

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, APRIL 25, 2002, 2:30 PM**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Patrick Flaherty, City of Bakersfield
Ben Bankard, City of Modesto
Mary Sue Baker, City of Monterey
David Clovis, City of Mountain View
Joe Schreckenghaust, City of Palo Alto
Brad Landreth, City of Santa Barbara
Erwin Young, City of Santa Cruz
Tom Phillips, City of Santa Monica
Charlotte Dunn, City of Visalia

GUESTS AND CONSULTANTS

William Esselstein, Meyers, Nave, Riback, Silver & Wilson
Craig Schweikhard, Carl Warren & Company
Janelle Tsujiuchi, Driver Alliant Insurance Services
Daniel Howell, Driver Alliant Insurance Services

MEMBERS ABSENT

Gordon Johnson, City of Ontario

A. CALL TO ORDER

Claims Committee Chair Mary Sue Baker called the meeting to order at 2:45 p.m.

C. REPORTS

C2. Claims Committee

The ACCEL Board of Directors entered into Closed Session pursuant to Government Section Code 54956.95.

A motion was made to go into Closed Session at 2:46 p.m.

MOTION: Ben Bankard **SECOND:** Patrick Flaherty **MOTION CARRIED**

A motion was made to reconvene from Closed Session at 3:35 p.m.

MOTION: Tom Vance **SECOND:** David Clovis **MOTION CARRIED**

Claims Committee Chair Mary Sue Baker reported that the watch list was reviewed and direction was given to counsel on the Brassinga case.

B. CONSENT CALENDAR

B1. Approval of Minutes – March 7, 2002 Board of Directors Meeting

A motion was made to approve the minutes as presented.

MOTION: Mary Sue Baker **SECOND:** Patrick Flaherty **MOTION CARRIED**

C. REPORTS

C1. President's - Appointment of Nominating Committee

Mary Sue Baker was elected the Nominating Committee and will be contacting members individually regarding committee assignments.

C2. Claims Committee's

C2b. 2002/2003 Service Fee for Carl Warren & Company

Claims Committee Chair Mary Sue Baker informed the Board that the Claims Committee met the prior week to discuss this item. A motion was made to accept the fee as presented by Carl Warren & Company in their proposal dated April 15, 2002.

MOTION: Tom Phillips **SECOND:** Patrick Flaherty **MOTION CARRIED**

C3. Financial and Treasurer's

Treasurer Patrick Flaherty reported on all financial reports.

Item C3d, the Financial Statement Ending 3/31/2002, it was requested that clarification be given on what "Premiums and D" means on page 63 of the Agenda.

A motion was made to accept and file financial reports C3a, C3b, C3c, and C3d as presented in the agenda.

MOTION: Mary Sue Baker **SECOND:** Charlotte Dunn **MOTION CARRIED**

C3f. Approval of Proposed FY 2002/2003 Budget

A motion was made to approve the Proposed 2002/2003 Budget, and to remove the word "DRAFT" from the page.

MOTION: David Clovis **SECOND:** Mary Sue Baker **MOTION CARRIED**

There was discussion by the Board to see if the Accounting Coordinator, Scott Manzer, can make himself available for the October Meeting at a Time Certain. The Treasurer is to contact Scott for his availability.

E. NEW BUSINESS

E2. Review of IBNR at 6/30/02

It was the recommendation of staff to have the Actuary, ARM Tech, Inc., re-run the report to have IBNRs as of 6/30/02 in lieu of 12/31/01, at a cost not to exceed \$1,000, to be available by the June Board Meeting.

A motion was made to accept the recommendation as presented by staff.

MOTION: Erwin Young **SECOND:** Tom Phillips **MOTION CARRIED**

E3. Legal Services Contract Renewal - Garthe

A motion was made to accept the renewal contract as proposed by Garthe at an hourly rate of \$175.

MOTION: Mary Sue Baker **SECOND:** David Clovis **MOTION CARRIED**

E5. Next Two Meetings Schedule

The Board agreed to have the June Meeting at the El Encanto Hotel. Staff was directed to finalize the arrangements and communicate the information back to the Board.

There was discussion to have the October Meeting on a Wednesday and Thursday versus a Thursday and Friday. Mary Sue Baker suggested that everyone check their calendars and availability and to have a discussion at the June Meeting on this topic.

At 4:45 p.m., a motion was made to adjourn the meeting and reconvene at 9:00 a.m. on Friday.

MOTION: Mary Sue Baker **SECOND:** Patrick Flaherty **MOTION CARRIED**

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
FRIDAY, APRIL 26, 2002, 9:00 AM**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Patrick Flaherty, City of Bakersfield
Ben Bankard, City of Modesto
Mary Sue Baker, City of Monterey
David Clovis, City of Mountain View
Joe Schreckenghaust, City of Palo Alto
Brad Landreth, City of Santa Barbara
Erwin Young, City of Santa Cruz
Tom Phillips, City of Santa Monica
Charlotte Dunn, City of Visalia

GUESTS AND CONSULTANTS

Craig Schweikhard, Carl Warren & Company
Janelle Tsujiuchi, Driver Alliant Insurance Services
Daniel Howell, Driver Alliant Insurance Services
Mike Simmons, Driver Alliant Insurance Services
John Alltop, Bickmore Risk Services

MEMBERS ABSENT

Gordon Johnson, City of Ontario

President Tom Vance reconvened the meeting at 9:00 a.m.

E. NEW BUSINESS

E6. Workers' Compensation

E6a. Optional Excess Workers' Compensation Program Renewal Status

Mike Simmons reviewed the status of the Excess Workers' Compensation market. Last year, National Union Fire (AIG) doubled ACCEL's rates despite the fact that ACCEL was entering the third year of a three-year policy. Even with this increase, ACCEL Member rates were about 66% of market rates. Mike mentioned that the ACCEL renewal submission went to market the last week of February and underwriters are considering quotes. Mike expects quotes within 2-3 weeks.

Because the California Excess Workers' Compensation market was in "disarray", staff had suggested that ACCEL explore the possibility of forming a new Workers' Compensation Shared Risk Pool Program effective July 1, 2002. ACCEL members agreed to have John Alltop of Bickmore Risk Services perform a Workers' Compensation Actuarial Study for this purpose.

E6b1 - 6

John Alltop presented his draft report at the meeting. One concern raised by the Board was that approaching Excess Insurance Markets through the pools would block ACCEL's direct access to the pool's excess market, since these markets will not look at the risk two different ways.

Another concern was expressed that either forming ACCEL's own Pool or joining a JPA would mean that ACCEL Members would have to commit to a membership in that program for a minimum of three years. Members would have preferred more time to evaluate their position before committing to something long term.

Mike Simmons described that ACCEL Members were participating in an "un-official" ACCEL Program, as this particular program was simply an Excess Group Purchase Program, where members were not pooling the risk. Because of this there may not be a need to amend the Bylaws as it states in Article XV under Optional Pooled Programs, members may choose to participate in any of these "Optional Programs".

The ACCEL Board directed staff to pursue the following options:

- Get quotations through the CPEIA Program
- Renew the Excess Policy at higher rates and SIR's
- Long term development of an ACCEL Pool if ACCEL doesn't join the CPEIA

E1. Estimated Retrospective Rating Plan Calculations - \$9,000,000 Excess of \$1,000,000 and \$500,000 Excess of \$500,000

This item is just a preliminary calculation in which IBNRs that Staff developed were used. Staff is requesting that the Board get back to them with the corrected changes to their City loss runs to have them finalized by the June Meeting. In addition, because the Actuary is going to re-run the IBNRs, this will change the preliminary calculation results.

Brad Landreth was concerned that the draft report was significantly incorrect because the losses on his report were not stratifying correctly. Staff assured that the stratification problem was fixed. There was no further discussion on this item.

E4. Approval of the ACCEL \$0.60 Pool Deposit Rate

A motion was made to approve the \$0.60 rate, with the availability to pay the excess insurance costs and administration fees from rate.

MOTION: Mary Sue Baker **SECOND:** Erwin Young **OPPOSED:** Brad Landreth

MOTION CARRIED

F. CORRESPONDENCE / INFORMATION

There was no discussion of these items.

G. PUBLIC COMMENTS - None.

H. GENERAL RISK MANAGEMENT ISSUES

Craig Schweikhard asked the Board if any members have a policy in place for usage of cellular phones in vehicles. There were no other risk management issues discussed.

There was a motion to adjourn the meeting.

MOTION: David Clovis **SECOND:** Mary Sue Baker **MOTION CARRIED**

The meeting was adjourned at 11:36 a.m.