

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING**

**THURSDAY, APRIL 7, 2016 AT 3:00 PM
CITY OF SANTA CRUZ PLANNING DEPT. CONFERENCE ROOM
809 CENTER STREET, SANTA CRUZ, CA 95060**

**FRIDAY, APRIL 8, 2016 AT 8:30 AM
SANTA CRUZ DREAM INN
175 W. CLIFF DRIVE, SANTA CRUZ, CA 95060**

MEMBERS PRESENT:

Dave Nunley, City of Anaheim
Jena Covey, City of Bakersfield
Betsy Dolan, City of Burbank
Beverly Jensen, City of Modesto
Jimmy Forbis, City of Monterey (April 9th)
Sandra Blanch, City of Palo Alto (April 8th)
Mark Howard, City of Santa Barbara
Patty Haymond, City of Santa Cruz
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT:

Claudia Koob, City of Mountain View
Ann Richey, City of Ontario

GUESTS AND CONSULTANTS:

Kelly Ogle, Carl Warren & Co.
Shari Huff, Carl Warren & Co.
Michael Simmons, Alliant
Daniel Howell, Alliant
Vadim Livshits, Alliant
Scott Prickett, Chandler Asset Management (April 8th)
John Alltop, Bickmore (April 9th)

A. CALL TO ORDER

Mark Howard called the meeting to order at 1:00 p.m.

B. Consent Calendar



B1. Approval of Minutes

A motion to approve the minutes of the February 23, 2016 Board of Directors Meeting.

MOTION: Charlotte Dunn **SECOND:** Dave Nunley

MOTION CARRIED

	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X
Nay									
Abstain			X						

C. General Risk Management Issues

Jena Covey asked if anyone has experience with their firefighters using body worn cameras. If so, how are they handling the issue? No other Member City’s firefighters wear cameras, and none are considering it. Dave Nunley said there may be a duty to properly store the video data the same way as the police would. Jena asked if anyone has a policy. No members do.

Jena reported that OSHA is changing Fall Protection rules, and inspections of Solar Panels now require a complete harness. This creates an issue since there are often no tie-off points. Have other cities talked about this? The other Cities have not dealt with that issue, but they think they should.

Jena explained that Title 22 regulations have changed, and lifeguards are now classified under Title 22 for public safety. This leads to many new expenses related to documenting work done by lifeguards.

Dave Nunley discussed Senate Bill 885, which concerns limitation of indemnity by Design Professionals. Some of the discussion has been about provisions for dogs in the workplace. This brought members to ask if Cities all do physical testing prior to employment. Most cities do. Santa Monica is moving toward implementing functional physical testing in-house.

Dave asked other members what their experience is with sewage backups into houses, and how they handle houses that don’t have backflow devices when they should. Santa Barbara reports that they have been successful on such claims.

Patty Haymond reported that Santa Cruz has received requests to put claims on their City Council agenda packets, do other Members do so? Other Member Cities allow those requesting to view claims via their City Clerks’ offices, but do not list on Council agendas.



Sandra Blanch inquired if any Members are doing anything to reduce vehicle collision risk in their City vehicles such as installing backup alarms? Santa Barbara is doing video training. She also inquired if other cities require employees to purchase insurance when they rent vehicles? Mark Howard explained that the State's program from Enterprise Rent-a-Car includes \$300,000 in liability and an APD waiver. Santa Barbara requires it only in inclement weather. Dave Nunley also pointed out that the City is responsible for any damage by law as they are a subdivision of the State.

Daniel Howell has announced out that the new IRIC manual has been published, and is available on the Alliant website. It features two new chapters, IT and Aviation exposures. There will also be an easily navigable version available online shortly.

Administrators will make sure that all Members are receiving the Alliant Newsletter.

Michael Simmons has emailed the Board a document which is the latest update on public entity drones. Drones are not covered by ACCEL as they are qualified as aircraft. Mark Howard added that the FAA is in the publication process of their new information. A new test to determine what an aircraft is will be published soon.

Michael Simmons has informed the Board that Vadim Livshits will be leaving his position at Alliant in the coming weeks.

D. REPORTS

D1. President's Report

D1a. Appointment of the Nominating Committee

Betsy Dolan and Deb Hossli have volunteered to serve as the nominating committee. They will communicate with each other to determine how they would like to contact Members and they will report back at the June Board of Directors meeting with their nominations.

D2. Claims Committee's

D2a. Closed Session – Pursuant to Gov't Code 54956.95

Motion to enter Closed Session pursuant to Government Code 54956.95

MOTION: Patty Haymond **SECOND:** Jena Covey

MOTION CARRIED



	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

The Board entered closed session at 4:13 p.m.

A Motion was made to come out of closed session.

MOTION: Betsy Dolan

SECOND: Charlotte Dunn

MOTION CARRIED

	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

No reportable action was taken. Direction was given to the Claims Administrator.

D2b. Liability Claims Audit - Status

Members were reminded that Tim Farley is currently in the process of completing his Liability Claims Audit. Members should be submitting their Exit Meeting Forms to the Administrators once they have them.

D2c. Carl Warren & Co. Contract

Charlotte Dunn reported that the Claims Committee has met to discuss the contract for Third Party Claims Administration Services. She explained that there are concerns about the service provided by Carl Warren, and challenges are evident. The Claims Committee recommends that the Board issue an RFP for Claims Administration TPA services. The Program Administrator has communicated with four potential interim TPAs. The Board is in agreement that RMS should be contacted as TPA for the interim period while the RFP process takes effect. At the October meeting the Members will select a firm to be the new TPA.

Mike Simmons explained that the Carl Warren will be non-renewed on July 1st. The claims committee will meet with RMS (via telephone) to start an agreement effective June 1, 2016 for a



six-month agreement for the sum of \$41,000. RMS will be responsible for attendance to two Board meetings, and he will be expected to travel to 2-3 other meetings. They will not be expected to meet with each City. RMS is a very experienced firm, and the Administrators are confident in his ability to perform. There will also be a budget of up to \$2,500 to migrate claims over as necessary from Carl Warren’s Claims System to RMS’ system, if necessary. An RFP will be drafted and reviewed to be sent out in July. The Claims Committee will review responses in August, and interviews will be held in person the third week of September. The Candidate selected will be present at the October meeting with a contract date of December 1st. Betsy Dolan asked if the interim firm will be precluded from responding to the RFP. Mike answered they will not be.

A motion was made to non-renew the Carl Warren contract as of July 1st, and the Administrators and Claims Committee will begin negotiations for a contract with RMS effective June 1st. for an amount not to exceed \$41,000 and an additional \$2,500 for claims migration. Administrators will create a draft RFP to be presented at the June Board Meeting in anticipation of being issued in July.

The Board gives authority to Claims Committee to negotiate the contract and the Board President to sign the contract to engage the selected firm.

MOTION: Betsy Dolan **SECOND:** Jimmy Forbis **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Jimmy Forbis	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

D3. Financial and Treasurer’s

D3a-b. Financial Items

Mike Simmons walked through the financial items.

Motion to receive and file.

MOTION: Charlotte Dunn **SECOND:** Jena Covey **MOTION CARRIED**



	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Jimmy Forbis	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

D4. Ad-hoc Committee’s

D4a. Program Administration RFP Status

The Ad-hoc committee has decided against an RFP but will be providing a new Scope of Services to the Administrators within the next month. The Scope will include clearly documented deliverables.

Mike Simmons added that the contract provides for an annual service review, which has not been done in many years. He would like the Board to start doing that as it would be very helpful.

The Board would like a five-year renewal with two one-year extension options. Dan Howell suggests that a contract with a five-year agreement, and five one-year extensions with a 90-day no cause cancellation clause.

Mike would like to bring a revised contract to the next meeting. Which would begin the new contract in 16/17.

Direction for Administrators to include a revised contract in the June Board of Directors agenda packet.

D5. Program Administrator’s

D5a. Account Time Tracking as of December 31, 2015

Mike Simmons explained that this report is done to budget time internally at Alliant. It does not reflect how much is paid to Alliant, as Alliant is paid a flat fee by ACCEL. Deb suggests that this report become part of ACCEL’s annual performance review.

A motion was made to move this report to the annual performance review.

MOTION: Deb Hossli

SECOND: Jena Covey

MOTION CARRIED



	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Jimmy Forbis	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

E. UNFINISHED BUSINESS

E1. ACCEL’s Excess Liability Program Renewal

Dan Howell explained that this renewal is expected to be flat as the rate is locked in for a two-year period, although there are some concerns regarding incurred claims, which per the agreement shouldn’t exceed \$2.5M. Overall, he believes that there will be a flat renewal with a remote possibility of a decrease for the layers above \$5M x \$5M.

Dan explained that if anyone would like to change their limits, it is very helpful to know as early as possible.

Direction to Administrators to send an email to members with current limits and ask if they have any changes. The email will be sent by May 1st and a response is needed by June 1st.

MOTION: Patty Haymond **SECOND:** Beverly Jensen

MOTION CARRIED

	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Jimmy Forbis	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

E2. Optional Excess Workers’ Compensation Renewal

Mike Simmons explained that the Workers’ Compensation Excess Pool has been divided into two Pools. Anyone with over 40% of payroll going toward safety is now considered “high-safety” and anyone below is “low-safety.” High-safety pools will be charged a substantially higher rate. Mike explained that there is a 3-year roll in period, which Ann Richey helped to negotiate.



Mark Howard suggests that maybe ACCEL could cover Workers’ Compensation exposures similarly to how they handle Liability exposures currently. Dan Howell would like to commission an actuarial study to look into that idea.

A motion was made to budget funds to perform an actuarial study for Workers’ Compensation to explore Pooled coverage. The Administrators solicit bids and present the results at the June meeting.

MOTION: Deb Hossli **SECOND:** Patty Haymond **Motion Carried**

	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Jimmy Forbis	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

E3. Member Declarations Pages – Additional Named Parties

Members annually review their additional named parties on their declarations pages.

The City of Burbank would like to subtract “Got Wheels.” The City of Modesto would like to subtract the “Regional Fire Authority.”

Direction was given to subtract the two additional named parties above and to reach out to all Members via email to inquire about any other changes.

E4. Discussion of California Senate Bill 897

Dave Nunley reported that this item has been revised and has moved out of the Committee at the Senate. Mark Howard asked the Board if they would like to send correspondence to the Senate as a group.

Patty Haymond expressed concern that this is a Workers’ Compensation issue, which is not the primary mission of ACCEL.

Members chose to take no action on this item.

E5. 30 Years of ACCEL

The Board reviewed the latest draft of the 30 Years of ACCEL pamphlet. Feedback received is that the group would like the service provider section removed and Alliant to be featured on the



back of the pamphlet. There will also be a paragraph written by Board Members and submitted to the Administrators talking about how the group works together to solve problems.

Members will communicate to the Administrators how many copies they would like printed for their individual Cities.

F. NEW BUSINESS

F1. ACCEL’s Investment Portfolio and Market Conditions

TIME CERTAIN at 3:00 p.m. on Thursday, April 7th.

Scott Prickett from Chandler Asset Management presented ACCEL’s Investment Portfolio. He spoke about indicators in the economy as well as the recent trends on things such as unemployment rates, GDP, housing prices, etc. They don’t believe there are indicators of a recession in 2016.

Scott explained that ACCEL’s investments comply with all regulations.

F2. Investment Policy Annual Review

Mike Simmons explained that the investment policy is adopted annually. There are no suggestions for updates from Chandler this year.

Members reviewed the investment policy and agreed that there are no changes needed going into the next program year

A motion was made to approve the investment policy for next year without changes.

MOTION: Dave Nunley **SECOND:** Jena Covey **Motion Carried**

	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

F3. Approval of the 2016 Actuarial Report

TIME CERTAIN at 8:30 a.m. on Friday, April 8th.



John Alltop presented of Bickmore has prepared ACCEL’s actuarial report. John believes that ACCEL’s results are average to slightly better than average considering that ACCEL is a City Pool.

Mike Simmons asked whether a 3% discount rate was still appropriate and what would happen at a 2% discount rate. John answered that decreasing to a 2% discount rate will result in a roughly 8% rate increase.

The Members of the Pool should tell the administrators what rate they would like to use prior to the next Board meeting so that the proper budget can be presented. Updated data can be presented to John now or as of 6/30/16 to get an updated report that is more accurate. Mike believes that an updated report with updated reserves and a rate of 2% may be needed.

A motion was made to change the discount rate to 2% and adjust the report to match the new discount rate. Instruction was given to John Alltop to rerun the report at a 2% discount rate with the understanding that this will result in a rate increase over last year.

MOTION: Deb Hossli **SECOND:** Patty Haymond **Motion Carried**

	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Jimmy Forbis	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

F4. Draft Administration Budget

Mike Simmons presented the draft administration budget. He explained that the budget remains relatively flat with some minor changes to account for changes in legal counsel, financial audit costs, and accreditation.

MOTION: Dave Nunley **SECOND:** Jena Covey **Motion Carried**



	Dave Nunley	Jena Covey	Betsy Dolan	Beverly Jensen	Jimmy Forbis	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X
Nay									
Abstain									

F5. Draft Retrospective Rating Calculation

Vadim Livshits explained that this item is a first look at the Retro Calculation and is not yet final. He noted that there is a change in the 2009/10 and 2004/05 years due to a loss date reassignment on a claim. The estimated amount available for return is approximately \$17.3 million, and there is \$4.7 million in the “test year” that will be added to next year’s retro total. Last year the retro had about \$14.6 million available for return and the “test year” showed approximately \$5.5 million for a total of about \$20.1 million. This amount was revised down due to claims payments above the reserve, withdrawals from the Retro and reserve adjustments.

F6. Next Two Meetings Schedule

The next two meetings are scheduled to be held in Ontario on June 16th and 17th and Visalia on October 13th and 14th.

ADJOURNMENT

Mark Howard adjourned the meeting at 10:37 a.m.