**MINUTES OF THE**

**ACCEL BOARD OF DIRECTORS**

**THURSDAY, December 5, 2013 AT 3:00 PM**

 **FRIDAY, December 6, 2013 AT 9:00 AM**

**Office of the Program Administrators**

 **San Francisco, CA**

**MEMBERS PRESENT**

Tom Vance, City of Anaheim

Jena Covey, City of Bakersfield

Ann Richey, City of Ontario

Mary Akin, City of Modesto

Sherrell Freeman, City of Monterey

Claudia Koob, City of Mountain View

Deb Hossli, City of Santa Monica

Sandra Blanch, City of Palo Alto

Mark Howard, City of Santa Barbara

Patty Haymond, City of Santa Cruz

Charlotte Dunn, City of Visalia

**MEMBERS ABSENT**

Betsy Dolan, City of Burbank

Rhonda Combs, City of Monterey

**GUESTS AND CONSULTANTS**

Conor Boughey, Alliant Insurance Services

Michael Simmons, Alliant Insurance Services

Daniel Howell, Alliant Insurance Services

Keyan Aghili, Carl Warren & Company

**A. CALL TO ORDER**

President Ann Richey called the meeting to order at 3 PM.

**B. CONSENT CALENDAR**

**B1. Approval of Minutes for the October 17 & 18, 2013 Board Meeting**

A motion was made to approve the minutes.

**MOTION:** Deb Hossli **SECOND:** Charlotte Dunn **MOTION CARRIED**

**C. GENERAL RISK MANAGEMENT ISSUES**

Patty Haymond asked the Board Members if their Member Agency has a telecommuting policy and procedure that would address working from home. Patty further reported that if an employee is allowed to work from home, their home office site becomes eligible for inspection by the state. Cal OSHA will review the worksite and could cause additional expenses for the City.

Tom Vance stated that the City of Anaheim does have a policy on this, and he’ll send it to Patty. Most other Member Agencies reported that employees are not allowed to telecommute.

Deb Hossli asked the Board if their Agencies would pay for damage to a citizen’s retaining wall as a result of city work. Members responded with mixed results, some will pay and some will note.

Jena Covey asked the Board if they allow a corporation to rent a city parking garage with no insurance. The Board all stated that their City would require insurance, and be sure the parking lot is ADA compliant.

**C1. City Police Videos**

Sherrell Freeman reported that under the Government Code section 34090.6 it is permissible to destroy videos/MAVR. These MAVRS are the mobile recordings taken in police cars when activated by siren or the officer, and in jails where there can be cameras that record 24/7. According to a governing board adopted Records Retention Policy, they can be destroyed after 13 months. However, from a risk management perspective, a City may consider whether they should save the videos, longer, for maybe a total of two years, to at least cover the statute of limitations for someone to bring a civil rights claim. Arguments could be made both for and against extending the retention period to 2 years.

Tom Vance reported that the City of Anaheim keeps their videos for much longer than the minimum requirement, but there is no right answer.

**D. REPORTS**

**D1. President's Report**

No report.

**D2. Claims Committee's**

**D2a. 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 4:15 PM pursuant to Government Section Code 54956.95.

**MOTION:** Mary Akin **SECOND:** Patty Haymond **MOTION CARRIED**

A motion was made to come out of closed session at 5:15 PM

**MOTION:** Mark Howard **SECOND:** Mary Akin **MOTION CARRIED**

Action was taken during closed session regarding the agendized claim.

**D3. Financial and Treasurer's**

ACCEL’s Treasurer, Claudia Koob, reported on the financial items.

**D3a. Ratification of Disbursements**

Conor reported on the Disbursements, for the month ending November 30, 2013. The amounts of several disbursements were reported during these months.

**D3b. Report of Investments – Pursuant to Gov't Section Code 53646(b)(1)**

Conor reported on the month of October 31, 2013. Conor reported ACCEL had positive earnings while staying in compliance with ACCEL’s Investment Policy.

**D3c. Quarterly Financial Report as of September 30, 2013**

Conor Boughey reported that the Quarterly report of September 30, 2013 has been completed and reflects the status of the Authorities finances through the first quarter. Conor pointed out that any budgeted item that is at exactly 25% is received in full, but only 25% earned, and therefore reflected that way.

**D3d. Member Account Summary as of September 30, 2013**

Conor advised that the September 30, 2013 Member Account Summary (MAS) report has been completed. 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 year’s 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.

**D3e. ACCEL Projected Cash Flow Obligations as of September 30, 2013**

Conor Boughey reported that because of the current market conditions, and ACCEL’s large account balance in LAIF, this item has become less necessary than in years past. When market conditions change and ACCEL moves more of its assets long term, this item will have significantly more value.

A motion was made to receive and file the reports from D3a, D3b, D3c, D3d and D3e.

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

**D3f. Investment Portfolio Update**

Ted Piorkowski from Chandler Asset Management presented on ACCEL’s investment portfolio, the economic indicators and provided an economic update.

A motion was made to accept and file the report.

**MOTION:** Tom Vance **SECOND:** Mary Akin **MOTION CARRIED**

**D3g. Investment Policy Proposed Changes**

Conor reported that Chandler Asset Management proposed changes to ACCEL’s investment policy. This revision would align the maximum maturity/duration of the Investment Policy to match that of the Merrill Lynch 1-5 Year Government Index, the selected investment benchmark. Ted further reported that ACCEL’s average maturity is approaching the current maximum average, and that this proposed change would allow us to maintain our current investments without the need to buy more short term to satisfy the policy.

A motion was made to approve the proposed changes to the Investment Policy.

**MOTION:** Tom Vance **SECOND:** Mary Akin **MOTION CARRIED**

**D4. Program Administrator’s Report**

**D4a. Alliant Disclosure Presentation**

Michael Simmons reported that each year Alliant annually provides a report of total compensation received from ACCEL. During Alliant’s Contract Renewal, it was agreed that this would occur at the end of each calendar year. The report enclosed in the agenda packet outlines Alliant’s total compensation received with respects to ACCEL.

No action taken.

**D4b. Alliant Staffing Update**

Michael Simmons reported that the Service Team is going through transition, and we are interviewing candidates for both a JPA position and Insurance position. Alliant is hopeful to fill the JPA positions quickly with a current candidate. The insurance position is also open and we have received applications, but no one has emerged as a great candidate yet.

No action was taken.

**D5. Underwriting Committee’s Report**

The Underwriting Committee had no report.

**E. Unfinished Business**

There was no unfinished business.

**F. New Business**

**F1. Agility Recovery Presentation**

Conor reported that John Milne of Agility Recovery was supposed to present on the benefits of their program, but was unable to make it to the meeting for personal reasons.

No action was taken.

**F2. Resolution 1314-02 - Recognizing the contributions of Tom Vance**

Michael Simmons presented Resolution 1314-02 to the Board. The resolution outlines the many contributions Tom Vance has provided to ACCEL as well as the Member Agencies of ACCEL. The Board took a moment to appreciate the contributions of Tom Vance and presented him with a framed copy of the resolution.

A motion was made to approve Resolution 1314-02.

**MOTION:** Mary Akin **SECOND:** Mark Howard **MOTION CARRIED**

**F3. ACCEL Target Equity Ratios**

Conor reported that ACCEL’s goal is to fund its risk sharing program in a fiscally prudent manner. The purpose of the Target Equity Ratio report and review is to outline the basic financial factors and assumptions utilized to assure adequate funding and stability. The presented material provides definitions of key terms and concepts to aid in discussions where an understanding of these concepts is required. The attachments also provide a look at ACCEL’s financial standing though use of these equity ratios as an outline.

A motion was made to accept and file the report.

**MOTION:** Tom Vance **SECOND:** Mary Akin **MOTION CARRIED**

**F4. CSAC-EIA Penalty for Late Application**

Conor reported that CSAC-EIA approved a policy and procedure which creates a severe penalty for late submission of the excess workers compensation application. This report is to announce that the policy should be taken seriously, and in the event of a late submission, Alliant will do everything we can to reduce or remove the penalty, but the policy is written in a way that would automatically apply to any member who fails to submit the application.

**F5. Next Two Meetings Schedule**

No action was taken.

**G. 2013 LONG RANGE PLANNING ITEMS**

**G1. Review of ACCEL’s Mission Statement – Are We Delivering Our Commitment?**

Conor reported that ACCEL continues to deliver its Members with broad form excess liability coverage at very competitive pricing. Because ACCEL is an excess pool, the Authority continues to provide fewer loss control services to its members than primary pools, which helps keep overhead costs low and loss control decisions within each city’s risk management offices. While we believe this is in keeping with our Mission Statement, we want to be sure that Members are still happy with this approach, and whether or not the Authority should change focus.

The Board discussed this item and agreed that ACCEL is delivering on its Mission Statement, and no changes are necessary.

No Action was taken.

**G2. Insurance Requirements in Contracts Presentation – The New “Stuff”**

Dan Howell reported on a PowerPoint Presentation which outlines the changes to the IRIC manual and why the changes are important to Board Members.

After some discussion, it was recommended that the Board review the presentation again, with Tom Vance as a guest speaker, at the April meeting in Bakersfield.

**G3. ACCEL Excess Structure – Insurance vs. Reinsurance**

This item has been tabled for a future discussion. The item will be taken during a future Board meeting when the agenda allows for a longer discussion.

**G4. Liability Pool Funding**

This item has been tabled for a future discussion. The item will be taken during a future Board meeting when the agenda allows for a longer discussion.

**G5. Underwriting Standards**

This item has been tabled for a future discussion. The item will be taken during a future Board meeting when the agenda allows for a longer discussion.

**G6. New Member Marketing**

This item has been tabled for a future discussion. The item will be taken during a future Board meeting when the agenda allows for a longer discussion.

**G7. Review of ACCEL “Financial Plan”**

Conor reported that the Financial Plan Policy & Procedure is ACCEL’s governing document and outlines all elements of program costs, along with the calculation to return deposit premiums to Members. This Policy & Procedure was modified to create a new plan starting July 1, 2007, and running the old program has become a difficult task. Due to the complexity of the old system, and the small amount of changes in each calculation, we would like to explore the possibility of “freezing” old program years.

Direction was given to the Program Administrators to propose changes to the Financial Plan at the next Board meeting.

**G8. Actuarial Study**

This item has been tabled for a future discussion. The item will be taken during a future Board meeting when the agenda allows for a longer discussion.

**H. Public Comments**

There were no public comments.

Ann Richey adjourned the meeting at 11:45 AM.