



**MINUTES OF THE
ACCEL FINANCE COMMITTEE
TELECONFERENCE MEETING**

Thursday, April 2, 2020 at 1:00 PM

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

MEMBERS PRESENT:

Michael Andersen, City of Monterey
Jeannette Chavez, City of Ontario
Sandra Blanch, City of Palo Alto
Mark Howard, City of Santa Barbara
Patty Haymond, City of Santa Cruz

MEMBERS ABSENT:

Claudia Koob, City of Mountain View

GUESTS AND CONSULTANTS:

Jena Covey, City of Bakersfield
Michael Simmons, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services

A. CALL TO ORDER

Michael Andersen called the meeting to order at 1:00 PM.

B. Consent Calendar

B1. Approval of Minutes for the March 4, 2020 Finance Committee Meeting

A motion was made to approve the consent calendar.



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

	Michael Andersen	Claudia Koob	Jeannette Chavez	Mark Howard	Patty Haymond	Sandra Blanch
Aye	X		X	X	X	X
Nay						
Abstain						

C. REPORTS

C1. FINANCE COMMITTEE

C1a. Proposed Changes to ACCEL’s Financial Plan & Re-opening Closed/Frozen Years

Conor Boughey reported that at the March 2020 Board Meeting, the Board delegated authority to the Finance Committee to propose changes to the Financial Plan to address clarifying the intent of re-opening and re-calculating program years and how to apply a restriction. Also, to add new language to define the administrative freezing process and discuss payment plans of retro payments owed by Members.

The Committee discussed using a new term to replace the term “frozen” and to further clarify that a year can never really close.

The Committee agreed that in Section IIc. Program Year Close Out, paragraph 2, first sentence, to state, “If an occurrence in a closed year requires payment, all years impacted by the recalculation of the formula shall be re-opened upon majority vote by the Board.”

Patty Haymond will edit the proposed Section, IIIf. Assessment Calculation & Payment Plans and provide it to the Program Administrators.

Direction was given to the Program Administrators to make all the suggested changes discussed and bring back the Financial Plan to the next Committee Meeting.



C1bi. ACCEL Funding Part #1: Equity vs. Non-Equity Pool Considerations

Michael Simmons reported that ACCEL will have Retrospective Rating Plan (RRP) funds due from Members in excess of approximately \$3,000,000. These will be liabilities to the Members but assets to ACCEL. For other Members, ACCEL will owe funds, but those funds the Program Administrators highly recommend maintaining in ACCEL. These issues relate to the fact that ACCEL is a non-equity pool, meaning that any accrued funding within ACCEL is ultimately owed to the Members.

A simple solution to consider involves a change in the ACCEL structure from a non-equity pool to an equity pool (retroactive to formation).

The Finance Committee directed the Program Administrators to agendize this item for further discussion with the Board at the Long Range Planning.

Further direction was given to the Program Administrators to prepare a memo with pros and cons in advance of the Long Range Planning so that the Members can use it as a discussion piece when they discuss with their Finance Directors. Members will report back at the Long Range Planning on each of their Cities’ position.

C1bii. ACCEL Funding Part #2: Retrospective Rating Plan (RRP) Payment Plans

Michael Simmons reported that there are a number of Members that have unexpected Retrospective Rating Plan (RRP) funds due (assessments). These may not be easy to pay in today’s new economic environment resulting from COVID-19.

The Committee discussed the idea of ACCEL allowing payment plans. They were in favor of combining payment plans options #1 and #2 as presented in the agenda packet and to omit the word, “rolling” in option #2.

A motion was made to make a recommendation to the Board to establish for the first year only, the 2020 RRP payment plan. The details discussed included that the first installment would be due June 30, 2020. If the payment is late and not received by March 31, 2021, compounding interest will accrue at the Local Agency Insurance Fund (LAIF) rate as of March 31, 2021 plus one percent.

MOTION: Mark Howard **SECOND:** Patty Haymond **MOTION CARRIED**

	Michael Andersen	Claudia Koob	Jeannette Chavez	Mark Howard	Patty Haymond	Sandra Blanch
Aye	X		X	X	X	X
Nay						
Abstain						



C1biii. ACCEL Funding Part #3: Achieving a June 30, 2020 Positive Net Position Funding

Michael Simmons reported that in an effort for ACCEL to achieve a positive net position as of June 30, 2020, ACCEL should consider restricting Retrospective Rating Plan (RRP) funds. ACCEL has restricted money through the RRP in the past. During the current year, ACCEL restricted \$6,000,000 as a percentage of the retrospective 'share of loss' calculation. At the June Board Meeting, the Board takes action to restrict funds within certain program years included in the calculation, usually spreading the total value over a series of years to blend the impact to Members.

Included in the agenda packet were various tables demonstrating different options to restrict these funds by Member. In the past, these calculations did not result in negative positions, but given the new claims details, many members fall negative using the existing formula concepts. To achieve the goal of restricting funds, keep the concepts simple, and achieve the goals of the Board, the Program Administrators demoed several different concepts to restrict funds.

Direction was given to the Program Administrators to show Table 3: Percentage Based Restriction with 85% and 100% at the next Board Meeting.

There will most likely be a Special Board Meeting before the regularly scheduled June 2020 Board Meeting.

D. PUBLIC COMMENTS - No Public Comments were made.

ADJOURNMENT

Michael Andersen adjourned the meeting at 2:59 PM.