

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS
THURSDAY, October 11, 2012 AT 3:00 PM
FRIDAY, October 12, 2012 AT 8:30 AM
City of Anaheim, CA**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Claudia Koob, City of Mountain View
Ann Richey, City of Ontario
Mark Howard, City of Santa Barbara
Barbara Choi, City of Santa Cruz
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia
Betsy Dolan, City of Burbank-Friday October 12, 2012

MEMBERS ABSENT

Jena Covey, City of Bakersfield
Sandra Blanch, City of Palo Alto
Rhonda Combs, City of Monterey
Mary Akin, City of Modesto
Betsy Dolan, City of Burbank-Thursday October 11, 2012

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
Amy Young, Alliant Insurance Services
Keyan Aghili, Carl Warren & Company
Matthew Nethaway, Perry-Smith
Dave Nunley, City of Anaheim

A. CALL TO ORDER

President Ann Richey called the meeting to order at 3:04 p.m.

Michael Simmons introduced guests Amy Young from Alliant Insurance Services and asked Tom Vance to introduce Dave Nunley from the City of Anaheim and ACCEL's Claims Committee.



B. CONSENT CALENDAR

B1. Approval of Minutes for the June 21 & 22, 2012 Board Meeting

A motion was made to approve the minutes.

MOTION: Tom Vance **SECOND:** Mark Howard **MOTION CARRIED**

C. GENERAL RISK MANAGEMENT ISSUES

None

D. REPORTS

D1. President's Report

D1a. Committee Assignments

Ann Richey reviewed with the 2012-2013 Committee Assignments with the board. Ann explained that the Executive Committee discussed the assignments in July and the attached list of committee members were the result of that discussion.

No action needed.

D1.b Items of general interest to the members may be discussed.

None

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 3:15 PM pursuant to Government Section Code 54956.95.

MOTION: Mark Howard **SECOND:** Charlotte Dunn **MOTION CARRIED**

A motion was made to come out of closed session at 4:11 PM

MOTION: Mark Howard **SECOND:** Barbara Choi **MOTION CARRIED**

No reportable action took place during closed session.



D3. Financial and Treasurer's

ACCEL's Treasurer, Betsy Dolan, is not available to report on the financial items. Conor Boughey presented the Treasurer's items in her place.

D3a. Ratification of Disbursements

Conor Boughey reported on the Disbursements, for the months ending July 30th 2012 and August 2, 2012. He reviewed the amounts of several disbursements during these months.

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

Conor Boughey reviewed the Investment Report produced by Chandler. Conor noted that the report now states that US Bank is ACCEL's custodian, as opposed to Union Bank. Conor reported on the investment gains for each month and stated that both months were 100% compliant with ACCEL's Investment Policy.

D3c. Quarterly Financial Report as of March 31, 2012

Conor Boughey reported on the ACCEL Balance sheet as of June 30, 2012. He stated there is an error with the retro adjustment shown on the report. Mark Howard, City of Santa Barbara asked when the 6/30 numbers will be correct. Conor reported the new numbers should be corrected and ratified at the next board meeting.

No Action was taken.

D3d. Member Account Summary as of June 30, 2012

Conor advised that the June 30, 2012 Member Account Summary (MAS) report has been completed. The notable updates are Interest Earned of \$84,114, Claims payments of \$115 and Claims credit of \$856,510. Michael Simmons asked which years will switch from payroll to the retro percentage. Conor reported that the Program Year 22 is rated on payroll and all prior years are based on the result of the retro calculation. Conor reported that the transition to the retro percentage will have a large impact on the City of Ontario due to their claims in the program year.

Conor reported that the MAS report was audited by the Financial Auditors and is included as part of the audit report.

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

MOTION: Tom Vance **SECOND:** Charlotte Dunn **MOTION CARRIED**



D3e. Financial Audit as of June 30, 2012

Conor Boughey introduced Matthew Nethaway of Crowe Horwath who then started his presentation of ACCEL's 2011-12 Financial Audit.

Matthew introduced himself to the Board and then reported on the merger between of Crowe & Horwath and Perry-Smith. He described the services, procedures, and staffing provided to ACCEL. Matthew pointed out that this year there was more focus on transactions and revenues. Matthew reported that he is issuing an unqualified opinion for 2011-12 audit, which is a good thing.

Tom Vance from the City of Anaheim asked if Alliant wrote the MD&A and does Crowe Horwath then review. Michael Simmons answered that Alliant does write the MD&A based on the financial information sent to Crowe Horwath.

Matthew continued to report noting that on page 8 of the Audit, the Net Assets significantly decreased to \$16,987,897 from \$19,436,467 in 2011. The retrospective rating refund was the primary contributing factor to this reduction. Conor reported that from a Member's perspective this would be a good thing because more funds are available to withdraw, but from the standpoint of ACCEL, that money is now posted as a large liability. Matthew continued to say that the overall health of pool has not changed. Michael Simmons stated that the Financial Equity Ratios and Benchmarks will be presented by Conor Boughey at the next Board meeting in December.

Matthew brought the Board's attention to the Notes to Basic Financial Statements and reported that the footnote "Reconciliation of Unpaid Claim" amount is an estimate based on actuarial reports and compares year to year and re-estimates, which shows positive claim development and impacts current operations. He noted liability did shrink somewhat.

The Board discussed the \$100,000 noted on the balance sheet with Matthew Nethaway and directed Alliant to remove the \$100,000 from balance sheet and list that amount as a footnote.

MOTION: Tom Vance **SECOND:** Mark Howard **MOTION CARRIED**

A motion was made to accept the ACCEL 2011-2012 Financial Audit.

MOTION: Tom Vance **SECOND:** Mark Howard **MOTION CARRIED**

D3f. ACCEL Projected Cash Flow Obligations as of June 30, 2012

Conor Boughey reported that due to 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. ACCEL's current short term balance is \$15,201,739, which is 36% of the total

investments. When long term assets perform better than short term, the ideal percentage would be 20%.

Members discussed the fund balances and no action was taken.

No action needed

D4. Program Administrator's

D4a. Emerging Risks Presentation

Michael Simmons stated he will present the Emerging Risks Presentation at the next ACCEL Board meeting.

D4b. Summary of Coverage

Conor Boughey presented the Summaries of Coverage for Liability and Workers Compensation coverage for the 2012-2013 Program Year. Conor reported that these are the major insurance lines provided through ACCEL, but some members may purchase additional lines of coverage separately.

No action necessary.

D4c. PEP/IP Pollution Best Reporting Practices

Michael Simmons reported on the PEP/IP Pollution Best Reporting Practices guideline. Michael reviewed the item with the Board and discussed how the pollution policy offered through PEP/IP is shared limits. Michael reported on the details of the coverage and emphasized the importance of reporting claims quickly. Michael pointed out that the report includes Michael and Conor's cell phone numbers, and to call as soon as possible whenever a claim occurs.

No action necessary.

D5. Underwriting Committee's

D5a. Report from the September 11, 2012 Underwriting Committee Meeting

Tom Vance reported on the findings of the ACCEL Underwriting Committee meeting held on September 11, 2012. City of Monterey-Fire Services to Monterey Airport, the Committee did not see a problem with coverage and announced their support of the City of Monterey's desire to expand their fire services. Tom stated the firefighters of Monterey do not provide medical service at the airport.

Tom continued to report on the City of Monterey's request of the Underwriting Committee regarding coverage of a Neighborhood Improvement Program within the Neighborhood



Association. Tom reported that further confirmation is needed. The Committee told opinion to Rhonda Combs, City of Monterey that there is not coverage by ACCEL due to a neighborhood ordinance pending further confirmation. The Committee deemed neighborhoods, in their opinion, to be separate legal entities.

Additionally, Tom reported on the City of Mountain View & Palo Alto Joint Safety Services Agreement. Tom asked Claudia Koob from the City of Mountain View to present this issue to the Board. Claudia outlined to the Board that the Fire Marshalls and Police Chiefs for City of Los Altos, Sunnyvale, and Palo Alto are proposing to share resources for major events. The Board discussed if there is an Authority and details and history surrounding contractor situations. Claudia explained events of the Santa Clara Stadium for the San Francisco 49ers and the need for Police from the City of Mountain View to support events. There are five different Police Entities proposing to share resources.

No action was taken; information only.

E. Unfinished Business

E1. CSAC-EIA- Subsidy Funds

Conor reported the Subsidy Funds available through CSAC-EIA and noted a small rate increase per member. Conor reported that these funds have been requested from CSAC-EIA and payment to the Members is in process.

No action was taken.

E2. 2012 retrospective rating Refund requests

Conor Boughey updated the board with the actual refund requests received, compared to the previously reported intentions. The agenda packet contains the actual funds requested. Conor noted the City of Modesto's actual retro amount was \$300,000 compared to the \$200,000 initially indicated. He also reported the refund request from the City of Palo Alto has not been received to date. Conor reported ACCEL's Total Retrospective available amounts. The Board commented and questioned on the amounts and Conor addressed their concerns.

No action was taken.

E3. Claims Auditor Contract Renewal

Conor Boughey reported that at the June Board meeting, Tim Farley's contract was up and that Mr. Farley did agree to flat rate renewal. The Board reviewed the amendment date to renew, contract details, and costs. The Board discussed and agreed further discussion is necessary on this topic and has requested the ACCEL Claims Committee research all options discussed by the Board regarding a potential rotation of audits, or another method of improving the audit format.



A motion was made to delegate authority to Ann Richey to enter into the proposed contract extension.

MOTION: Tom Vance

SECOND: Charlotte Dunn **MOTION CARRIED**

F. New Business

F1. Legal Fee Recap-Policy and Procedure Development

Conor Boughey reported comparison information from pools most similar to ACCEL regarding the Board's options to have a legal fee cap as a policy. Members discussed in detail the pros and cons and past scenarios as example. Conor Boughey stated as example the CARMA pool, the most similar to ACCEL that they do not dictate a maximum legal fee. He presented CSURMA/AORMA as a primary pool example. Michael Simmons explained to the Board the structure and history of the workings of CSURMA/AORMA. Mike stated the obstacles of costs with listing a cap when legal fees are involved. President Ann Richey reported specific examples she is familiar with and asked to know the SIR. Deb Hossli, City of Santa Monica asked the history, volume and questioned the authority of ACCEL to control these costs. Ann Richey discussed the City of Ontario billing and rates, and stated Ontario does not have an internal attorney. Mark Howard, City of Santa Barbara commented on what drives these rates and suggested a preferred rate structure to be used as a tool to control costs. Members discussed how much control the board has on these costs. The board agreed this is a good future topic of discussion.

No action was taken.

F2. 2013 Proposed Calendar of Meetings

Conor Boughey presented the 2013 Proposed Calendar of Meetings to the Board. Members discussed city locations. Tom Vance requested to hear from members of the City of Santa Cruz and the City of Visalia if they would like to host future meetings as scheduled. Various members spoke stating the importance of meeting locations relative to location of airports. Members agreed to leave meeting as scheduled in Visalia. Conor asked members to name a back up location. Members discussed hotel options in different member cities.

A motion was made to accept the 2013 calendar as presented.

MOTION: Tom Vance

SECOND: Mark Howard **MOTION CARRIED**

F3. Next Two Meeting Schedules

Conor Boughey reviewed the schedule of the next two meetings. Members confirmed they do want a Sunday rate negotiated for the San Francisco meeting.

No action was taken.



G. Correspondence/ Information

G1. Risk Report

No discussion.

G2. Workers Compensation reform

No discussion.

H. Public Comments

There were no public comments.

Ann Richey adjourned the meeting at 11:00 AM.