000,000 in limits with a deductible of \$25,000 per claim.

MOTION: Sandra Blanch **SECOND:** Betsy Dolan **MOTION CARRIED**

E3. Retrospective Rating Plan Calculation

Conor Boughey reported that the Retrospective Rating Calculation has been completed. Conor explained that 2004-05 was the test year, and not included in the total amount available for return, but special attention should be given because of the negative value presented.

Additionally, Conor reported that the City of Burbank has sent a formal letter requesting that ACCEL allow them to apply the test year funds to their negative balance, which would give them an overall positive balance and avoid the need to be assessed.

A motion was made to file and accept the Retrospective Rating Plan Calculation as presented and allow the City of Burbank to continue without an assessment.

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

E4. Approval of ACCEL's Declarations Page

Conor Boughey reported that the Declarations Page would be presented annually for approval. Conor explained that ACCEL's Declarations page does not list an aggregate limit because there are no aggregates on the ACCEL layer.

A motion was made to approve the Declarations page as presented

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

E5. Resolution 0809-04 – Appointing Betsy Dolan as Treasurer and granting LAIF Authorization

Conor Boughey reported that a resolution was needed to properly document Betsy Dolan as ACCEL’s treasurer. A resolution is required for the Treasurer by the Crime Policy as well as LAIF and Union Bank of California.

A motion was made to approve the resolution as presented.

MOTION: Rhonda Combs **SECOND:** Ann Richey **MOTION CARRIED**

E6. Schedule of Next Two Meetings

Conor Boughey reported that the next two Board Meetings would be held at the City of Visalia and the City of San Francisco respectively.

No action was taken.

F. CORRESPONDENCE / INFORMATION

There was no discussion on this issue.

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 12:30 PM

MOTION: Rhonda Combs **SECOND:** Ann Richey **MOTION CARRIED**