

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
SANTA BARBARA, CA
THURSDAY, JUNE 20, 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
Ann Garcia, City of Ontario
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
Mike Simmons, Driver Alliant Insurance Services
Janelle Cabanding, Driver Alliant Insurance Services

A. CALL TO ORDER

The meeting was called to order by President Tom Vance at 2:30 p.m. Tom introduced Ann Garcia, the new Risk Manager for the City of Ontario, to attendees.

B. CONSENT CALENDAR

B1. Approval of Minutes – April 25th and 26th, 2002 Board of Directors Meeting

The minutes were reviewed with the following correction to be made on hand written page 2:

“Mary Sue Baker was ~~nominated~~ *appointed* the Nominating Committee and will be contacting members individually regarding committee assignments.”

A motion was made to approve the Minutes as submitted, with the change as noted.

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

C1. PRESIDENT'S REPORT

Tom Vance suggested that the Legend on future agendas should be changed to show that "A" means "Action may be taken" and that Program Administrators' Reports should be listed as "Action Items", not as "Information Only".

C2. CLAIMS COMMITTEE'S

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 2:43 p.m.

MOTION: Brad Landreth **SECOND:** David Clovis **MOTION CARRIED**

A motion was made to reconvene from Closed Session at 3:46p.m.

MOTION: Ben Bankard **SECOND:** David Clovis **MOTION CARRIED**

Claims Committee Chair Mary Sue Baker reported that the watch list was reviewed with the Claims Administrator and no action was taken.

C2b. Minutes from the April 22nd, 2002 Claims Committee Teleconference Meeting

The minutes were submitted as information only and no action was taken. These minutes will be approved at the next upcoming Claims Committee meeting by the Claims Committee.

C3. FINANCIAL AND TREASURER'S

As a follow up from the last meeting, Treasurer Patrick Flaherty confirmed that on prior Agenda Item C3d as included in the April Agenda, hand written page 63 and 64, the letter "D" in *Adjustments from Premiums* means "Discounts".

Patrick also followed up with the ACCEL Board that the Accounting Coordinator, Scott Manzer, and Financial Auditor from Brown Armstrong, Joan Anderson, will be in attendance at the October Meeting to present the Financial Audit.

Treasurer Patrick Flaherty reported on all financial reports.

As respects Item C3d, Budget Year-to-Date, there was a concern that Claims Administration expense may exceed the budgeted amount of \$53,000. Craig Schweikhard responded that the Carl Warren Contract contained a "not to exceed" amount of \$53,000 and assured the amount would not go over the budgeted amount, except for any special claims handling on the Brassinga Claim.

As respects Item C3f, ACCEL Deposits for FY 2002/2003; it was noted that this item was listed as an Action Item on the agenda, no action was taken, as the \$0.60 rate was approved at the April meeting.

A motion was made to accept and file financial reports C3a, C3b, C3c and C3d.

MOTION: Brad Landreth **SECOND:** Mary Sue Baker **MOTION CARRIED**

C3g. Actuary IBNR's as of June 30, 2002

The Program Administrators presented the IBNRs as provided by the Actuary, ARM Tech, Inc. Tom Phillips asked if the IBNRs were lower than the Actuary's report valued as of December 31, 2001. Program Administrators informed the Board that the IBNRs as of 12/31/01 for both ACCEL Pool Layers exceeded \$1.7 Million. With the IBNRs valued as of 6/30/02, the total for both Pool Layers is \$866,094. Program Administrators also confirmed that these IBNRs were used in the calculation process for the Retrospective Rating Program under "Retained Funds".

A motion was made to approve the IBNRs as presented.

MOTION: Brad Landreth **SECOND:** Mary Sue Baker **MOTION CARRIED**

At 5:03 p.m., a motion was made to adjourn the meeting and reconvene at 8:30 a.m. on Friday.

MOTION: Ben Bankard **SECOND:** David Clovis **MOTION CARRIED**

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
SANTA BARBARA, CA
FRIDAY, JUNE 21, 2002, 8:30 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
Ann Garcia, City of Ontario
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

Jim Patricola, City of Burbank
Mike Simmons, Driver Alliant Insurance Services
Janelle Cabanding, Driver Alliant Insurance Services

President Tom Vance reconvened the meeting at 8:35 a.m.

C5. PROGRAM ADMINISTRATORS

C5a. ACCEL Updated Website

The Program Administrators launched the updated website in May and requested feedback from members at the June Meeting. Members seemed very pleased with the new website and commented that navigation was a lot easier than the old website, and enjoyed the electronic Certificate of Request Form, which is a new feature. David Clovis suggested that an electric confirmation should be triggered when the certificate request is received from the web. Program Administrators will look into this possibility and follow up with members.

Janelle Cabanding indicated that the electronic certificate form needed fine tuning as the script was inadvertently de-coded when the form was updated. She will inform members once it is fixed.

C5b. ACCEL Service Calendar

Program Administrators reminded members that the Service Calendar is included in Board Agendas at least twice a year, which is used as a tool to show members the actions that should occur on an annual basis. Members were informed that the Calendar is available under the Members Only section of the ACCEL Website in PDF format.

C5c. Program Administrators Performance Measures

Program Administrators presented the item and self-evaluation. The Performance Measures were scheduled to be evaluated by the Executive Committee back in April. Since the Executive Committee membership may change due to new elections, President Tom Vance suggested that the Performance Measures be completed after the June Meeting once the members vote on the new Executive Committee. This item is included in the ACCEL Service Calendar and Program Administrators assured the Executive Committee would do this evaluation on time in 2003.

C6. NOMINATING COMMITTEES

C6a. Election of Officers

President Tom Vance commended Mary Sue Baker for her services as the Nominating Committee. The Board also thanked Mary Sue for doing an outstanding job communicating with members on an individual basis as respects the nominations.

Mary Sue reported back to the Board that there were recommendations and suggestions for the Claims, Finance and Underwriting Committees. The Executive Committee will schedule an Executive Committee Meeting to appoint members to each of the Committees.

As stated in Article V of the ACCEL Bylaws, the President must serve on the Underwriting Committee, the Vice President must serve as Committee Chair to the Underwriting Committee and the Treasurer must serve as Committee Chair to the Finance Committee. Article IV states the Ad Hoc Committees may be appointed by the President.

A motion was made to approve the following nominations for the Executive Committee:

Tom Vance, President
Tom Phillips, Vice President
Sandra Blanch, Secretary
Patrick Flaherty, Treasurer

MOTION: Mary Sue Baker **SECOND:** Ben Bankard **MOTION CARRIED**

D. UNFINISHED BUSINESS

D1. Optional Excess Workers' Compensation Program

Although this is not an official ACCEL Program, the Board agreed to discuss this matter during open session to accommodate the participating members, and to share such renewal information to non-participating members.

D1a. July 1, 2002 – 2003 Renewal

The Program Administrators provided a status on the renewal. Indications have been received by the California Public Entity Insurance Authority (CPEIA), Wexford and Lexington. A spreadsheet was distributed at the meeting, which summarized estimated premium rates from each of the carriers who provided indications. Participants who received quotes were Anaheim, Bakersfield, Monterey, Mountain View, Ontario, Santa Cruz and Santa Monica. Mike Simmons promised a formalized quotation to be sent to participating members by the following week.

- **Wexford (CNA Companies)** - declined ACCEL as a group, but provided quotations to cities on an individual basis. Cities who received quotes were Mountain View, Santa Cruz and Monterey. Quotations for Bakersfield and Ontario are still pending. Wexford declined Anaheim and Santa Monica. \$500,000 and \$1,000,000 SIR Options were quoted, with a Statutory Workers' Compensation Limit.
- **Lexington Insurance Company (AIG)** - provided indications to all members at a \$10,000,000 Workers' Compensation Limit subject to a \$1,000,000 Self Insured Retention.
- **CPEIA (Reinsured through American Re)** - provided quotations to members at a \$25,000,000 Workers' Compensation Limit. Indications were based on SIR options ranging from \$250,000 to \$1,000,000. CPEIA also provided minimum SIR options to certain members. The Program Administrators were able to negotiate a one-year-only commitment, as the CPEIA normally requires a 3-year commitment.

The Program Administrators recommended the Workers' Compensation Program participants to secure the renewal through the CPEIA Optional Excess Workers' Compensation Program effective July 1, 2002. Some members expressed their concerns regarding the CPEIA Memorandum of Understanding, which states the expectations of members during audit procedures.

Clarification was also needed on minimum requirements of membership to the CPEIA. The Program Administrators confirmed that CPEIA Members have the option of joining the CPEIA as an individual city or through ACCEL as a group effort, with no minimum requirements.

Members agreed to secure the ACCEL Optional Workers' Compensation Program renewal through the CPEIA Program as a group under ACCEL.

The Program Administrators suggested the ACCEL Board of Directors schedule a meeting the following week to vote on entering into the Memorandum of Understanding with the CSAC/CPEIA. Erwin Young suggested that an emergency item be added immediately to the agenda to vote on that proposed action to be taken.

A motion was made to add an emergency item to the agenda regarding ACCEL to enter into the Memorandum of Understanding with the CSAC/CPEIA.

MOTION: David Clovis **SECOND:** Ann Garcia **MOTION CARRIED**

A motion was made to execute the CPEIA Agreement for the purposes of establishing an ACCEL Group Membership into the CPEIA Optional Excess Workers' Compensation Program, with the understanding that there is a one-year commitment required for those who choose to participate in this Program, and that participants will bear all premium, material and incidental costs involved with those who formally participate.

MOTION: David Clovis **SECOND:** Ann Garcia

ABSTAIN: Brad Landreth, Ben Bankard and Joe Schreckenghaust **MOTION PASSED**

D1b. Premium Audit

Janelle Cabanding informed members that the expiring carrier, National Union Fire Insurance Company (AIG), will be requesting payroll figures to conduct the final audit on the Workers' Compensation policy. Members will be receiving a formal request letter shortly after the policy expires on July 1st.

E. NEW BUSINESS

**E1. Estimated Retrospective Rating Plan Calculation
\$9,000,000 Excess \$1,000,000 and \$500,000 Excess \$500,000**

The Final Retrospective Rating Calculations were reviewed by the Board. The Program Administrators asked members to send a letter to Patrick Flaherty no later than July 15, 2002 requesting the amounts they wish to withdraw from each Program Year. Patrick reminded members that their Retrospective Rating Returns cannot be issued until they pay their ACCEL Pool Deposit and administrative costs for the July 1, 2002 –2003 term.

Mike Simmons mentioned ACCEL is expected to self-insure for Excess Liability on July 1, 2003. He suggested that members consider the possibility of higher self insurance costs when they decide how much money to withdraw from the Authority. Mike indicated that the current \$0.60 rate may increase due to recent penetrating claims and that a new Actuarial Study will be conducted. Mike also suggested that members contact him on an individual basis if they are unsure of how much money to retain for their City.

A motion was made to approve the Retrospective Rating Calculations as presented in the agenda.

MOTION: Mary Sue Baker **SECOND:** Ben Bankard **MOTION CARRIED**

E2. Other Insurance Renewals

E2a. Public Employee Dishonesty Bond

A motion was made to approve the renewal of the Authority's bond.

MOTION: David Clovis **SECOND:** Charlotte Dunn **MOTION CARRIED**

E2b. Trustees Errors & Omissions

A motion was made to approve Option I as presented in the agenda packet:

OPTION I

\$1,000,000 Limit/\$1,000,000 Aggregate

\$5,000 Deductible/\$10,000 Aggregate

\$10,200 Annual Premium (Commission Rebate of 12.5% will be credited) plus applicable surplus taxes and fees.

Insurer: Royal Surplus lines Insurance Company

AM Best Rating: AVIII (Excellent)

MOTION: Ben Bankard **SECOND:** David Clovis **MOTION CARRIED**

E3. Conflict of Interest Code

A motion was made to approve the Conflict of Interest Code with the recommended changes.

MOTION: Brad Landreth **SECOND:** Mary Sue Baker **MOTION CARRIED**

E4. Next Two Meetings Schedule

At the April meeting, members had a discussion about possibly holding the October meeting as a one-day meeting. After discussion at the June meeting, members agreed to hold the October Meeting as a normal 2-day meeting since the Financial and Liability Claims Audits will be presented at this meeting, and members may have a discussion regarding the formation of an ACCEL Workers Compensation Shared Risk Pool.

Patrick Flaherty suggested the meeting be held at the Four Points Sheraton Hotel. Program Administrators were directed to contact the Four Points Sheraton to make arrangements and contact members once arrangements have been made.

F. CORRESPONDENCE / INFORMATION

There was no discussion on items that were included in the agenda packet. A newsletter on Driving and Cellular Phones was distributed to members and staff.

G. PUBLIC COMMENTS

There were no public comments.

H. GENERAL RISK MANAGEMENT ISSUES

Ben Bankard reminded members and staff that he is the primary contact with respect to any ACCEL business and the City of Modesto. He is requesting that correspondence via fax, telephone and email be sent to him directly, and will communicate to other persons within the City of Modesto if needed. No other risk management issues were discussed.

There was a motion to adjourn the meeting.

MOTION: Mary Sue Baker **SECOND:** Ben Bankard **MOTION CARRIED**

The meeting was adjourned at 10:31 a.m.