

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

**Thursday, October 12, 2017 at 1:30 PM**

**Friday, October 13, 2017 at 8:30 AM**

**Modesto City Hall  
1010 10th Street  
Modesto, CA 95354  
Meeting Room #2008 – 2nd Floor**

### **MEMBERS PRESENT:**

Dave Nunley, City of Anaheim  
Jena Covey, City of Bakersfield  
Beverly Jensen, City of Modesto  
Michael Andersen, City of Monterey  
Claudia Koob, City of Mountain View  
Ann Richey, City of Ontario  
Sandra Blanch, City of Palo Alto  
Mark Howard, City of Santa Barbara  
Patty Haymond, City of Santa Cruz (*joined at 3:15 PM*)  
Deb Hossli, City of Santa Monica (*joined at 1:50 PM*)  
Charlotte Dunn, City of Visalia

### **MEMBERS ABSENT:**

Betsy McClinton, City of Burbank

### **GUESTS AND CONSULTANTS:**

Ken Maiolini, Risk Management Services (*Thursday, October 12, 2017 only, joined via teleconference*)  
Charles Raibley, Crowe Horwath (*Friday, October 13, 2017 only*)  
Byrne Conley, Gibbons & Conley (*Friday, October 13, 2017 only, joined via teleconference*)  
Terrance Massey, City of Modesto (*Thursday, October 12, 2017, joined only from 1:53 PM to 2:15 PM*)  
Michael Simmons, Alliant Insurance Services  
Conor Boughey, Alliant Insurance Services  
Daniel Howell, Alliant Insurance Services (*Thursday, October 12, 2017 only*)  
Lorissa Huey, Alliant Insurance Services

### **A. CALL TO ORDER**

Mark Howard called the meeting to order at 1:30 PM on Thursday, October 12, 2017.

Mark Howard called the meeting to order at 8:30 AM on Friday, October 13, 2017.



**B. CONSENT CALENDAR**

**B1. Approval of Minutes for the June 22 & 23, 2017 Board Meeting**

**B2. Approval of Minutes for the September 11, 2017 Board Meeting**

A motion was made to approve the Consent Calendar.

**MOTION:** Ann Richey

**SECOND:** Beverly Jensen

**MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X			X
Nay												
Abstain												

**C. GENERAL RISK MANAGEMENT ISSUES**

Board Members discussed current events including the Hepatitis A epidemic, reselling police vehicles, the use of fire department slides in place of fire polls, and coverage needed for events involving police explorers. Members also discussed the shooting in Las Vegas, it is reported that MGM Resorts International is covering the medical costs for all the victims.

Claudia Koob mentioned that Santa Clara County and Alameda County are now charging the Mountain View police officers who practice at their shooting ranges because Mountain View does not have their own shooting range. She found out that retirees were also shooting at the ranges and asked other members if they had any policies regarding this at their respective cities.

Dave Nunley discussed about police officers breaking into homes during the fire outbreak in Orange County without a warrant because the city declared a disaster.

Michael Simmons mentioned that he was at a drone exhibit and saw that in Tanzania they will start utilizing Zipline drones to drop special medicine by a parachute in difficult to reach areas. Drone use continues to evolve and expand.



## **D. REPORTS**

### **D1. President's Report**

#### **D1a. ACCEL 3.0**

Mark Howard reported that ACCEL is growing strong because of its service providers, members and partners. He is looking at what ACCEL can do better going forward. In order to do so, Mark emphasized the need for other Board Members participate more in contributing ideas and during meetings. He mentioned that there are two conferences for educational purposes, PARMA and CAJPA which are great tools for members.

#### **D1b. Committee Assignments**

The Executive Committee has assigned the Board Members to the Committee positions.

No reportable action took place.

### **D2. Executive Committee's Report**

#### **D2a. Verbal Report from Committee Meeting held on October 12, 2017**

Mark Howard asked each of the Executive Committee Members to pick an item that was discussed, and report what was discussed at the Executive Committee Meeting that was held earlier that day. The following items were discussed: Annual Board and Committee Scheduling; Job Descriptions for Executive Committee Members; Timeline for Adoption of Policies & Procedures; and Timeline for Service Providers Performance Evaluations.

Dave Nunley reported that the Committee discussed about centralizing the locations in Northern California, Central Valley and Southern California, with the December Board Meeting always held at the Program Administrators' office in San Francisco.

Sandra Blanch reported that the Executive Committee is working with the Program Administrators on creating Job Descriptions so the Board Members will understand what the job responsibilities are when elections are held in June. Also, that each Executive Committee member will provide the Program Administrators with their own job description at their respective cities.

Beverly Jensen reported that each of the Committees (Claims, Finance and Underwriting) will need to meet and decide which Service Providers they will conduct performance evaluations on and when.

Mark Howard reported that there is a need to adopt a new Policy & Procedure regarding adopting and amending ACCEL's Policies & Procedures. The purpose of this is to look at all of the ACCEL documents in totality. For example, when amending the Memorandum of Coverage, one will also



need to make sure that the Bylaws are looked at as well to ensure the documents do not contradict each other.

The Executive Committee has delegated to each of the other three committees, Claims, Finance and Underwriting to decide when and how frequently they will want to review these Policy & Procedures, Governing Documents, and perform Service Providers Evaluations. Every member of ACCEL will have a busy year coming their way.

Jena Covey requested that the ACCEL President assign a mentor to when a new member comes on board.

### D3. Claims Committee’s Report

#### D3a. Closed Session – Pursuant to Gov’t Code 54956.95

A motion was made to enter into Closed Session at 3:06 PM.

**MOTION:** Ann Richey

**SECOND:** Sandra Blanch

**MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X		X	X
Nay												
Abstain												

A motion was made to come out of Closed Session at 3:58 PM.

**MOTION:** Ann Richey

**SECOND:** Beverly Jensen

**MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												

The Program Administrators were given instruction to have a discussion with Ken about reserve alignment.



### D3b. Claims Auditor Request for Proposal (RFP) & Scope of Work

Deb Hossli provided an update that the Claims Committee met to discuss the Claims Auditor Request for Proposal (RFP). Members brainstormed ideas and questions were discussed.

A motion was made to approve the Claims Auditor RFP with adding the following amendments to the RFP:

- All work performed is the property of ACCEL.
- Claims Auditor may have to meet with City Attorney as appropriate.
- Scope of Work:
  - Year 1:* All Members – 35% of the total claims up to 35 claims
  - Year 2:* 8 Members – 6 members plus 2 members who received the lowest score the prior year; Up to 50% of total claims or up to 50 claims
  - Year 3:* 8 Members – 6 members plus 2 members who received the lowest score the prior year; Up to 50% of total claims or up to 50 claims
- RFP Timetable – Change the Contract Approval date to April 2018 because the Board agreed that it gives enough notice for the potential Claims Auditor to start the auditing process in June 2018, the start of the fiscal year.

Also, the Board gave direction to the Program Administrators to check the Claims Handling Policy & Procedure, Bylaws, and JPA agreement to see if it states if an annual Claims Audit is required and if it is, to amend the documents to reflect the language “except for unanimous vote by Board”, and to bring back to the December 2017 Board Meeting for Board approval.

Members are aware that there will be no Claims Audit for FY 17-18.

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

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												



### D3c. City of Bakersfield’s Fee Agreement for Legal Services

Deb Hossli reported that the Claims Committee held a teleconference meeting on August 9, 2017 to discuss the letter the City of Bakersfield sent to ACCEL regarding what they consider fair for documenting defense costs reimbursements and the Committee took action to recommend to the Board to accept and file the letter that was provided.

A motion was made to accept and file the letter and to reiterate to the City of Bakersfield that they will accurately reserve cases in accordance with ACCEL’s Policies & Procedures. The Program Administrators will send a formal letter to the City of Bakersfield.

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

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X			X	X	X	X	X	X	X	X	X
Nay												
Abstain		X										

### D4. Financial and Treasurer's Report

#### D4a-e. Financial Items

Conor Boughey presented the financial items. He noted that the Member Account Summary report as of June 30, 2017 is also the one that is included in the Financial Audit. Also, that the Project Cash Flow report is now more important than before because of ACCEL’s large claims payments in the past year.

A motion was made to accept and file the financial reports.

**MOTION:** Dave Nunley                      **SECOND:** Jena Covey                      **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												



**D4f. Amendment to the Financial Plan Policy & Procedure – Restricting Retro Funds**

Conor Boughey reminded the Board that at the June 2017 Board Meeting, the Board took action to direct the Program Administrators to develop a Policy & Procedure regarding the process for establishing and adjusting a restricted reserve.

Conor reported that the Financial Auditors reviewed and approved the newly added section, “Restricting Retro Funds Available for Return” to the Financial Plan Policy & Procedure.

A motion was made to approve the amended Financial Plan Policy & Procedure with the correction of the typo in the first paragraph in Section Iva. Summary, by changing where it states “...Board may wish the...” to “....Board may wish to...”

**MOTION:** Jena Covey

**SECOND:** Ann Richey

**MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McC'Inton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												



### D4g. Financial Audit as of June 30, 2017

Charles Raibley of Crowe-Horwath presented the draft Financial Audit. Charles reported that the opinion for this year’s audit is an unmodified or clean opinion, and that there are no material misstatements that ACCEL needs to be aware of.

Also, Charles provided the Board with information regarding a new audit accounting standard under governmental code AB 1345 that states starting with the audit year 2013 – 2014 the lead audit partner (not the audit firm) needs to be changed every 6 years for at least 1 year. The benefit of this is a new set of eyes. For ACCEL’s June 30, 2019 audit year, the plan is change out the lead partner due to the rotation cycle.

Members asked questions and questions were answered.

A motion was made to accept the Financial Audit draft subject to the retros being paid through today’s Board meeting and direct Crowe Horwath to send the Final Draft to the Program Administrators by October 20 so the Program Administrators can distribute to the members.

**MOTION:** Ann Richey

**SECOND:** Beverly Jensen

**MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												

### D4h. Chandler Asset Management– Compliance Exception Letter

Conor Boughey reported that included in the Agenda Packet is a formal response letter from Chandler Asset Management regarding why the March, April, and May 2017 Chandler Asset Management Consolidated Reports indicated that ACCEL was non-compliant under the Category “Max per Issuer”. The reason is that the funds from the Short Term Account were moved into the Long Term Account, but this was just temporary and has been fixed going forward.

No reportable action took place.





**D4i. Positive Pay for ACCEL Checking Account**

Conor Boughey reported to the Board that ACCEL may want to consider adding Positive Pay for ACCEL’s checking account. He explained that it is a feature designed to reduce fraud by identifying potentially fraudulent checks. It examines fields such as the check amount or payee name and sends alerts when there are discrepancies between the check information provided and checks presented for payment. ACCEL’s bank, Union Bank has quoted this service at \$60 a month.

A motion was made to proceed with Positive Pay.

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

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												

**D5. Underwriting Committee’s Report – None.**

**D6. Program Administrator’s Report**

**D6a. 2017-18 Summary of Coverage**

Conor Boughey presented to the Board the FY 17-18 summaries of coverage. Conor noted that this reflects all the coverages in place that the Member cities purchase through ACCEL.

No reportable action took place.

**D6b. California Pool Captive Alliance (CPCA)**

Michael Simmons presented to the Board that Alliant and PFM Asset Management LLC are developing a new multi-cell captive, the California Pool Captive Alliance (CPCA), designed to enable Pools to access the insurance and investment benefits of a captive in a cost-effective manner.

The Board gave direction to the Program Administrators to bring this back to the December 2017 Board Meeting to provide a more detailed review.



## **D6c. Long Range Planning & December Agenda**

Conor Boughey reminded the Board that every two years in December ACCEL has their Long Range Planning during the December Board Meeting.

The Board gave direction to the Program Administrators to bring the following Items to the December 2017 Long Range Planning: (1) Captive Presentation, (2) Trend Values of Large Losses/Justify Higher Excess Limits, and (3) Calendar of Events & Meetings.

No reportable action took place.

## **E. UNFINISHED BUSINESS**

### **E1. 2017 Retrospective Rating Plan – Refund Requests**

Conor Boughey reported that the City of Monterey has requested \$500K and the City of Mountain View has requested \$300K from the Retro. He also reminded the Board that if members would like to withdraw funds, they need to submit the request in writing to the Treasurer and Program Administrators what amount they would like refunded, and indicate which Program Years to apply the payment to.

The Board gave direction to the Program Administrators to bring back a best guess of the Retrospective Plan Calculation (RPC) to the December 2017 Board Meeting.



**E2. ACCEL’s Memorandum of Coverage – Definition of “Damages”**

Bryne Conley presented his recommendation regarding the most appropriate definition of damages for ACCEL’s Memorandum of Coverage (MOC). He also talked about the different interpretation of case law that influenced the definition of damages.

Members discussed and questions were answered.

A motion was made to accept the language proposed by Byrne effective 7/1/17 and direct the Program Administrators to amend the MOC by putting on the footer of the MOC “as of 7/1/17 as approved at the October 2017 Board Meeting”, and then to send to all the Members and to post on ACCEL’s website.

**MOTION:** Ann Richey

**SECOND:** Beverly Jensen

**MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McC'Inton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												



**E3. Multi-Member Occurrence: Reinsurance Language**

Daniel Howell reminded the Board that at the June 2017 Board meeting, they took action to confirm that in a Multi-Member loss occurrence each member would pay their own \$1 million SIR and ACCEL would pay up to \$4 million for each member and then the excess liability insurance limits under the ANML program would attach with separate limits per member. In FY 16-17, ACCEL purchased reinsurance for the \$2,000,000 excess of \$3,000,000 layer from Markel/Evanston. The language in the reinsurance policy says that, if multiple Members are named in the same occurrence, each Member will pay their own self-insured retention, ACCEL will pay one retention/limit of liability and then the reinsurance would attach with only one limit of liability applying to the occurrence.

Dan went over the different hypothetical claim scenarios on how the different language will apply.

A motion was made to keep the current language on the 16-17 Markel/Evanston certificate as is.

**MOTION:** Ann Richey    **SECOND:** Dave Nunley    **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												

**E4. Alliant’s Performance Review**

The Performance Review for Alliant has been completed.

No reportable action took place.



**F. NEW BUSINESS**

**F1. ACCEL’s CSAC-EIA Representation**

Conor Boughey reported that Ann Richey sits on the CSAC-EIA Public Entity Board of Directors, and ACCEL may want to consider succession planning and involvement on the ACCEL Board and Committees.

Members asked questions and Ann Richey answered them. Beverly Jensen expressed interest.

No reportable action took place.

**F2. Fiduciary Liability Coverage Information**

Conor Boughey explained that Fiduciary Liability is coverage for a city that may make poor decisions for benefit enrollment options, investment decisions, and other decisions in which you have been entrusted to make good investment decisions. The person receiving the benefits can sue the City. This is excluded under the ACCEL Memorandum of Coverage.

The Program Administrators were instructed by the Board to bring this Item back to the December 2017 Board Meeting.

**F3. ACCEL Financial Audit Contract Renewal – Crowe Horwath**

Michael Simmons reported that Crowe Horwath has presented a two year proposal to extend the current contract for the audit years 2018 and 2019 with the same terms and conditions.

A motion was made to accept the proposal from Crowe Horwath and request to change Matt Nethaway, the current senior partner to a new partner.

**MOTION:** Patty Haymond      **SECOND:** Ann Richey      **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												



**F4. Appointing Check Signers and Approval of Resolution 1718-02**

Conor Boughey reported that a resolution needs to be approved in order to amend ACCEL’s check signers because in June 2017, the Board elected Mark Howard as President, Dave Nunley as Vice President and Sandra Blanch as Secretary. These three ACCEL Executive Committee positions have check signing authority per the ACCEL Bylaws.

A motion was made to approve the resolution appointing the check signers.

**MOTION:** Ann Richey

**SECOND:** Jena Covey

**MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												



**F5. 2018 Proposed Calendar of Meetings**

Conor Boughey reiterated that during the Executive Committee meeting that was held just a few hours before this October 2017 Board Meeting, the Committee discussed having 3 central hubs in Northern California (using the Alliant San Jose office as an option), Central Valley, and Southern California (Burbank is an option), and using Alliant Offices when able to.

Mark Howard asked each Board Member to reach out to any of the Executive Committee members about their opinions about the 3 central hub locations before the Executive Committee meets on November 15, 2017.

A motion was made to accept the calendar as is and knowing that the Executive Committee will make a recommendation at the December 2017 Board Meeting that may include edits.

**MOTION:** Ann Richey    **SECOND:** Dave Nunley    **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X
Nay												
Abstain												

**F6. Next Two Meetings Schedule**

The next two Board Meetings will in San Francisco on Thursday and Friday, December 14 & 15, 2017 starting at 1 PM on Thursday and 8:30 AM on Friday; and in Monterey on Tuesday, February 13, 2018 starting at 11 AM unless otherwise stated.

**G. CORRESPONDENCE / INFORMATION**

- G1. PARMA Conference Information**
- G2. Unmanned Aviation Risk Management, Accident Prevention, & Insurance Article**
- G3. CSAC-EIA Annual Public Entity Membership Meeting Locations**

**H. PUBLIC COMMENTS**

No Public Comments were made.



## **ADJOURNMENT**

Mark Howard adjourned the meeting at 5:33 PM on Thursday, October 12, 2017.

Mark Howard adjourned the meeting at 12:23 PM on Friday October 13, 2017.