



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

Thursday, January 17, 2019 at 1:00 PM

Friday, January 18, 2019 at 8:30 AM

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

MEMBERS PRESENT:

Dave Nunley, City of Anaheim
Jena Covey, City of Bakersfield
Betsy McClinton, City of Burbank
Michael Andersen, City of Monterey
Claudia Koob, City of Mountain View
Kathy Garozzo, City of Ontario Alternate
Sandra Blanch, City of Palo Alto
Rhonda Combs, City of Salinas
Marisa Kahn, City of Santa Barbara Alternate
Patty Haymond, City of Santa Cruz
Oles Gordeev, City of Santa Monica Alternate
Charlotte Dunn, City of Visalia

MEMBERS ABSENT:

Jeannette Chavez, City of Ontario
Mark Howard, City of Santa Barbara

GUESTS AND CONSULTANTS:

Cathy Talongwa, City of Modesto (*joined via teleconference for both days, left the teleconference at 3:38 PM on Thursday, January 17, 2019*)
Ken Maiolini, Risk Management Services (*Thursday, January 17, 2019 only*)
Robert Powers, R.E. Powers & Company, LLC (*Thursday, January 17, 2019 only*)
Carlos Oblites, Chandler Asset Management (*Friday, January 18, 2019 only, left the meeting at 9:30 AM*)
Michael Simmons, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services

A. CALL TO ORDER

Dave Nunley called the meeting to order at 12:58 PM on Thursday, January 17, 2019.
Dave Nunley called the meeting to order at 8:35 AM on Friday, January 18, 2019.



B. CONSENT CALENDAR

- B1. Approval of Minutes for the October 11 & 12, 2018 Board of Directors Meeting**
- B2. Approval of Minutes for the November 14, 2018 Special Board of Directors Meeting**
- B3. Approval of Minutes for the December 11, 2018 Special Board of Directors Meeting**
- B4. Attendance for Regularly Scheduled Board Meetings Policy and Procedure – Adopted October 11, 2018**
- B5. Claims Reporting and Handling Policy and Procedure – Amended October 11, 2018**
- B6. Final Financial Audit as of June 30, 2018**
- B7. Resolution 18/19-04, Ratification to add the City of Salinas as a New Member**
- B8. City of Salinas Appointment Letter**

A motion was made to approve the consent calendar, with the Board recognizing item B.7 adding the City of Salinas to ACCEL. The Board welcomed representative Rhonda Combs to the Authority.

MOTION: Jena Covey **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

C. GENERAL RISK MANAGEMENT ISSUES

Board members discussed several general risk management concerns, including the following items. Patty Haymond, City of Santa Cruz discussed OCIP for water projects, and the idea of combining smaller individual water projects into one potential OCIP.

Charlotte Dunn, City of Visalia asked if there is physical damage as a result of an Officer Involved Shooting, do the Cities pay for the person’s physical damage to their property (i.e. car, house). Most members agreed that their entities do not pay for damage.

Jena Covey, City of Bakersfield discussed changes to the structure of land ownership for Habitat Conservation Plans. Jena also reported that Bakersfield Sales Tax passed and the City will likely be



increasing payroll, especially for public safety. Jena also reported on current events including low barrier to entry homeless shelters.

Kathy Garozzo, City of Ontario inquired about Public Works best practices on prioritizing inspection on city streets / sidewalks. Kathy also asked questions regarding homeless encampments, what are other cities using to clean encampment areas. The City of Salinas reported that their Public Works Department contracts with Hazmat contractors and others reported that their Police Departments contracts with crime scene cleanups.

Several other members also reported issues with vehicular accidents and requested advice for defensive driving training for certain departments.

No action was taken.

D. REPORTS

D1. President's Report

D1a. Membership Update

Dave Nunley introduced to the Board ACCEL's newest Member, the City of Salinas. The City's ACCEL Board Representative is Rhonda Combs.

D2. Executive Committee's Report

D2a. ACCEL Program Administrators' Contract Amendment

Conor Boughey reminded the Board that at the October 2018 Board Meeting, the Board delegated authority to the Executive Committee to review the Program Administrators' Contract regarding (1) compensation resulting from new Members joining the Pool; and (2) the impact of workload resulting from ACCEL's new increased meeting schedule.

The Executive Committee met on November 27, 2018 to discuss these items and made a motion to make a recommendation to the Board to approve an amendment effective January 1, 2019 allowing the Program Administrators to collect a New Member Administration Fee (NMAF), calculated as the current fee divided by the number of current Members. If a Member is added mid-term the NMAF will be pro-rated for the year. The second part to the amendment is the approval of a one-time adjustment of \$50,000 effective July 1, 2019 due to a new service model with ongoing meeting requirements.



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

MOTION: Jena Covey **SECOND:** Betsy McClinton **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

D2b. Alliant Performance Review

Dave Nunley reported that at the October 2018 Board Meeting, the Board delegated authority to the Executive Committee to conduct the Alliant Performance Review.

The Performance Review for Alliant has been completed by the Executive Committee on January 7, 2019.

No reportable action took place.

D2c. Proposed Changes to ACCEL’s Use of Resolutions Policy and Procedure

Conor Boughey stated that the Executive Committee reviewed the Use of Resolutions Policy and Procedure on September 27, 2018. At that meeting, the Committee made a motion to make a recommendation to the Board to approve the following changes: delete “Memorandum of Coverage Amendments” and “ACCEL Policy and Procedures,” and change “Approval for New Members – including any special provisions for Membership” to “Change in Membership.”

A motion was made to accept the changes as proposed.

MOTION: Jena Covey **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													



D3. Claims Committee's Report

D3a. 2018 Liability Claims Audit

Robert Powers, ACCEL’s Claims Auditor presented the final draft of the 2018 Liability Claims Audit. This is the first ACCEL Claims Audit conducted by Robert Powers at R. E. Powers & Company LLC.

Members provided Robert positive feedback.

A motion was made to receive and file the Claims Audit.

MOTION: Michael Andersen **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

D3b. New Member Impact to Claims Administrator’s Contract and Claims Auditor’s Contract

Betsy McClinton reported that at the October 2018 Board Meeting, the Board delegated authority to the Claims Committee to review the Claims Administrator’s contract (Ken Maiolini, Risk Management Services) and Claims Auditor’s contract (Robert Powers, R.E. Powers & Company, LLC) as respects compensation resulting from new Members joining ACCEL. The Claims Committee met on December 11, 2018 and made a motion to make a recommendation to the Board to approve the contract requests as outlined below.

ACCEL’s Claims Administrator, Ken Maiolini at Risk Management Services requested a contract amendment for new Members in which the first year fee is 50% of the pro-rata member share of his fee, and then a full pro-rata share for the following years. Also, he requested a pro-rata increase to his expenses.

The ACCEL Claims Auditor, Robert Powers at R. E. Powers & Company, LLC requested a contract amendment to add new Members at the pro-rata share of his fee, subject to future requests to the Board for further adjustment if the work is more or less than expected.



A motion was made to approve the amendment to the Claims Administrator’s Contract and Claims Auditor’s Contract.

MOTION: Jena Covey **SECOND:** Oles Gordeev **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

D3c. Risk Management Services - Janette Brook

Ken Maiolini, Risk Management Services (ACCEL’s Claims Administrator) announced to the Board the newest addition to his team, Janette Brook who will assist him on ACCEL claims.

Ken mentioned he will bring Janette to a future Board Meeting.

D3d. CLOSED SESSION – Pursuant to Gov’t Code 54956.95

A motion was made to enter into Closed Session at 3:38 PM.

MOTION: Betsy McClinton **SECOND:** Jena Covey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													



A motion was made to come out of Closed Session at 4:52 PM.

MOTION: Charlotte Dunn **SECOND:** Jena Covey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

Betsy McClinton, Claims Committee Chair reported out of Closed Session that direction was given to the Claims Administrator on one of the agendized claims.

D4a-e. Financial and Treasurer's Report

Jena Covey and Conor Boughey walked through the financial items.

The FY 18-19 Admin Budget will need to be amended due to the change in fees for the Program Administrators' Contract and Claims Administrator's Contract as respects the new Member, as well as the City of Salinas joining ACCEL on January 1, 2019. The Program Administrators will agendize the amendment of the FY 18-19 Admin Budget for the March 2019 Board Meeting.

Included in the agenda packet was the Member Account Summary as of September 30, 2018 which is the first quarter of FY 18-19. 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. Also, Conor commented that at the October 2018 Board Meeting, the Board directed the Program Administrators to fix the interest that the City of Gardena was accruing and the correction is reflected in the report.

Conor Boughey noted that for the March 31, 2019 Member Account Summary which will be presented at the June 2019 Board Meeting, the City of Salinas will be added because the City joined on January 1, 2019.

A motion was made to approve the financial items.

MOTION: Charlotte Dunn **SECOND:** Jena Covey **MOTION CARRIED**



	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

D4f. Chandler Asset Management - Investment Report

Carlos Oblites from Chandler Asset Management presented on ACCEL’s investment portfolio and provided an economic update.

Members asked questions and Carlos addressed them as they arose.

D4g. ACCEL Short and Long Term Investment of Funds

Conor Boughey reported that the Program Administrators discussed with Carlos Oblites at Chandler Asset Management whether ACCEL should consider moving short term funds into long term investment funds. Carlos provided a presentation comparing LAIF returns to Chandler long term yields.

A motion was made to direct the Program Administrators to move \$2M of short term investments from LAIF into long term investments with Chandler and to revisit this at the March 2019 Board Meeting for further analysis.

MOTION: Jena Covey

SECOND: Rhonda Combs

MOTION CARRIED

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													



D4h. ACCEL’s Investment Policy Proposed Changes

Conor Boughey reported that each year the Program Administrators asks Chandler Asset Management to review the Investment Policy and Procedure and advise the Board of any suggested changes. Included in the agenda packet were the redlined proposed changes which Carlos Oblites from Chandler Asset Management went over with the Board. Also, the Investment Policy and Procedure contained the proposed changes by the Finance Committee when they extensively reviewed the Policy and Procedure at the October 1, 2018 Committee Meeting.

Direction was given to the Program Administrators to send a clean version to Rhonda Combs to distribute to the City of Salinas’ Finance Director and put the Investment Policy and Procedure on the consent calendar for the March 2019 Board Meeting.

D4i. Proposed Changes to ACCEL’s Policies and Procedures:

D4i–i. Finance Committee Communication

D4i–ii. Financial Plan

D4i–iii. Target Surplus Funding

D4i–iv. Obligations to ACCEL by Former Member

D4i–v. Unallocated Loss Adjustment Expense

Conor Boughey reported that the Finance Committee met on October 1, 2018 to review all the Policies and Procedures that fall under the Committee’s purview. During that meeting, the Committee reviewed the Policies and Procedures which were redlined with comments indicated by each Committee Member’s initials. The Committee thoroughly discussed these changes and took action to make a recommendation to the Board to approve the proposed changes.

A motion was made to approve all the proposed changes as presented with the amendment to the first sentence in the “Statement:” section of the Obligations to ACCEL by Former Member Policy and Procedure to state “Obligations of those Members that have left ACCEL, former members, continue for the Program Years in which they participated.”

MOTION: Jena Covey **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													



D4j. ACCEL Retro Fund Restriction Letter to Member City's Finance Director

Conor Boughey reported that at the October 2018 Board Meeting, the Board requested that the Program Administrators create a letter restating that ACCEL Members are able to restrict funds per the ACCEL Financial Plan Policy and Procedure so the Board Members can provide to their Cities. Included in the agenda packet were draft letters.

Patty Haymond suggested to not have the letter addressed to the City or anyone specific, and to write "To Whom It May Concern" instead.

If a Member City wants a letter directly addressed to them, contact the Program Administrators.

The Program Administrators will send the draft letter to Mark Howard at the City of Santa Barbara who was not at the meeting to confirm how he wants the letter to be addressed.

D4k. Verbal Report from Committee Meeting held on January 17, 2019

Conor Boughey provided a verbal update that the Finance Committee held a meeting prior to the Board Meeting to review the Rating Plan Calculation Excel Spreadsheet on the TV screen in the meeting room. The Committee would like to review the calculation every other year.

D5. Underwriting Committee's Report

D5a. City of Fremont's Application to ACCEL

Conor Boughey provided a verbal update that the City of Fremont has withdrawn its application to ACCEL.

No reportable action took place.



D5b. Proposed Changes to ACCEL’s Policy and Procedure: Applicant Fee Structure

Conor Boughey reported that at the January 9, 2019 Underwriting Committee Meeting, the Committee reviewed all the Policies and Procedures that fall under the Committee’s purview. At that meeting, the Committee made a motion to make a recommendation to the Board to delete the requirement of a \$500 application fee in the Applicant Fee Structure Policy and Procedure.

A motion was made to delete wording in the Applicant Fee Structure Policy and Procedure that relates to the application fee.

MOTION: Jena Covey

SECOND: Michael Andersen

MOTION CARRIED

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

D6. Program Administrator’s Report

D6a. City of Salinas – Before and After ACCEL

Conor Boughey was pleased to report that the City of Salinas joined ACCEL effective January 1, 2019. The City’s membership provides a good benchmark of costs and coverages available through ACCEL compared to an individual municipality buying coverage in the insurance market. The Program Administrators included in the agenda packet a coverage comparison, and discussed the differences in coverage, cost and limits available.



D6b. ACCEL's Target Equity Rates

Conor Boughey presented the Target Equity Ratios PowerPoint. This is reviewed annually and is a requirement of CAJPA for Accreditation with Excellence.

Conor reported that in 2017-18 ACCEL reached all of its equity goals except for a large increase in reserves. The takeaway from a large increase in reserves is due to claim reserves increasing more than expected by the actuary.

D6c. ACCEL Website Updates

Lorissa Huey presented to the Board the ACCEL website and showed Members how to navigate through it to find documents such as the Policies and Procedures, Memorandum of Coverage, and Summary of Coverages.

Also, Lorissa went over how to request a certificate through the website. If Members are more comfortable sending a certificate request via email, they may continue to do so. Another feature of the website is the Discussion Board, which is to be used as a library to keep all the General Risk Management Questions in one place. Once a Member posts a new discussion, the Program Administrators will receive an alert and send out an email to the Board notifying them there is a new discussion.

No reportable action took place.

D6d. Board Member Alternates

Conor Boughey reminded the Board that in case a Primary Board Member is out of the office for an extended period of time, and a quorum is needed for an urgent Special Board of Directors Meeting to approve a settlement of a claim, or any other matter, it would be prudent to appoint an Alternate Board Member for each Member City. If a City appoints an Alternate, an appointment letter and the Form 700 needs to be filed with ACCEL.

No reportable action took place.

D6e. 2019 State of the Marketplace Report

Direction was given to the Program Administrators to email the 2019 State of the Marketplace Report PowerPoint to all the Members and post it on the ACCEL website.



E. UNFINISHED BUSINESS

E1. ACCEL’s JPA Agreement Amendments & Resolution 18/19-03, Amending JPA Agreement

Conor Boughey reported that at the October 2018 Meeting, the Board reviewed the JPA Agreement and took action to begin the 90 day notice requirement to amend the JPA Agreement. The 90 day notice period began on October 18, 2018, so the Board may take action to approve the amendments at today’s meeting. The Program Administrator sent the notice to each Board Member via email and also posted the notice on the main page of the ACCEL website.

The primary purpose of the proposed changes is to move administrative items out of the JPA Agreement and into the appropriate controlling policies and procedures.

A motion was made to approve the amendments to the JPA Agreement and Resolution 18/19-03, Amending JPA Agreement. Also, to direct the Program Administrators to send the Amendment of a Joint Powers Agreement Notice to the State of California Secretary of State.

MOTION: Charlotte Dunn

SECOND: Jena Covey

MOTION CARRIED

	Dave Nunley	Jena Covey	Cathy Talongwa	Betsy McClinton	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Marisa Kahn	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X	X	X	X	X	X	X	X	X
Nay													
Abstain													

E2. Service Provider Survey Results

This Item was deferred to the next Board Meeting held on March 21 and 22, 2019.

The Board requested that the Program Administrators re-open all the Survey Provider Surveys except for the Program Administrator Survey so for those who missed the December 15, 2018 deadline to complete the survey can have another chance to complete them by the March 2019 Board Meeting.

F. NEW BUSINESS

F1. Liability Claims Benchmarking

Conor Boughey reminded the Board that at the 2018 Long Range Planning it requested Alliant to provide a draft benchmarking for liability claims excess of \$1M within the ACCEL layer.

Conor provided an update that when Alliant reviewed the December 31, 2017 loss data, it was clear the loss runs do not have the necessary fields of information to perform a valuable review of the loss data and create benchmarks. Therefore for the December 31, 2018 loss data, Alliant is requesting the loss runs to include a department code and type of loss code. While some members have provided this information, it was not provided by all. The Program Administrators expect to have this project completed by the March 2019 Board Meeting.

Included in the agenda packet was a chart of all the underwriting information from the ANML Excess Liability Applications from each Member. The Board requested the Program Administrators to include the chart in the Underwriting Committee agenda packets going forward.

F2. Excess Liability Program Renewal Early Expectations

Conor Boughey reported that the ACCEL Excess Liability Program is renewing July 1, 2019, and Alliant is still in the process of receiving all the applications and loss runs from Members.

Conor discussed the impacts of loss development trends statewide for municipalities, as well as the loss experience of ACCEL specifically.

The first excess layer \$10M excess of \$5M with ANML/Great American will be the third year with this carrier. Last year there was a substantial increase, Alliant hopes that this year's increase will not be as substantial, and Alliant is predicting a 10-20% increase in premium.

No reportable action took place.

F3. 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 SIR and can be billed directly by CSAC-EIA. The CSAC-EIA Excess Workers Compensation Program renews on July 1, 2019 for the 10 members of ACCEL who participate. The estimated renewal pricing attached in the agenda packet are as of December 2018.



F4. Schedule of the Next Two Board of Directors Meetings

The next two Board Meetings will in Burbank on Thursday and Friday, March 21 and 22, 2019 and in San Jose on Thursday and Friday, June 20 and 21, 2019. Both meetings will start at 1:00 PM on Thursdays and 8:30 AM on Fridays unless otherwise stated.

G. CORRESPONDENCE / INFORMATION

G1. PARMA Conference Information – There was no discussion on this item.

H. PUBLIC COMMENTS – There were no public comments.

ADJOURNMENT

Dave Nunley adjourned the meeting at 5:09 PM on Thursday, January 17, 2019.

Dave Nunley adjourned the meeting at 11:58 AM on Friday, January 18, 2019.