

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

**Thursday, March 19, 2020 at 1:00 PM
Friday, March 20, 2020 at 8:30 AM**

**PRIMARY LOCATION:
Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111**

MEMBERS PRESENT:

Tracey Matthews, City of Anaheim
Jena Covey, City of Bakersfield
Christina Alger, City of Modesto Alternate
Michael Andersen, City of Monterey
Claudia Koob, City of Mountain View
Jeannette Chavez, City of Ontario (*Thursday, March 19, 2020 only*)
Sandra Blanch, City of Palo Alto
Mark Howard, City of Santa Barbara
Ross Brandon, City of Santa Cruz Alternate
Oles Gordeev, City of Santa Monica
Charlotte Dunn, City of Visalia (*Thursday, March 19, 2020 only*)

MEMBERS ABSENT:

Betsy McClinton, City of Burbank
Chris Callihan, City of Salinas Alternate

GUESTS AND CONSULTANTS:

Mike Harrington, Bickmore Actuarial (*Thursday, March 19, 2020 only*)
David Kim, Bickmore Actuarial (*Thursday, March 19, 2020 only*)
Greg Beaulieu, Bickmore Actuarial (*Thursday, March 19, 2020 only*)
Ken Maiolini, Risk Management Services (*Thursday, March 19, 2020 only*)
Sarin Aladabi, City of Monterey (*Thursday, March 19, 2020 only*)
Rafael Albarran, City of Monterey Alternate (*Friday, March 20, 2020 only*)
Michael Simmons, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services



A. CALL TO ORDER

Jena Covey called the meeting to order at 1:05 PM on Thursday, March 19, 2020.
 Jena Covey called the meeting to order at 8:31 AM on Friday, March 20, 2020.

B. CONSENT CALENDAR

B1. Approval of Minutes for the January 23 and 24, 2020 Board Meeting

B2. Investment Policy and Procedure - Amended January 23, 2020

B3. Revised Crowe LLP Financial Audit Contract for 2020 and 2021

A motion was made to approve the consent calendar.

MOTION: Mark Howard **SECOND:** Michael Andersen **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X		X	X	X	X
Nay													
Abstain													

C. GENERAL RISK MANAGEMENT ISSUES

The Board opened the meeting for Members to bring forward any general risk management issues they would like to discuss. Mark Howard, City of Santa Barbara stated that the City is looking into a city run power grid. He asked if the other Members are considering this and whether this needs to be brought to the ACCEL Underwriting Committee. Jena Covey from the City of Bakersfield recommended that this topic should be deferred to the Underwriting Committee for further discussion.

Oles Gordeev, City of Santa Monica asked the other Members what their course of action is for the Workers' Compensation claims that will be filed due to COVID-19. Jena Covey from the City of Bakersfield recommended to obtain a copy of the Liebert Cassidy Whitmore recorded webinar about this issue.



D. REPORTS

D1. President's Report

D1a. Appointment of Nominating Committee

Claudia Koob and Oles Gordeev were nominated to be the Nominating Committee and will survey the Board for officer nominations for the following fiscal year and then report those nominations at the June 2020 Board Meeting.

D2. Executive Committee's Report – None

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 1:56 PM.

MOTION: Oles Gordeev **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X		X	X	X	X
Nay													
Abstain													

A motion was made to come out of Closed Session at 2:30 PM.

MOTION: Mark Howard **SECOND:** Claudia Koob **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X		X	X	X	X
Nay													
Abstain													

Jena Covey reported out of Closed Session that direction was given to the Claims Administrator on two of the agendized claims.



D4a-e. Financial and Treasurer's Report

Michael Andersen and Conor Boughey presented the financial items.

Conor Boughey noted that the Member Account Summary Report as December 31, 2019 is the second quarter of the current fiscal year. The report shows that no retros were taken, allocated loss adjustment expenses were applied to three claims, and the interest earned in the second quarter.

Conor reminded the Board that at the January 2020 Board Meeting, the Board took action to transfer \$8,000,000 from ACCEL’s long term investment accounts with Chandler to its short term investment account with LAIF. He pointed out that the subsequent transfer is reflected in the ACCEL Project Cash Flow Obligations Report included in the agenda packet.

A motion was made to approve the financial reports.

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

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X		X	X	X	X
Nay													
Abstain													

D5. Finance Committee’s Report

D5a. ACCEL’s Financial Plan & Re-opening Closed/Frozen Years

Michael Simmons and Conor Boughey reported that ACCEL is in the process of approving and paying claims from two older program years: PY 87/88 and PY 91/92. ACCEL’s Financial Plan Policy and Procedure governs the prior Retrospective Rating Plan (RRP) calculation that was in effect for these years. Due to some of the language contained in the policy, ACCEL’s Finance Committee is seeking direction from the Board on how to clarify the language.

Michael Simmons reminded the Board that a shared risk pool can never really close a program year (unless all liabilities are transferred to another entity). A year can always be reopened for claims payments due to an occurrence during that coverage period. Calculating the RRP is complex and time consuming so the policy was amended to make that ongoing process easier by “administratively” closing years and locking in the Member’s percentage. For the years being discussed, PY 87/88 is administratively “closed” by ACCEL Resolution 04/05-08, closing PY 1-5 through 90/91, and PY 91/92 is administratively frozen by Board Action at the June 2017 Board Meeting.



A motion was made to delegate to the Finance Committee to review and propose changes to the Financial Plan Policy and Procedure and agendize it at the June 2020 Board Meeting. Also, direction was given to the Program Administrators to notify the City of Gardena of its assessment.

MOTION: Michael Andersen **SECOND:** Claudia Koob **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X			X	X		X		X	X	X	X
Nay													
Abstain													

D5b. Recognition of Retro Liabilities & Claims Expense Reinvestment Plan

Michael Simmons and Conor Boughey reported that as a result of ACCEL’s claims experience and liability claim trends, ACCEL’s net position has deteriorated. ACCEL’s retro calculation allows Members to maintain a balance with ACCEL to capture and pay for claims, but that fund has also been reduced. If Members choose to pay for their contributions to the “Uller Matter” out of the retro funds, there will likely be little to no funds available for any future adverse development. Also, it is likely that ACCEL will enter a period of a negative net position and individual Members may receive assessments.

The Board discussed this issue, and Mark Howard made a motion to direct the Finance Committee to create options for short term and long term payment plans for outstanding liabilities and a ‘recovery plan’ to rebuild ACCEL’s net position.

MOTION: Mark Howard **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X			X	X		X		X	X	X	X
Nay													
Abstain													

D6. Underwriting Committee’s Report - None

D7. Program Administrator's Report

D7a. Updates of the Insurance Requirements in Contracts (IRIC) Manual

Daniel Howell reported on the recent updates to the Insurance Requirements in Contracts (IRIC) Manual that includes updated sections about following form excess coverage, Owner's and Contractors Protective Coverage (OCP), cash receipts and handling with Fidelity Bonds and Crime Insurance, and a new chapter on schools and other youth servicing organizations.

Members asked questions which were addressed.

D7b. ACCEL's Target Equity Ratios

Conor Boughey presented ACCEL's Target Equity Ratios report. Conor reminded the Board that this report is reviewed annually and a requirement of CAJPA's Accreditation with Excellence.

Conor discussed the current financials of ACCEL, the deteriorating net position, and the causing factors. ACCEL's net position decreased significantly due to large increases in claim reserves and payments. As a result, ACCEL continues to struggle to achieve its self-imposed guidelines, and the Board plans to address the long term financing of ACCEL at the upcoming Long Range Planning. Members are recommend to maintain their retro funds within ACCEL and continue to take action to further restrict available returns.

The Program Administrators will update the report for the Long Range Planning.

No reportable action took place.

E. UNFINISHED BUSINESS

E1. City of Modesto Claims Reporting Letter Update

Conor Boughey reminded the Board that at the January 2020 Board Meeting, the Board directed the Program Administrators to hand deliver a letter addressing ACCEL's claims reporting requirements to the City of Modesto.

Conor provided a verbal update that the Program Administrators met with the City of Modesto's City Manager to discuss ACCEL's claims reporting requirements.

E2. ACCEL Earthquake Placement Status

Conor Boughey reported that at the January 2020 Board Meeting, the Board took action to move forward on an ACCEL earthquake placement with the five Members who currently buy and allow other Members to join at a later time. The five Members who currently buy are the Cities of Anaheim, Ontario, Mountain View, Santa Barbara, and Santa Monica. Since that time, the Program Administrators have conducted initial marketing and a review of current placements. As a result, there is no reason to pursue an ACCEL earthquake placement. While there is benefit to be able to share limits, the additional premium is substantial. When the Program Administrators reviewed the modeling with underwriters, the modeling showed heavy exposure in Southern California, without substantial diversification across California.

No reportable action took place.

E3. Cyber Liability Talking Points

Conor Boughey reminded the Board that at the January 2020 Board Meeting, the Board directed the Program Administrators and Jena Covey to work together on a sheet of cyber liability talking points for Members to bring back to their Cities' proper departments for discussion.

Subsequent to the January 2020 Board Meeting, that Program Administrators discovered that it is better for the Members to purchase higher cyber liability limits through other markets rather than an ACCEL cyber liability group purchase. Members were directed to reach out to Conor if interested in purchasing higher limits.

No reportable action took place.

E4. ACCEL Bank Contracting Officer

Conor Boughey reported that at the October 2019 Board Meeting, the Board made a motion to approve Daniel Howell, the Program Administrator as the Contracting Officer. Also, direction was given to the Program Administrators to revise the Accounting Guide Policy and Procedure and the Disbursement and Transfer Guide Chart.

Conor walked through changes made to the Accounting Guide Policy and Procedure and the Disbursement and Transfer Guide Chart.

A motion was made to approve the changes to the Accounting Guide Policy and Procedure and Disbursement and Transfer Guide as presented in the agenda packet.



MOTION: Michael Andersen

SECOND: Claudia Koob

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X			X	X		X		X	X	X	
Nay													
Abstain													

E5. Excess Liability Program Renewal Expectations

Daniel Howell reported that for the ACCEL Excess Liability Insurance Program renewing July 1, 2020, all the applications are out and Alliant is discussing renewal terms with the incumbent markets. All Members participate in a purchased Excess Liability Insurance Program to \$45,000,000 excess of \$5,000,000 (except the City of Salinas purchased to \$30,000,000) with some Members purchasing additional limits.

Dan noted that the insurance market continues to harden and carriers are likely to lower their capacity in the current ACCEL excess liability tower or leave the California liability insurance market altogether. Members are expect to see at least a 30% increase in pricing in the excess tower and the actuarially derived pooled rate is also increasing more than 20%.

A motion was made to delegate authority to the ACCEL President and Vice President to bind coverage within 10% of the estimated pricing up to \$50,000,000 for ACCEL’s Excess Liability Insurance Program.

MOTION: Mark Howard

SECOND: Tracey Matthews

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X			X	X		X		X	X	X	
Nay													
Abstain													



E6. Optional Excess Workers’ Compensation Renewal

Conor Boughey discussed that ACCEL’s Members have the option to join CSAC-EIA through a ‘group purchase’ (ACCEL has no risk sharing for Workers’ Compensation). Each Member is able to select its individual self-insured retention (SIR) and can be billed directly by CSAC-EIA. The CSAC-EIA Excess Workers’ Compensation Program renews on July 1, 2020 for the 11 Members who participate. The estimated renewal pricing attached in the agenda packet is as of March 2020.

F. NEW BUSINESS

F1. 2020 Actuarial Report Approval

Mike Harrington, ACCEL’s Actuary, presented the 2020 Actuarial Report. The Actuarial Report has been prepared based on the December 31, 2019 loss runs and will be used for the June 30, 2020 liability rates.

A motion was made to accept the report as presented.

MOTION: Mark Howard **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X		X	X	X	X
Nay													
Abstain													



F2. Draft FY 20/21 Administration Budget

Conor Boughey presented the draft FY 20/21 Administration Budget. The draft budget is always presented at the March Board Meeting and brought back to the June Board Meeting for adoption as final.

Conor noted that the Program Administration, Claims Administration, and Claims Auditor fees have been adjusted to match the current term of each contract. The budget has a slight decrease overall which is primarily due to the one time CAJPA Tort Liability Project funding from the FY 19/20 Administration Budget.

A motion was made to approve the draft as final so there is no need to bring back in June.

MOTION: Mark Howard **SECOND:** Michael Andersen **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Chris Callihan	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X		X		X	X	X	
Nay													
Abstain													

F3. Draft Retrospective Rating Calculation

Conor Boughey presented the draft 2020 Retrospective Rating Calculation. He stated that at the June 2017 Board Meeting, the Board took action to administratively freeze fiscal years up to 2007/08, and the calculation shows the prior funds on account, rolling forward to the 2008/09 year.

Conor reminded the Board that at the June 2019 Board Meeting, the Board took action to establish a \$6,000,000 restricted reserve. In the draft included in the agenda packet, the Program Administrators unrestricted the funds and returned it.

The final 2020 Retrospective Rating Calculation will be presented at the June 2020 Board Meeting and will be updated with the final Incurred But Not Report (IBNR) from ACCEL’s Actuarial Study.

No reportable action took place.

F4. Member Declarations Page – Additional Named Parties

Conor Boughey reported that the Board annually reviews its Additional Named Parties on the Members' Declaration Pages. The Board reviewed and has no amendments to the list provided in the agenda packet.

No reportable action took place.

F5. Long Range Planning

Conor Boughey stated that the Long Range Planning (LRP) will be held on October 8, 2020 at 8:30 AM in Visalia in conjunction with the October 8 and 9, 2020 Board Meeting. Members will travel to the meeting location the night before. The agenda packet included LRP topics such as pool funding, ACCEL's retained layer, actuarial rates, recent claims experience, amending ACCEL's Memorandum of Coverage to address the exposure of concussions and sexual abuse and molestation, and investing in ACCEL.

Direction was given to the Program Administrators to send the Members potential proposed structures of self-insured retentions (SIR) increases so that the Members that can provide that to their actuaries for the City's actuarial study.

F6. Schedule of the Next Two Board of Directors Meetings

The next Board Meeting will be held on Thursday, June 18, 2020 at 1:00 PM and Friday, June 19, 2020 at 8:30 AM, unless otherwise stated. The June 2020 Board Meeting might be an in-person meeting in San Jose or a video conference via Zoom depending on the travel restrictions due to COVID-19.

The following Board Meeting is scheduled to be in conjunction with the Long Range Planning on Thursday, October 8, 2020 and Friday, October 9, 2020 in Visalia. However, due to moving the in-person March 2020 Board Meeting in Burbank to a video conference, the Board may choose to go to Burbank in October.

The Board agreed to keep the location of the October 2020 Board Meeting and Long Range Planning open until more is known about travel restrictions due to COVID-19.

The Program Administrations will ask the Hilton Garden Inn Burbank to waive all fees associated to the ACCEL Room Block Contract due to the mandatory shelter in place.



G. CORRESPONDENCE / INFORMATION

G1. CAJPA Conference (2019 Schedule) – No discussion on this item was made.

G2. ACCEL 2019 CSAC EIA Member Annual Report - No discussion on this item was made.

H. PUBLIC COMMENTS – There were no public comments.

ADJOURNMENT

Jena Covey adjourned the meeting at 4:35 PM on Thursday, March 19, 2020.

Jena Covey adjourned the meeting at 10:52 AM on Friday, March 20, 2020.