



ACCEL BOARD OF DIRECTORS MEETING

Day 1 - Thursday, January 21, 2021 at 9:00 AM

Day 2 - Friday, January 22, 2021 at 9:00 AM

LOCATION:

Teleconference

Day 1 –

Link: <https://alliantinsurance.zoom.us/j/94705560069?pwd=S1ZtMVg4YXJSTmhFdis3OGtsc2gwUT09>

Dial: (669) 900-6833

Meeting ID: 947 0556 0069

Passcode: 835429

Day 2 –

Link: <https://alliantinsuance.zoom.us/j/96699149584?pwd=SlpZVlVHNmVlai9HNGgvbXlDR0c0QT09>

Dial: (669) 900-6833

Meeting ID: 966 9914 9584

Passcode: 859143

MEMBERS PRESENT:

Tracey Matthews, City of Anaheim

Jena Covey, City of Bakersfield *(Thursday, January 21, 2021 only)*

Jiles Smith, City of Modesto

Michael Andersen, City of Monterey

Claudia Koob, City of Mountain View

Sandra Blanch, City of Palo Alto

Rhonda Combs, City of Salinas

Mark Howard, City of Santa Barbara

Ross Brandon, City of Santa Cruz Alternate

Oles Gordeev, City of Santa Monica

MEMBERS ABSENT:

Betsy McClinton, City of Burbank

Jeannette Chavez, City of Ontario

Charlotte Dunn, City of Visalia

GUESTS AND CONSULTANTS:

Sarin Aladadi, City of Monterey *(left at 10:57 AM on Thursday, January 21, 2021)*

Theresa St. Peter, City of Ontario *(Thursday, January 21, 2021 only, left at 10:57 AM)*

Robert Powers, R.E. Powers & Company LLC *(Thursday, January 21, 2021 only, left at 10:57 AM)*

Carlos Oblites, Chandler Asset Management *(Friday, January 22, 2021 only, left at 9:40 AM)*

Ken Maiolini, Risk Management Services *(Thursday, January 21, 2021 only)*

Sandy Manzoni, George Hills Company

Michael Simmons, Alliant Insurance Services



Daniel Howell, Alliant Insurance Services
 Conor Boughey, Alliant Insurance Services
 Lorissa Huey, Alliant Insurance Services
 Marcus Beverly, Alliant Insurance Services (*left at 10:50 AM on Thursday, January 21, 2021*)

A. CALL TO ORDER

Jena Covey called the meeting to order on Thursday, January 21, 2021 at 9:00 AM.
 Mark Howard called the meeting to order on Friday, January 22, 2021 at 9:01 AM.

B. CONSENT CALENDAR

- B1. Approval of Minutes for the October 6, 7, & 8, 2020 Board of Directors Meeting**
- B2. Approval of Minutes for the October 22, 2020 Special Board of Directors Meeting**
- B3. Alliant Crime and Errors & Omissions Liability Certificates**

A motion was made to approve the consent calendar.

MOTION: Michael Andersen **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordecv	Charlotte Dunn
Aye	X	X		X	X	X		X	X	X	X	X	
Nay													
Abstain													

C. GENERAL RISK MANAGEMENT ISSUES

Jena Covey, City of Bakersfield asked the Board about COVID-19 reporting requirements and vaccinations with fire personnel. Ross Brandon at the City of Santa Cruz stated that he will send Jena information for reporting. Members also discussed each agencies’ approach to handling COVID-19 time off from work, whether it would be paid time off, sick time, or another category of compensation.

Michael Andersen, City of Monterey announced that he has accepted a new opportunity at the County of El Dorado and this would be his last ACCEL Board Meeting.



D. REPORTS

D1. President's Report

D1a. Board Member Peer Program

Jena Covey reported that when there is a new Board Member, a seasoned Board Member could collaborate with the new Board Member for mentoring purposes. She requested that if any new Board Member is interested to let her know.

D2. Executive Committee's Report

D2a. Election of Treasurer

The ACCEL Treasurer position held by Michael Andersen at the City of Monterey will be vacant because he is leaving the City for a new opportunity. The floor was opened for nominations.

A motion was made to elect Oles Gordeev as the new ACCEL Treasurer.

MOTION: Jena Covey

SECOND: Michael Andersen

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X		X	X	X	X	X	
Nay													
Abstain													



D2b. ACCEL Program Administration Contract Extensions

The current Program Administration Contract period began on July 1, 2016 and included a five-year contract through June 30, 2021, as well as up to five optional year extensions. The Program Administrators proposed the option for a three-year extension, leaving two remaining years for future evaluation. The Executive Committee met on December 8, 2020 to discuss and took action to make a recommendation to approve the extensions as proposed.

A motion was made to delegate authority to the Executive Committee to negotiate the ACCEL Program Administration Contract and enter into an agreement. Direction was given to place the agreement on the consent calendar for the March 2021 Board Meeting.

MOTION: Michael Andersen **SECOND:** Sandra Blanch **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X			X	X	X		X	X	X	X	X	
Nay													
Abstain													

D3. Claims Committee's Report

D3a. 2020 Liability Claims Audit

Robert Powers, ACCEL’s Claim Auditor walked through the draft of the 2020 Liability Claims Audit. He noted that all Members were audited, except for the City of Anaheim. The City of Anaheim was scheduled for an in person audit visit by Robert, but due to local health orders effective December 7, 2020, it cannot be completed at this time.

The Claims Committee met on December 14, 2020 to review the draft audit and it took action to recommend to the Board to accept the audit as presented with the condition that the City of Anaheim’s report does not have any substantial change from the prior year.

A motion was made to accept the 2020 Liability Claims Audit as presented. Also, authority was delegated to the Claims Committee to accept the City of Anaheim supplemental report if there are no issues and if there are issues, direction was given to bring it back to the Board.



MOTION: Mark Howard **SECOND:** Oles Gordeev **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X		X	X	X	X	X	
Nay													
Abstain													

D3b. Claims Auditor Contract Term

Conor Boughey reported that the current Claims Auditor Contract with Robert Powers at R.E. Powers & Company LLC was executed in 2018 for a three-year term and will expire after Robert presents the Claims Audit to the Board at the January 2021 Board Meeting.

The Claims Committee met on December 14, 2020 to discuss Robert’s contract and took action to make a recommendation to the Board to consider a two-year extension with a one-year additional option.

A motion was made to delegate authority to the Claims Committee to enter into a new contract and to place the contract on the consent calendar for the March 2021 Board Meeting.

MOTION: Michael Andersen **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X		X	X	X	X	X	
Nay													
Abstain													



D3c. Brower Law Group Fee Increase Authorization

Conor Boughey reported that the Board previously authorized a \$25,000 budget for payments to the Brower Law Group to assist ACCEL and the City of Anaheim with a claim. The payments to date have passed the budgeted authority level.

At the December 14, 2020 Claims Committee Meeting, the Committee made a motion to recommend to the Board to increase the authorization amount to \$150,000.

A motion was made to increase the authorization amount to \$300,000.

MOTION: Mark Howard **SECOND:** Sandra Blanch **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X		X	X	X	X	X	
Nay													
Abstain													

D3d. George Hills Closed Session Template

Conor Boughey reminded the Board that at the October 2020 Board Meeting/Long Range Planning, the Board discussed making changes to the George Hills Closed Session Template.

At the December 14, 2020 Clams Committee Meeting, the Committee reviewed the template and made suggestions for improvement.

Ken Maiolini, ACCEL’s Claims Administrator commented that he incorporated the changes in the Closed Session Write Ups for the January 2021 Board Meeting and asked Members to provide feedback.

No reportable action took place.



D3e. Claims Reimbursement Requests – Defense Fees

Marcus Beverly reported that ACCEL recently reviewed several cases in which the attorney’s working on behalf of ACCEL have charged high hourly rates, sometimes exceeding \$500 per hour. Members have requested an update to the section on Claims Reimbursement Requests in ACCEL’s Claims Reporting and Handling Policy and Procedure to address reimbursement of defense fees, including the maximum hourly rates allowed for certain types of litigation. The need for more detailed criteria, and a process for reimbursement of defense bills, has become more necessary in recent years due to a number of factors, including: (1) the increased cost of litigation has pushed some defense bills over the Member’s SIR, (2) increased settlement costs have exceeded ACCEL’s SIR and brought new excess insurance scrutiny on reimbursement requests, and (3) the growing disparity in fees charged by some firms as compared to others.

The Claims Committee met on January 14, 2021 to discuss this item and gave direction to the Program Administrators to add a proposed attorney panel template and wording to the Policy and Procedure that allows a Member to request an exception with the set attorney fees.

The Board reviewed the redline version of the Claims Reporting and Handling Policy and Procedure with proposed changes.

Direction was given to bring this item back to the Claims Committee to establish an attorney defense panel and work with Ken, ACCEL’s Claims Administrator to make recommendations. The Program Administrators will survey the Board on which attorney firms and rates that the Members use. The Board also requested that the word, “Advance” be deleted on page 5 of the Policy and Procedure where it states, “Per Advance Board Approval.”

D3f. CLOSED SESSION – Pursuant to Gov't Code 54956.95

A motion was made to enter into Closed Session at 10:57 AM.

MOTION: Jiles Smith **SECOND:** Mark Howard **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	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 12:10 PM

MOTION: Mark Howard **SECOND:** Jena Covey **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X		X	X	X	X	X	
Nay													
Abstain													

Oles Gordeev, Claims Committee Chair reported out of Closed Session that the Board took action on the agendized claims.

D4a-e. Financial and Treasurer's Report

Michael Andersen and Conor Boughey walked through the financial items.

Included in the agenda packet was the Member Account Summary as of September 30, 2020 which is the first quarter of FY 20-21. To advance from one program year to the next, the Program Administrators complete the “roll up” process. This requires moving all “current year” revenues and expenses to the “prior years” section of the report.

A motion was made to approve the financial items as presented.

MOTION: Tracey Matthews **SECOND:** Oles Gordeev **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X			X	X	X		X	X	X	X	X	
Nay													
Abstain													



D5. Finance Committee’s Report

D5a. Chandler Asset Management - Investment Report

Carlos Oblites from Chandler Asset Management presented on ACCEL’s investments. Members asked questions and Carlos answered them as they arose.

No reportable action or direction took place.

D5b. ACCEL’s Investment Policy: Proposed Changes

Conor Boughey reported that annually the Program Administrators asks Chandler Asset Management to review ACCEL’s Investment Policy and advise if there are any suggested changes. The Finance Committee met on January 20, 2021 to review the proposed changes made by Chandler and took action to make a recommendation to the Board to approve the changes.

A motion was made to approve the changes as presented in the agenda packet.

MOTION: Michael Andersen

SECOND: Tracey Matthews

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye	X			X	X	X		X	X	X	X	X	
Nay													
Abstain													

D5c. ACCEL Finance Directors Webinar Feedback

Conor Boughey reminded the Board that the Program Administrators hosted a live and recorded webinar on December 7, 2020 for the Board and the Cities’ Finance Directors regarding “ACCEL’s Response to Skyrocketing Municipal Liability Costs and Long Range Financial Plan.”

Members provided the Program Administrators positive feedback.

D5d. Verbal Report from Meeting held on January 20, 2021

There was no discussion on this item.

D6. Underwriting Committee's Report

D6a. Electrical Distribution Grids

Conor Boughey reported that some California cities are proposing new ways to provide green energy to their residents. While some cities have provided Community Choice Energy options, others are going further and working with partners to create green energy power generation and distribution. Each of these scenarios may be structured in a unique way and should be discussed with Alliant.

Direction was given to the Program Administrators to draft a series of questions so that the Members can go back to their respective Cities' Departments to ask the appropriate questions. Alliant will aggregate the responses and bring it back to the Board for further discussion.

D6b. Review of Rating Plan Calculation: Corridor Deductible Treatment

Conor Boughey reported that ACCEL's governing document that outlines how the Rating Plan Calculation (RPC) will treat claims is the Financial Plan. The Financial Plan applies a claim cap at \$4,000,000 per claim, which is the same as the ACCEL retained layer. As ACCEL retains more risk within the pooled layer, the Board may want to consider increasing the claim cap to match ACCEL's retained risk. If there is a corridor deductible in that year, the retained amount may change depending on the exhaustion of the corridor deductible.

This item was brought to the Underwriting Committee and Finance Committee and both the Committees took action to make a recommendation to the Board to create an Ad Hoc Committee consisting of one large Member, one small Member, and key players from the Underwriting Committee and the Finance Committee to discuss this item.

A motion was made to create an Ad Hoc Committee consisting of the following Members:

Oles Gordeev, City of Santa Monica
Mark Howard, City of Santa Barbara
Charlotte Dunn, City of Visalia
Sandra Blanch, City of Palo Alto
Jiles Smith, City of Modesto

Also, direction was given to ask Mike Harrington, ACCEL's Actuary to attend the Ad Hoc Committee Meetings and for the Program Administrators to obtain information from other JPAs such as PRISM GL1 and CJPRMA of their rating plans.



MOTION: Michael Andersen **SECOND:** Sandra Blanch **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Jiles Smith	Michael Andersen	Claudia Koob	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordecv	Charlotte Dunn
Aye	X			X	X	X		X	X	X	X	X	
Nay													
Abstain													

D7. Program Administrator’s Report

D7a. 2021 State of the Market Report

Marcus Beverly presented the 2021 State of the Market Report. Members asked questions which were addressed.

The Program Administrators will post a copy of the report on the ACCEL website.

E. UNFINISHED BUSINESS

E1. Service Provider Survey Results

Conor Boughey reported that the annual Service Provider Surveys were sent out on November 1, 2020 by Alliant staff, Mary Lendaris and the Board had thirty days to complete the surveys.

Jena Covey provided the survey results to all the Board Members prior to the meeting.

The Program Administrators were excused from the meeting room while the Board reviewed the Program Administrators’ survey results.

Mark Howard will provide the Program Administrators the comments received about the other Service Providers.

F. NEW BUSINESS

F1. Excess Liability Program Renewal Early Expectations

Dan Howell reported that the ACCEL Excess Liability Program is renewing July 1, 2021 and Alliant is still in the process of receiving all applications and loss data. Dan provided the Board an update of what to expect for this year’s excess liability costs and the trends in the liability market. Dan’s comments about the state of the market focused on reduced capacity in the market, increased underwriting scrutiny, pressure to increase attachment point, and potential reductions in coverage.



Some ways this may effect ACCEL at this year’s renewal could be pushing ACCEL’s retention up to \$10,000,000 or having aggregates on the excess tower in the upper layers.

F2. Optional Excess Workers’ Compensation Program Renewal

Conor Boughey discussed that ACCEL’s Members have the option to join PRISM’s Workers’ Compensation Program through a ‘group purchase’ (ACCEL has no risk sharing for Workers’ Compensation). Each Member is able to select its individual self-inured retention (SIR) and can be billed directly by PRISM. PRISM’s Excess Workers’ Compensation Program renews on July 1, 2021 for the eleven Members of ACCEL who participate. The estimated renewal pricing attached in the agenda packet is as of January 2021.

F3. Schedule of the Next Two Board of Directors Meetings

The next Board of Directors Meeting will be held virtually via Zoom on Wednesday, March 17, 2021 and Thursday, March 18, 2021. The meeting times have also been adjusted to 9:00 AM for each day.

The following Board of Directors Meeting will be held virtually via Zoom on Thursday, June 17, 2021 and Thursday, June 18, 2021. The meeting times will be determined at the March Board Meeting in accordance with any COVID-19 related restrictions.

G. CORRESPONDENCE / INFORMATION

G1. PARMA Conference Information – No discussion on this item.

G2. “Up next: hyper social inflation?” Article – No discussion on this item.

G3. PRISM Annual Report (first 4 pages) – No discussion on this item.

G4. PRISM Employee Benefits Menu of Services (new) – No discussion on this item.

H. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Jena Covey adjourned the meeting on Thursday, January 21, 2021 at 12:11 PM.

Mark Howard adjourned the meeting on Friday, January 22, 2021 at 12:17 PM.