

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

**THURSDAY, December 15, 2016 AT 2:30 PM &
FRIDAY, December 16, 2016 AT 8:30 AM**

**Alliant Insurance Services, Inc.
Office of the Program Administrators
100 Pine Street, 11th Floor, San Francisco, CA 94111**

MEMBERS PRESENT:

Dave Nunley, City of Anaheim
Betsy McClinton, City of Burbank
Beverly Jensen, City of Modesto
Michael Andersen, City of Monterey
Claudia Koob, City of Mountain View
Ann Richey, City of Ontario
Sandra Blanch, City of Palo Alto
Mark Howard, City of Santa Barbara
Patty Haymond, City of Santa Cruz
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT:

Jena Covey, City of Bakersfield (*via teleconference December 15th Only*)

GUESTS AND CONSULTANTS:

Michael Simmons, Alliant
Daniel Howell, Alliant
Conor Boughey, Alliant
Lorissa Huey, Alliant
Ken Maiolini, RMS
Scott Prickett, Chandler Asset Management (*December 15th Only*)
Brendan Falvey (*December 16th Only*)

A. CALL TO ORDER

Mark Howard called the meeting to order at 2:30 PM.



B. Consent Calendar

B1. Approval of Minutes for the October 13 & 14, 2016 Board of Directors Meeting

A motion to approve the consent calendar as presented.

MOTION: Ann Richey **SECOND:** Beverly Jensen **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

C. General Risk Management Issues

Deb Hossli asked the members who their property broker is. The City of Visalia and Burbank reported they use brokers other than Alliant, Modesto uses Travelers but it is placed by Alliant, Bakersfield goes through CSAC EIA and the remaining Member Agencies purchase coverage through Alliant in APIP.

Michael Andersen asked about a little minor baseball league who needs liquor liability coverage because they want to serve alcohol at the public park. Dave Nunley mentioned that if you lease the entire park to minor baseball league, they may be able to sell beer because the agreement says it is not a public park anymore because it is fully leased.

D. REPORTS

D1a. President’s Report

Mark Howard reported that the ACCEL 30 Year Pamphlets are now available and the Program Administrators passed out copies for each member to bring back to pass out to their city. At the December 2015 Board meeting, the Board took action to give direction to the Program Administrators to create a pamphlet that explains what ACCEL is, the cost savings it provides for each Member City to celebrate ACCEL’s 30 years of successfully providing excess coverage to its Members on July 1, 2016.



D2. Claims Committee’s

D2a. Process for Member Claim Reimbursement from ACCEL

Conor Boughey reiterated the process for member claim reimbursement from ACCEL to remind members that when a Member Claim penetrates the ACCEL layer, the member must submit a request for reimbursement to ACCEL. First, the Board reviews and approves all claims that may lead to member reimbursement; secondly, the member must provide documentation to RMS; thirdly, RMS provides the Program Administrators with request for reimbursement for review and verify that payment falls within the Board approved authority level; fourthly, checks are processed and approved by appointed check signers and lastly, the Program Administrators lists disbursement in agenda packet.

D2b. Closed Session – Pursuant to Gov’t Code 54956.95

Motion to enter Closed Session pursuant to Government Code 54956.95

MOTION: Ann Richey **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

The Board entered closed session at 3:57 PM.

A motion was made to come out of closed session at 5:30 PM.

MOTION: Ann Richey **SECOND:** Patty Haymond **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



The Claims Chair reported that Action was taken and Direction was given to the Claims Administrator to settle a claim and send the reservation of rights letter on another claim.

D3. Financial and Treasurer’s

D3a-d. Financial Items

Conor Boughey walked through the financial items pointing out the various changes that were made since the October 2016 Board meeting because the Board took action to only show the consolidated report for the Chandler investment reports; gave direction to the Finance Committee to reformat the profit and loss report; and to not report the \$500,000 excess layer on the Member Account Summary report but it is still on the summary page.

Mark Howard asked when we can stop showing items from the 90s and Conor said it will be administratively closed by the June 2017 Board meeting.

A motion to approve all the reports.

MOTION: Ann Richey **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

D3e. Chandler Asset Management - Investment Report

Scott Prickett gave a presentation on ACCEL’s investments. Members asked Scott questions during his presentation, which we addressed.

No action or direction.



D3f. Proposed Changes to ACCEL’s Investment Policy

Conor Boughey reported that each year the Program Administrators asks Chandler Asset Management to review the Investment Policy and advise the Board of any suggested changes. The Policy was reviewed by Chandler Asset Management, and the 2 changes were recommended to ACCEL were to 1) increase allowable investment to either \$65,000,000 on Section 5.9 and 2) on Section 5.11, remove last two sentences of paragraph, as mutual funds and money market mutual funds can be held up to 20% of the portfolio.

The Program Administrators were given direction to send an email to the members to take this new recommended item to their finance director and present the results at the February Board meeting.

A motion to accept the first recommended change but for the second suggested change, instruct the members to go back to their respective agency and see if their financial directors will be comfortable with the 20% of the mutual funds.

MOTION: Ann Richey **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



D3g. Program Administrators and Broker Services Agreement – Amendment(s)

The Administrators disclosed that they inadvertently collected 5% commission on an excess layer that was limited to 4% by contract. These funds are being returned to ACCEL. The Agreement Amendment reviewed by the Finance Committee includes a statement recognizing the repayment of these Liability funds so that it has been properly memorialized.

In addition, contract language improvements were requested regarding the Excess Workers Compensation program commission of 3.5%. The amendment clarifies that the EWC compensation will be 3.5% of premium, and that any commission collected in excess will be returned within 90 days (of renewal).

A motion to approve the proposed amendment of the Program Administrators and Broker Services Agreement.

MOTION: Ann Richey **SECOND:** Beverly Jensen **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

D4. Program Administrator’s

D4a. 2017 State of the Marketplace Report

The Board requested that the Program Administrators email the PowerPoint presentation of the 2017 State of the Marketplace to all the members.



D4b. ACCEL's Target Equity Rates

Conor Boughey reported that the Board adopted a Policy and Procedure at the December 2007 Board meeting that would monitor ACCEL's Target Equity Ratio's annually. A review of this Policy and Procedure is a requirement of CAJPA to have Accreditation with Excellence. The purpose of the Policy and Procedures is to outline the basic financial factors and assumptions utilized to assure adequate funding and stability.

Conor also presented a PowerPoint presentation on the Target Equity Ratios. He reported that everything is good this year but next year there will be a large increase in claims that needs to be paid and there will be a smaller pool layer (\$2M xs \$1M) that will show a positive impact on the ratios.

D4c. Website Update

Lorissa Huey went over the updated ACCEL website. She discussed that the meeting agenda and minutes page has been updated, and the Members home page where you have to login has an alphabetized menu to easily navigate through the site to find actuarial studies, audits, liability policies, travel expense forms, etc.

D4d. Disclosure Presentation

Conor Boughey reported that in the beginning of 2012 the Authority requested that Alliant annually provide a report of total compensation received from ACCEL. It was agreed that this would occur at the end of each calendar year. ACCEL pays Alliant a Fee for Program Administration covering the \$10,000,000 limit Liability Program, along with negotiated commission levels for excess liability. For the current year, as ACCEL's Program Administrator, Alliant is earning \$226,500 in fees. In addition, the total Retail Commission for all excess liability placements was \$239,384.

For the Optional Excess Workers Compensation, Alliant agreed to earn half of the standard commission levels.

Lorissa Huey was given direction to send a copy of Alliant's Standard Disclosure Letter to the members to revisit this item.



D4e. Updates to IRIC Manual

Daniel Howell reported on the recent updates to the Insurance Requirements In Contracts (IRIC) manual including new sections relating to Cyber Liability and Unmanned Aerial Vehicles (UAV).

Michael Simmons showed the members where on the Alliant website the most recent version of the IRIC manual in Word and PDF is stored.

The members requested Lorissa Huey to put on the ACCEL website a link to the IRIC manual from Alliant’s Public Entity website.

D5. Underwriting Committee’s

D5a. ACCEL’s Memorandum of Coverage – Proposed Amendments

Michael Simmons reported at the October Board meeting the Board reviewed the MOC’s language regarding Unmanned Aerial Vehicles (UAVs) and took action to assign to the Underwriting Committee with the direction of making the proposed language less restrictive and focus on size, not compliance, and to present the revised wording at the December Board meeting.

The underwriting committee requested that the Board respond to a survey about each Member’s current and planned use for UAVs. The survey results were passed out at the Board meeting.

A motion to make the following changes to the proposed MOC Section IV. C.: 1) fix “a unmanned aircraft” to “an unmanned aircraft”, 2) put a period after “...of any Member of the Authority or Entity” and delete the wording after that; change the definition of Unmanned Aerial Vehicle (UAV), delete “and complies with” and replace with “as regulated by”; make the amendment effective January 1, 2017; and the Program Administrators were given direction by the Board to draft the guidelines on UAVs and bring to the February Board meeting.

MOTION: Patty Haymond **SECOND:** Ann Richey **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



D6. Ad Hoc Committee’s

D6a. ACCEL’s Workers Compensation Pooling Evaluation

Conor Boughey reported that at the October Board meeting, the Board took action to create an Ad Hoc Committee to review the results of the Workers Compensation Actuarial Study by Mujtaba Dattoo, AON and take steps towards the potential creation of a Workers Compensation program.

The Ad Hoc Committee’s recommendation to the Board is to not create a WC pool and revisit the topic next year or the next two years. CSAC-EIA is currently the most cost-effective.

Michael Simmons stated that the actuarial study costs \$5,000 and this amount was well worth spending.

A motion to revisit this item next year.

MOTION: Patty Haymond **SECOND:** Ann Richey **MOTION CARRIED**

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

E. UNFINISHED BUSINESS

None.



F. NEW BUSINESS

F1. FPPC Form 700 Electronic Filing Roll Out

Conor Boughey reported that the Fair Political Practices Commission (FPPC) has implemented an electronic filing system for the Form 700 and beginning January 2017, members will need to file their assuming office, leaving office and annual reports online. The Program Administrators are working directly with the FPPC to verify the member agency filers' information and ensure completeness and accuracy. The members should expect to receive an email from the FPPC in January 2017 that will provide your log-in information, a temporary password and a tutorial video that provides step-by-step instructions on how to file online.

F2. Claims Auditor Contract Renewal

Conor Boughey reported that Tim Farley, Farley Consulting Services has been ACCEL's Liability Claims Auditor since July 1, 2006 and the current three year contract with Tim Farley has ended. The proposal to renew the contract is effective for a 2-year contract term that includes the 2017 and 2018 audit projects. The current contract is not to exceed \$42,300, paid in two installments. The first installment is \$12,690 (30%), and the second installment is up to the full contracted amount.

Dave Nunley mentioned that Tim Farley failed to effectively monitor the claims. Dave said that Ken Maiolini, RMS raised a lot of reserve questions which Tim Farley should have caught as a claims auditor. Tim Farley needs to understand the problems that ACCEL had with Carl Warren. Tim also should have caught that ACCEL has not been reporting claims properly.

Conor Boughey and Mike Simmons will have a conference call with Tim Farley to alert him on what has changed in the last year and what has resulted.

A motion to renew the contract with Tim Farley.

MOTION: Ann Richey

SECOND: Dave Nunley

MOTION CARRIED

	Dave Nunley	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Patty Haymond	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



F3. Next Two Meetings Schedule

The next two meetings are scheduled to be held at the City of Anaheim during the PARMA conference and the City of Monterey.

H. CORRESPONDENCE / INFORMATION

H1. PARMA Conference Information

No discussion on this item.

H2. Markel Global Reinsurance Company

No discussion on this item.

I. PUBLIC COMMENTS

No public comments were made.

ADJOURNMENT

Mark Howard adjourned the meeting 11:32 AM.