



**Agenda Item B1
Board of Directors
October 5 and 6, 2007**

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 21, 2007, 3:00 P.M.
HOTEL OCEANA, SANTA BARBARA, CA**

MEMBERS PRESENT

Mary Akin, City of Modesto
Ralph Korn, City of Bakersfield
Kris Kamandulis, City of Santa Cruz
Charlotte Dunn, City of Visalia
Sherrell Freeman, City of Monterey
Ann Garcia, City of Ontario
Claudia Koob, City of Mountain View
Mark Howard, City of Santa Barbara
Jim Patricola, City of Burbank
Tom Phillips, City of Santa Monica
Tom Vance, City of Anaheim

MEMBERS ABSENT

Sandra Blanch, City of Palo Alto

GUESTS AND CONSULTANTS

Keyan "Yani" Aghili, Carl Warren & Company
Conor Boughey, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services

A. CALL TO ORDER

President Vance called the meeting to order at 3:05 p.m. and noted that Mike Simmons would not be in attendance but would be at the meeting the following day.

B. CONSENT CALENDAR

B1. Approval of Minutes – April 19 and 20, 2007 Board Meeting

The minutes were missing dates for Item C2c. Tom Phillips was asked to reassign these dates.

A motion was made to approve the minutes as presented.



MOTION: Tom Phillips **SECOND:** Sherrell Freeman **MOTION CARRIED**

C. REPORTS

C1. PRESIDENT'S REPORT

C1a. Program Administration Performance Measures – Results for 06/07

The Program Administrators and Carl Warren stepped out of the meeting for a members-only discussion.

No discussion to report.

C2. CLAIMS COMMITTEE'S REPORT

C2a. 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 3:25 p.m. pursuant to Government Section Code 54956.95.

MOTION: Mary Akin **SECOND:** Sherrell Freeman **MOTION CARRIED**

A motion was made to reconvene from closed session at 4:00 p.m.

MOTION: Ann Garcia **SECOND:** Mark Howard **MOTION CARRIED**

Claims Committee Chair Phillips reported that no action was taken during Closed Session.

C2b. Liability Claims Audit Update

Claims Committee Chair Phillips reported that Tim Farley is still in the process of completing his field work for some members. Tim Farley plans to have audit for the remaining cities by June. Tim Farley had several issues with members that caused this delay. No date has been set with Tim Farley regarding the Audit for ACCEL. President Vance commented that he noticed improved service this year and that the report was more thorough than past years.

The meeting was adjourned at 5:05 p.m. by Tom Vance.



ATTENDENCE CHANGES

Ted Piorkowski from Chandler Asset Management joined the meeting.

Mike Simmons from Alliant Insurance Serves joined the meeting.

Jim Patricola from the City of Burbank was not able to attend.

President Vance called the meeting to order at 8:36 a.m. on Friday June 22, 2007.

President Vance introduced ACCEL's Investment Manager Ted Piorkowski of Chandler Asset Management to the Board.

C.3.e INVESTMENT REPORT

Ted Piorkowski presented the status of ACCEL's investments, the current market conditions and how this will effect investments. Chandler Asset Management was invited to present at ACCEL's December Board of Directors meeting.

President Vance requested the report be approved annually.

MOTION: Mary Akin

SECOND: Ralph Korn

MOTION CARRIED

C3.a RATIFICATION OF DISBURSEMENTS

President Vance asked if there were any questions regarding the Ratification of Disbursements – there were none.

A motion was made to ratify the disbursements.

MOTION: Ralph Korn

SECOND: Mary Akin

MOTION CARRIED

C3.b REPORT OF INVESTMENTS – Pursuant to Gov't Section Code 53646(b)(1) Months Ending April 30 and May 31, 2007

Treasurer Freeman presented the values from the investment reports.

President Vance noted that ACCEL requires a letter to the Board. A motion was made not to receive and file.

MOTION: Mary Akin

SECOND: Sherrell Freeman

MOTION CARRIED

C3.c 2006/2007 BUDGET YEAR-TO-DATE

Treasurer Freeman presented the Year-to-Date budget to the Board. President Vance inquired as to the line item regarding moving the EIER into a database. Mike Simmons clarified that this was an item that was not completed and that funds would roll over into the next fiscal year.



Director Korn requested clarification as to what exactly “Member City Travel” was. President Vance replied that this was a new item to assist members who have high travel expenses. The member would need to be sure to also remain in compliance with his or her own city policy. If the line item is not used, it would roll over into the next fiscal year.

C3.d RESOLUTION 06/07 – ADOPTING THE 2007/08 ADMINISTRATION BUDGET

Mike Simmons presented budget changes to the Board. There were several questions regarding projected costs, to which Simmons responded that estimates on the budget are typically set high as the remainder will be returned to the members. Simmons added that the budget is designed to avoid making an assessment.

A motion was made to adopt the 2007/2008 administration budget.

MOTION: Ann Garcia

SECOND: Tome Phillips

MOTION CARRIED

C1.a Program Administration Performance Measures – Results for 06/07

President Vance brought the meeting back to item C1.a, stating that a composite would be made of the performance reviews but that there had not been many responses thus far. President Vance stated that the lack of response was a positive sign, noting that if members had an issue they would have been more likely to respond. Overall the responses that were received were positive, not counting one member whose was not very positive. President Vance committed to discuss any concerns with that member.

Director Garcia requested a new format for the performance surveys, noting that it would be more helpful to have different surveys for the different committees.

After some discussion, the Board agreed that the format of the surveys should be simplified, allowing the option “I Don’t Know” for sections of the survey that do not apply to the member. Mike Simmons stated that he would research alternate formats.

C4. PROGRAM ADMINISTRATOR’S REPORT

The program administrators discussed the recent acquisition of Alliant Insurance Services, Inc. by Blackstone. It was noted that this purchase would allow Alliant to continue to grow as a national firm. Soon after this acquisition Blackstone became public with many of their sectors but Alliant’s sector was not part of the public offering. Simmons assured the Board that the acquisition would not change the services that Alliant provides.

C5. UNDERWRITING COMMITTEE

As Director Blanch was unable to attend the meeting there was no discussion on this item.



C6. NOMINATING COMMITTEE'S REPORT

C6.a Election of Officers

Director Garcia reported that the preferred assignments for Fiscal Year 2007/2008 are:

Executive Committee: President - Tom Vance, City of Anaheim
Vice President – Sandra Blanch, City of Palo Alto
Treasurer – Sherrell Freeman, City of Monterey
Secretary – Mary Akin, City of Modesto

A motion was made to approve the Executive Committee for FY 2007/2008.

MOTION: Tom Phillips **SECOND:** Sherrell Freeman **MOTION CARRIED**

The Program Administrators were directed to schedule an Executive Committee Meeting for the committee to appoint members to the Sub-Committees (Claims, Underwriting and Finance).

D. UNFINISHED BUSINESS

D1. ACCEL Excess Liability Program Renewal and Approval of the FY 2007/2008 ACCEL Pool Deposit and Excess Insurance Rates

Dan Howell reported on this years market conditions and ACCEL's status with the carriers. ACCEL left AIG last year and went with Everest for the \$10,000,000 Excess of \$5,000,000 Layer. The Everest policy has a superior coverage form. Dan Howell reported that he was able to negotiate a 10% reduction in premium from the 2006 / 2007 policy year.

A motion was made to approve the \$10,000,000 Excess of \$5,000,000 Layer through Everest Insurance Company.

MOTION: Tom Phillips **SECOND:** Ann Garcia **MOTION CARRIED**

A motion was made to approve the \$20,000,000 Excess of \$15,000,000 Layer through Lexington Insurance Company.

MOTION: Tom Phillips **SECOND:** Ann Garcia **MOTION CARRIED**

A motion was made to approve the \$10,000,000 Excess of \$35,000,000 Layer through Axis Surplus Insurance Company and also the \$10,000,000 Excess of \$45,000,000 Layer through Arch Specialty Insurance Company.

MOTION: Sherrell Freeman **SECOND:** Mary Akin **MOTION CARRIED**

With respect to the \$10,000,000 Excess of \$35,000,000 and \$10,000,000 Excess of \$45,000,000 Layers, Members were asked to review the proposed pricing and to let the Program



Administrators know by Thursday, June 28th, whether they would like to bind coverage as an option or not. The Program Administrators were directed to send an email reminder on Monday.

A motion was made to approve a \$0.60 Pooled Deposit Rate at a 90% Confidence Level for the ACCEL Pooled Layer of \$4,000,000 Excess \$1,000,000 for FY 2006/2007.

MOTION: Mary Akin

SECOND: Ann Garcia

MOTION CARRIED

Further to this action, upon receiving the updated payrolls it was determined by Dan Howell that a \$0.60 rate would be excessive. President Vance approved lowering the rate to \$0.52 which would meet the actuarial funding requirements. The lowering of the rate was due to an increase in payroll.

D2. Excess Workers' Compensation Program Renewal

Director Phillips asked the program administrators to look at the difference in pricing between \$200 million in coverage and \$300 million in coverage for the City of Santa Monica.

D3. IBNR as of June 30, 2007

Data was not available at the time of the Board meeting. The program administrators will schedule a teleconference prior to the completion of the financial audit to approve the IBNR figures.

Mike Simmons also recommended that the Board change "IBNR" to "Retained Funds" in the Retro. Simmons also recommended that each member retain funds in each program year. This would have no impact on members unless they wished to take out all funds. The funds would be used for coverage council and other expenses related to claims handling.

No action was taken on this item.

D4. Retrospective Rating Plan Calculation for the \$9,000,000 Excess \$1,000,000

Mike Simmons recommends that ACCEL set aside \$10,000 per fiscal year for retained funds. President Vance agreed that putting \$10,000 in the last 10 years would be beneficial to ACCEL.

A motion was made to file and accept the Retrospective Rating Plan Calculation as distributed at the meeting and to also add \$10,000 to each of the last 10 program years.

MOTION: Sherrell Freeman

SECOND: Ann Garcia

MOTION CARRIED

Mike Simmons reminded Members that if they wanted to withdraw funds they would need to submit the request in writing to the Treasurer or Program Administrators. The submission letter would need to include what amount they would like refunded and indicate which program years to apply the payment to. For members who do not indicate which program years to apply the payments to, the amount will first be used to zero out any negative amount totals and secondly be



applied to the oldest program year(s) first. Members do not receive their retro checks until their ACCEL Program Invoices for 2007/2008 are paid.

Director Akin indicated that the City of Modesto would like to take \$800,000 of their funds.

Director Freeman indicated that the City of Monterey would like to take \$50,000 of their funds.

Mike Simmons will send reminder emails confirm the requests including the amount to be taken.

E. NEW BUSINESS

E1. Other Insurance Renewals

E1a. Public Employee Dishonesty Policy

ACCEL's Public Employee Dishonesty Policy is currently insured through Hartford Fire Insurance Company with an effective date of July 1, 2005 to July 1, 2008. The 3-year prepaid policy premium of \$1,927 was paid two years ago and will not be up for renewal until July 1, 2008. This 3-year premium includes a 20% commission rebate. There was no action required for this item.

E1b. Public Employee Dishonesty Policy

The current E&O carrier, Lloyd's of London, provided 4 renewal options. Members should decide if they want to renew with the same limits and deductible as expiring; \$1,000,000 Limit/\$10,000 Deductible. The carrier provided a flat renewal premium. A 12.5% commission rebate has been applied on all premiums below.

Options	Limit Per Claim/Policy Aggregate	Deductible	07/08 Premium Indication
1	\$1,000,000/\$1,000,000 Aggregate (Expiring)	\$10,000/\$40,000 Aggregate (Expiring)	\$11,315
2	\$1,000,000/\$1,000,000 Aggregate	\$5,000/\$10,000 Aggregate	\$12,344
3	\$2,000,000/\$2,000,000 Aggregate	\$5,000/\$10,000 Aggregate	\$13,716
4	\$2,000,000/\$2,000,000 Aggregate	\$10,000/\$40,000 Aggregate	\$12,687



This year ACCEL secured a second carrier option. The following are the options available from AIG (carrier is National Union Fire Insurance Company of Pittsburgh, PA.).

Options	Limit Per Claim/Policy Aggregate	Deductible Wrongful act other than Employment Practices Violation	Deductible Each Employment Practices Violation	07/08 Premium Indication
1	\$1,000,000/\$1,000,000 Aggregate	\$5,000	\$15,000	\$10,434
2	\$2,000,000/\$2,000,000 Aggregate	\$10,000	\$15,000	\$16,903

A motion was made to approve Option 4 from Lloyd's of London at a cost of \$12,687.

MOTION: Sherrell Freeman

SECOND: Ann Garcia

MOTION CARRIED

E2. Next Two Meetings Schedule

To Board discussed the October and December Board Meetings.

The October Board meeting will be held in the City of Bakersfield and the December Board Meeting will be held in San Francisco.

F. CORRESPONDENCE / INFORMATION

There was no discussion on the following items:

- F1. PARMA Conference 2008 - Hotel Information
- F2. The Risk Report – April 2007
- F3. Weekly Law Resumes – March 14, 2007

G. PUBLIC COMMENTS

There were no public comments.

H. GENERAL RISK MANAGEMENT ISSUES

There was no discussion on this item.

ADJOURNMENT

A motion was made to adjourn the meeting at 1:20 p.m.

MOTION: Mary Akin

SECOND: Ralph Korn

MOTION CARRIED