

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 24, 2010 &
FRIDAY, JUNE 25, 2010
Hotel Pacific, Monterey, 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
Ann Richey, City of Ontario
Sandra Blanch, City of Palo Alto (*absent Thursday, June 24, 2010*)
Mark Howard, City of Santa Barbara
Kris Kamandulis, City of Santa Cruz
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT

None

GUESTS AND CONSULTANTS

Keyan Aghili, Carl Warren & Company
Conor Boughey, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
Tim Farley, Farley Consulting Services (*Telephonically on Thursday, June 24, 2010*)
Ted Piorkowski, Chandler Asset Management (*Friday, June 25, 2010*)
Monica Sandbergen, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services

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 April 15 and 16, 2010 Board of Directors Meeting

A motion was made to approve the minutes as presented.

MOTION: Ralph Korn **SECOND:** Mark Howard **MOTION CARRIED**

C. REPORTS

C1. President's Report

C1a. Program Administration Performance Evaluation

Alliant Insurance Services was excused while members discussed the performance of the Program Administrators.

President Tom Vance reported that the members feel the ACCEL website maintenances needs work and would like more information and transparency in regards to Alliant's total compensation. Also addressed was the desire of the members for the minutes of past meetings to be more sufficient and tangible to allow members the ability to go back and find information if needed.

No action was taken.

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 pursuant to Government Section Code 54956.95.

MOTION: Ann Richey **SECOND:** Betsy Dolan **MOTION CARRIED**

A motion was made to come out of closed session at 5:25 PM.

MOTION: Ann Richey **SECOND:** Claudia Koob **MOTION CARRIED**

Ralph Korn reported that Carl Warren and Company gave a report on the claims listed on the agenda and no action or direction was taken.

C2b. 2010 Liability Claims Audit

Tim Farley from Farley Consulting Services presented the Liability Claims audit and reported that there still tardiness or absence of legal status updates. This has been a problem with all past audits but Tim Farley reported that the problem is deteriorating. On page 3 – Farley reported that Bakersfield’s process of capping legal defenses at \$50,000 seemed unusual.

Deb Hossli from Santa Monica stated that Jonathan Lackey’s case load is really 77, not 215 as indicated on Farley’s report. The denied claims sit on John’s desk until 180 days and that is why caseload is appears higher than it really is. Farley recommended that caseloads at the City of Modesto should decrease. Farley will send the final corrected version of the audit to Mike Simmons and Conor Boughey by July 2, 2010.

C3. Financial and Treasurer’s Report

C3a. Ratification of Disbursements for months ending March 31, 2010 & May 31, 2010.

A motion was made to approve the Ratification of Disbursements.

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

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

Betsy Dolan reported that Ted Piorkowski, ACCEL’s Investment Advisor, would be presented a comprehensive report on ACCEL’s current investments.

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

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

C3c. Adopting the 2010/2011 Administration Budget

Conor Boughey reported that the Administrative Budget is drafted to remain flat at \$469,850 or \$31,654 per member. The Budget has been reviewed and updated to match each consultants fee and certain line items were reduced because the funds will not be needed in this fiscal year.

A motion was made to approve the 2010/2011 Administration Budget

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

C3d. Investment Report

Ted Piorkowski from Chandler Asset Management presented the investment report. Ted reported that Chandler Asset Management specializes in Local Agencies, Special Districts, Cities, JPA’s and has expertise in State requirements. Ted explained that Chandler Asset Management works

in conjunction with ACCEL's investment policy and ACCEL's liquidity needs. Ted reported on ACCEL's current financial position, an economic update, ACCEL's account profile and the portfolio holdings.

A motion was made to receive and file the investment report.

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

C3e. Quarterly Finance Report

Conor Boughey reported that ACCEL's Bookkeeper has completed the March 31, 2010 quarterly compilation for the Board's review.

A motion was made to receive and file the report.

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

C3f. Member Account Summary Report for month ending March 31, 2010.

Conor Boughey reported that the March 31, 2010 Member Account Summary report has been completed. The MAS report contains several updates including; posting interest income totaling \$218,688, posting claims expense totaling \$11,342.10 and updating the actuarial estimates for IBNR (\$11,585,762) and Reserves (\$1,750,002).

A motion was made to receive and file the report.

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

C4. Program Administrator

Michael Simmons introduced Monica Sandbergen as a new employee of Alliant and member of the ACCEL service team.

C5. Underwriting Committee

C5a. Report from the June 10, 2010 Underwriting Committee Meeting

Ralph Korn gave a summary of what was discussed during the June 10th Underwriting Committee regarding airport-based vehicle operations when off airport grounds. It was explained that ACCEL's memorandum of coverage does not cover city vehicles that operate at a city owned airport when they leave the airport grounds. It was recommended by the Underwriting Committee that ACCEL's memorandum of coverage be amended to include coverage for these vehicles when off the premises of the airport.

C5b. ACCEL's Memorandum of Coverage - Coverage for Airport-Based Vehicle Operations when Off Airport Grounds

A motion was made to amend ACCEL's Memorandum of Coverage as proposed to include language that covers airport based vehicle operations when off airport grounds.

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

C6. Nominating Committee's

C6a. Election of Officers

Kris Kamandulis reported that Tom Vance and Ralph Korn were nominated for President, Ann Richey was nominated for Vice President, Betsy Dolan was nominated for Treasurer and Mary Akin was nominated for Secretary.

A motion was made to accept the nominations for Vice President, Treasurer and Secretary.

MOTION: Ann Richey **SECOND:** Betsy Dolan **MOTION CARRIED**

Conor Boughey provided voting ballots for the Presidential Nomination. The Board of Directors conducted a vote by using the ballots; upon completion Conor collected the ballots.

Voting is closed.

Upon review of the ballots, Tom Vance had the majority vote.

A motion was made to Nominate Tom Vance as President of ACCEL.

MOTION: Ann Richey **SECOND:** Betsy Dolan **MOTION CARRIED**

C7. Ad Hoc Committee's Report

C7a. Member Contracts

Committee Chair Ralph Korn reported that the Committee had met several times and discussed the purpose of reviewing the Member Contracts at Member Agencies. Upon further discussion with the Board, the Committee will no longer continue the project at hand. Members discussed and reported that they do not feel that this exercise is warranted.

Ralph Korn reported that the Committee will no longer continue this project.

D. Unfinished Business

D1. Optional Excess Workers' Compensation Program Renewal

Conor Boughey reported that ACCEL's Optional Excess Workers' Compensation Program renews July 1, 2010 with CSAC Excess Insurance Authority. Conor advised that the 2010-2011 CSAC Workers' Compensation invoices have been sent to the respective members and that the premiums may be revised with respects to the Target Safety Premium allocation. Conor explained that the premiums have increased in the \$1,000,000 to \$5,000,000 layer from last year due to the actuarial rates for the pooled layer, but that the layer excess of \$5,000,000 experienced no increases for 2010.

No action was taken.

D2. Retrospective Rating Plan Refund Requests

Conor Boughey reported that the 2010 Retro Calculation has been completed and there are total retro funds available equaling \$7,206,858. Conor further explained that the City of Bakersfield is in an assessment position currently due to a series of claims from 1996 that were applied to the retro. The City of Ontario has tentatively requested \$200,000 from their \$1,315,028 available.

A motion was made to approve the City of Ontario's request to withdraw funds.

MOTION: Mary Akin **SECOND:** Ralph Korn **MOTION CARRIED**

E. New Business

E.1 ACCEL Excess Liability Program Renewal and Approval of the FY 2010/2011 ACCEL Pool Deposit Rate

Dan Howell reported on the 2010/2011 Excess Liability Renewal.

On the primary layer of ACCEL's Excess Liability Everest continues to be the most competitive carrier with most other carriers denying to quote due to Everest's pricing. Ironshore showed interest in competing with American Merchants on the excess layer, but presented a quote subsequent to the agenda mail date with pricing slightly higher than ACCEL's current proposal. Dan Howell further reported that Everest remains the most competitive in the market, but there is concern that the Everest pricing is less than actuarial estimates for expected claims in the \$5,000,000 xs. \$5,000,000 layer. Dan Howell advised the members that Everest's premium will increase beyond \$2,000,000 if they begin to get nervous regarding claims. This concern was demonstrated by an indication received from American Re's price in excess of \$2,200,000 for this layer.

Mr. Howell reported that the \$10,000,000 x \$15,000,000 pricing provided from American Merchants is the most competitive for the 2009-2010 renewal period.

Dan further explained that the \$25,000,000 xs \$25,000,000 layer provided to be the most difficult layer to renew. Lexington asked for a \$30,000 increase in their premium we were unable to negotiate this increase. Dan Howell advised that despite this increase, the premium on all other excess liability layers has remained flat and that was a good result because layers excess

of the Lexington layer would typically rate an increase based on the underlying increase.

A motion was made to approve the pooled rate of \$.54.

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

A motion was made to approve the pricing as presented for the \$10,000,000 excess of \$5,000,000 layer and the \$10,000,000 excess of \$15,000,000 layer.

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

A motion was made to renew layers excess of \$25,000,000 as presented subject to Palo Alto's approval of pricing for the \$25,000,000 excess of \$50,000,000 layer. A further motion was made to delegate Authority to Santa Monica and Anaheim with respects to their renewal excess of \$100,000,000.

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

E.2 Other Insurance Renewals

E2a. Public Employee Dishonesty Insurance

Conor Boughey reported that ACCEL is in the third of a three year policy offered through the Hartford Fire Insurance Company 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. It was reported that the pricing for the 2010 renewal remained relatively flat. An option to purchase a lower deductible was presented to the members. It was advised that the deductible could be lowered from \$25,000 to \$10,000 for additional premium of only \$600. Both Dan Howell and Conor Boughey recommended the purchase of the lower deductible.

A motion was made to purchase \$2,000,000 in limits with a \$10,000 Deductible

MOTION: Betsy Dolan **SECOND:** Ann Richey **MOTION CARRIED**

E3. Retrospective Rating Plan Calculation

E3i. \$9,000,000 Excess \$1,000,000

Conor Boughey reported that the 2010 Retro Calculation has been completed and there are total retro funds available equaling \$7,206,858. Conor further explained that the City of Bakersfield is in an assessment position currently due to a series of claims from 1996 that were applied to the retro. Conor further reported that the Test Year has negative funds of \$934,322. These negative funds were not accounted for in the Total because they are an estimate, but they will be included next year subject to changes in reserves, IBNR and other claims and interest factors.

A motion was made to adopt the 2010 Retrospective Rating Calculation as presented.

MOTION: Mary Akin **SECOND:** Ralph Korn **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 review and approve the Declarations page as presented

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

E5. Target Safety – Loss Prevention Platform Agreement

Conor Boughey reported that CSAC has changed how they allocate premium for Target Safety and has moved to a per user based fee. It was proposed to the members that ACCEL join as one member, and Monterey join as one member so that the \$1,000 minimum will be met. Conor advised that ACCEL will be invoiced for usage and that Alliant will bill the members who use these services. The Board discussed this concept and decided that Monterey should join as part of ACCEL.

A motion was made to approve the Target Safety Fee with ACCEL joining as one entity.

MOTION: Ralph Korn **SECOND:** Mary Akin **MOTION CARRIED**

E6. Schedule of Next Two Meetings

Conor Boughey reported that the next two Board Meetings will be held at the City of Bakersfield on October 7 and 8 and in San Francisco on December 2 and 3.

No action was taken.

E7. ACCEL's CSAC-EIA Representative

A motion was made to appoint Tom Vance as CSAC's EIA Representative.

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

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.

A motion was made to adjourn the meeting at 12:00 PM

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