

ACCEL BOARD OF DIRECTORS MEETING

Day 1 - Thursday, March 30, 2023 at 12:00 PM

Day 2 - Friday, March 31, 2023 at 8:00 AM

LOCATION:

**The Community Services Building - Room #104
150 N. Third Street, Burbank, CA 91502**

MEMBERS PRESENT:

Tracey Matthews, City of Anaheim

Jena Covey, City of Bakersfield *(Thursday, March 30, 2023 only)*

Betsy McClinton, City of Burbank *(left at 2:00 PM and returned at 3:40 PM on Thursday, March 30, 2023)*

Joe Rodriguez, City of Modesto

Rafaela King, City of Monterey

Sheryl Higa, City of Mountain View

Jeannette Chavez, City of Ontario *(Thursday, March 30, 2023 only)*

Numeya Williams, City of Ontario Alternate *(left at 3:41 PM on Thursday, March 30, 2023)*

Sandra Blanch, City of Palo Alto

Mark Howard, City of Santa Barbara

Ross Brandon, City of Santa Cruz

Oles Gordeev, City of Santa Monica

MEMBERS ABSENT:

Charlotte Dunn, City of Visalia

GUESTS AND CONSULTANTS:

Sheila Shanahan, City of Monterey Alternate

(left at 3:41 PM on Thursday, March 30, 2023 and left at 10:42 AM on Friday, March 31, 2023)

Marisa Kahn, City of Santa Barbara Alternate *(left at 3:41 PM on Thursday, March 30, 2023)*

Rhonda Combs, City of Salinas *(Thursday, March 30, 2023 only, joined at 1:05 PM and left around 1:15 PM)*

Mike Harrington, Bickmore Actuarial *(Thursday, March 30, 2023 only; arrived at 12:40 PM and left at 2:15 PM)*

Ben Oram, George Hills Company

David Trautz, George Hills Company *(Thursday, March 30, 2023 only)*

Rick Brush, PRISM

(left at 3:41 PM on Thursday, March 30, 2023 and left at 10:02 AM on Friday, March 31, 2023)

Daniel Howell, Alliant Insurance Services

Conor Boughey, Alliant Insurance Services

Lorissa Huey, Alliant Insurance Services

Thomas Joyce, Alliant Insurance Services *(left at 3:41 PM on Thursday, March 30, 2023)*

P.J. Skarlanic, Alliant Insurance Services *(Friday, March 31, 2023 only)*



A. CALL TO ORDER

Jena Covey called the meeting to order on Thursday, March 30, 2023 at 12:00 PM.
 Mark Howard called the meeting to order on Friday, March 31, 2023 at 8:00 AM.

B. CONSENT CALENDAR

B1. Approval of Minutes for the January 19 and 20, 2023 Board Meeting

B2. Claims Reporting and Handling Policy and Procedure

B3. Chandler Clearwater Analytics Authorization Letter

A motion was made to approve the consent calendar.

MOTION: Mark Howard **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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	X	
Nay													
Abstain													

C. GENERAL RISK MANAGEMENT ISSUES

Jena Covey, City of Bakersfield had a couple of items to share. Jena reported that the City is considering police mounted units on horses. The Program Administrators helped send a survey out to the Board if any of the entities have this, and Anaheim and Santa Monica does. Jena stated that the Industrial Disability Retirement (IDR) Circular Letter dated March 15, 2023, drastically changes what an agency has to provide to CALPERS for IDR. There are three forms that have to be completed and the process is complex. Jena offered to the Board Members to reach out to discuss further if any questions.

Mark Howard, City of Santa Barbara asked the Members if any of them are using the County of Ventura as their location for new police cadets training. There is an option to use an onsite physical therapist for the cadets that incur minor injuries, and it is not part of the Workers’ Compensation system. Mark asked Members for feedback.

Ross Brandon, City of Santa Cruz announced that the City is issuing a Request for Proposal for Workers’ Compensation Third Party Administrators.

Jeannette Chavez, City of Ontario stated that the City is in the design phases for a skate park. She asked the Members for suggestions on how to help minimize exposures and claims. Jena Covey, City of

Bakersfield commented that if there is a restroom, the restroom's floor needs to have some grip to prevent slip and falls. Also, Jeannette asked if any of the Members have wellness dogs at their Entity's Fire Department.

Tracey Matthews, City of Anaheim is recruiting a Claims Manager/Assistant Risk Manager and Claims Examiner.

C1. White Paper Pooling Options for Cities

Conor Boughey reported that the Board has asked Alliant to draft a white paper on different pooling options for California Cities. Feedback was given.

D. REPORTS

D1. President's Report

D1a. Appointment of Nominating Committee

Lorissa Huey reported that every year at the March Board Meeting, two Members are appointed to be on the Nominating Committee to survey the Board to serve on the Executive Committee for the following fiscal year. There is usually one Member from Northern California and one from Southern California. The nominations are reported at the June Board Meeting.

Joe Rodriguez, City of Modesto and Numeya Williams, City of Ontario volunteered to be the Nominating Committee.

D1b. ACCEL Travel Policy

Conor Boughey reminded the Board the intent of what can and cannot be reimbursed under ACCEL's Travel and Training Policy as good practice. Included in the agenda packet were the policy and the reimbursement form.

D1c. Updating 2022-23 Committee Assignments

There are new representatives on the ACCEL Board and it is important that each Member of ACCEL has representation on one of the following Committees: Claims, Finance, and Underwriting.

A motion was made to remove Sandra Blanch, City of Palo Alto from the Finance Committee and add Sheila Shanahan, City of Monterey, and remove Tracey Matthews, City of Anaheim from the Underwriting Committee and add Sheryl Higa, City of Mountain View.

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



	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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	X	
Nay													
Abstain													

D2. Executive Committee’s Report - None

D3. Ad Hoc Committee’s Report

D3a. ACCEL’s Deposit Funding – Proposed Changes

Conor Boughey reminded the Board that during ACCEL’s Strategic Planning in October 2022, the Board reviewed the considerations for ACCEL to (1) allow Self Insured Retentions options and (2) update the funding model to more appropriately allocate deposit premiums. After discussion, the Board formed an Ad Hoc Committee to review different funding models and report back to the Board by the March 2023 Board Meeting with the top three options to consider. The three options were outlined in the agenda packet in great detail.

The Ad Hoc Committee met twice reviewing different scenarios for Ex-Mods and Surcharges.

Mike Harrington, ACCEL’s actuary helped calculate the Ex-Mods for the purposes of the Ad Hoc Committee’s task, then the Program Administrators will be in charge of the calculation going forward.

A motion was made to adopt the Ad Hoc Committee’s recommendation of Option 1 effective July 1, 2024 as follows:

- Ex-mod
- 8 years (excluding latest 1.5 years)
- \$1M - \$5M layer losses only
- Credibility (35% flat for all Members)
- Max/Min of 0.80 to 1.20 on the Ex-Mod

The Finance Committee (FC) oversees the Financial Plan Policy and Procedure (P&P), and there will be a new proposed section, “Calculation of Annual Deposits” that captures the Ex-Mod. The P&P will be brought back to the Board for adoption once the FC reviews.



MOTION: Mark Howard

SECOND: Tracey Matthews

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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													

D4. Underwriting Committee’s Report

D4a. Report of Exposures Reviewed by the Underwriting Committee:

D4a1. City of Bakersfield Park Ranger Electronic Control Device

Mark Howard reported that in February 2023, the Underwriting Committee (UC) reviewed the new exposure regarding the City of Bakersfield’s Park Rangers Use of Electronic Control Devices. Mark explained that this is an informational update to the Board, the Committee reviewed and did not find anything in the ACCEL Memorandum of Coverage that excludes this exposure.

Included in the agenda packet was a White Paper from Byrne about armed park rangers and other weapons.

D4b. Proposed Changes to ACCEL’s Memorandum of Coverage (MOC): Unmanned Aerial Vehicles (UAVs)

Mark Howard reported that at the January 2023 Board Meeting, the Board gave direction to the Underwriting Committee (UC) to review language from Byrne Conley, ACCEL’s Legal Counsel that keeps Part 107 in the UAV definition, and adds language about the Certificate of Waiver of Authorization (COA) and similar federal regulations, and the United Educators (UE) UAV endorsement.

At the February 2023 UC Meeting, the Committee reviewed various options and decided to keep the existing language for the UAV give back and in the Aircraft Exclusion, and adopt Byrne’s original proposed language, which is, “ Unmanned Aerial Vehicle (UAV) means an aircraft (with its aerial system or control device) that is not controlled directly by a person from within or on the aircraft and is authorized to be operated by the Federal Aviation Authority (FAA) Small Unmanned Aircraft Regulations (14 Code of Federal Regulations Part 107), or that is authorized to be operated under a Certificate of Waiver or Certificate of Authorization pursuant to 49 U.S. Code sections 40102(a)(41)(D) and 40125(a)(2), and 44806, relating to agreements to operate “public aircraft” for “governmental functions” including but not limited to firefighting, search and rescue, and law enforcement. In the event any of these provisions are amended, any successor statutes or regulations will apply.”

A motion was made to adopt the proposed change retroactive to July 1, 2022.



MOTION: Jena Covey

SECOND: Tracey Matthews

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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													

D4c. New Proposed ACCEL General/Coverage Counsel Agreement

Mark Howard reported that Byrne Conley, ACCEL’s Coverage and General Counsel has proposed a new agreement with increased rates. Mark added that the Underwriting Committee reviewed and took action to make a recommendation to the Board to accept.

A motion was made to accept the new agreement.

MOTION: Oles Gordeev

SECOND: Tracey Matthews

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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													

D5. Claims Committee's Report

D5a. ACCEL’s Legal Counsel

Lorissa Huey reported that as ACCEL’s claims activity increases, there is a need for more legal counsel work. The Claims Committee discussed at its March 16, 2023 meeting and agreed as ACCEL is growing there is a need to expand attorney relationships and has made a recommendation to the Board issue a Request for Quote (RFQ).

Conor provided a verbal report that a discussion with ACCEL’s current Legal Counsel took place.

A motion was made to authorize a RFQ at the Board level.

MOTION: Jena Covey

SECOND: Sandra Blanch

MOTION CARRIED



	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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													

D5b. CLOSED SESSION – Pursuant to Gov't Code 54956.95

A motion was made to enter into Closed Session at 3:41 PM.

MOTION: Tracey Matthews **SECOND:** Sandra Blanch **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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	X	
Nay													
Abstain													

A motion was made to come out of Closed Session at 4:45 PM.

MOTION: Mark Howard **SECOND:** Rafaela King **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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	X	
Nay													
Abstain													

Conor Boughey reported out of Closed Session that direction was given to the Claims Administrators.



D6a-e. Financial and Treasurer's Report

Lorissa Huey and Oles Gordeev walked through the financial items. In the Profit and Loss Report as of December 31, 2022, there is a \$2,000,000 accounts receivable for a claim in the FY 16/17 where ACCEL bought reinsurance from the carrier, Markel. Lorissa verbally announced that has since been paid.

Lorissa noted that the Member Account Summary Report as December 31, 2022 is the second quarter of the current fiscal year. The report shows the allocated loss adjustment expenses were applied to three claims and the interest earned in the second quarter. The ACCEL reserves and IBNR were updated in this quarter based on the 2023 Actuarial Study because the changes were substantial.

A motion was made to approve the financial items D6a-e.

MOTION: Tracey Matthews

SECOND: Betsy McClinton

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Numeya Williams	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													

D7. Finance Committee's Report

D7a. Draft FY 23/24 Administration Budget

Thomas Joyce reported that the draft FY 23/24 Administrative Budget was presented to the Finance Committee at its March 13, 2023 Meeting for the first time. This item is brought to the Board as a draft at the March Board Meeting, and then brought back at the June Board Meeting as final for adoption.

Members discussed potentially increasing the legal counsel budget due to the ongoing coverage litigation with an excess carrier and the expansion of ACCEL's legal counsel relationships. A Special Board Meeting with closed session may be needed to discuss.

Oles Gordeev suggested increasing the legal counsel budget to \$100,000.

D7b. New Proposed: Service Provider Evaluations Policy and Procedure

Lorissa Huey reported that the Executive Committee (EC) has delegated authority to the Finance Committee (FC) to create a new Policy and Procedure (P&P) that provides Members with an Admin Credit of \$500 if they have completed the Service Provider Evaluation. The Program Administrators and Claims Administrators are the two service providers that will have annual evaluations.



The FC is proposing three options to the Board, 1) adopt the P&P as presented in the agenda packet, 2) adopt the P&P, except delete the Admin Credit of \$500, or 3) allocate time on the January Board Meeting Agenda for 30 minutes, where Members can fill out a single page form drafted by the Program Administrators to guide the discussion. This will allow the Board to complete the evaluations at the same time.

Members had a roundtable discussion and commented that these evaluations need to be meaningful.

A motion was made to delegate to the EC to create new metrics for the Program Administrators and for the Claims Committee to do the same for the Claims Administrators. These Committees will bring back the new metrics to the Board for review. Once this is done, the Board will do the evaluations collectively at the October Board Meeting annually. The Board chose October because if there needed to be any changes, it has enough time for the next fiscal year.

The Board does not want to adopt the P&P in the agenda packet.

MOTION: Betsy McClinton **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Numeya Williams	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													

D7c. Frequency of Agreed Upon Procedures: Retrospective Rating Calculation (RPC) Audit

Conor Boughey reminded the Board that Crowe presented the Agreed Upon Procedures RPC audit at the October 2022 Board Meeting and it was the first RPC Audit performed for the FY 20/21. The Board delegated authority back to the Finance Committee (FC) to determine the frequency.

A motion was made accept the FC’s recommendation to conduct the agreed upon procedures RPC Audit every five years because effective July 1, 2021, is when ACCEL took action to tweak the RPC to reduce the Minimum Member Contribution from 3% to 2%. The FY 21/22 will take five years to show up in the calculation.

MOTION: Betsy McClinton **SECOND:** Tracey Matthews **MOTION CARRIED**



	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	Numeya Williams	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													

D7d. Review of ACCEL’s Target Equity Ratios

Conor Boughey reminded the Board that it gave direction to the Finance Committee (FC) to ensure that all the current Target Equity Ratios are still appropriate.

Conor reported to the Board that the FC met in March 2023 and reviewed each ratio in depth and determined there was no need to change the ratios. Also, included in the agenda packet was a five-year summary of the ratios, which is an annual requirement from CAJPA Accreditation with Excellence.

D8. Program Administrator’s Report

D8a. Safeguarding Fine Arts

P.J. Skarlanic presented to the Board an overview of how best to mitigate risk and exposure to Fine Arts through both physical risk control and risk financing methods. P.J. provided real life claims examples as shown in the PowerPoint included in the agenda packet.

Members asked questions, which were addressed by P.J. as they arose.

D8b. Legislative Efforts – Tort Reform

Conor Boughey shared with the Board that included in the agenda packet was a PowerPoint Presentation that he presented to the City of Bakersfield regarding Legislative Efforts on Tort Reform.

Betsy McClinton, City of Burbank requested Alliant to schedule a time for this to be presented to the City of Burbank’s City Manager and City Attorney.

The Program Administrators will send out to the Board the tort caps by State and the Public Entity Large Loss Exhibit.

Mark Howard encouraged the Board Members to share this data with its City Council Members and City Managers.

E. UNFINISHED BUSINESS

E1. Excess Liability Program Renewal Expectations

Daniel Howell reported that the Excess Liability Program is renewing July 1, 2023, most of the applications have been received and Alliant is discussing renewal terms with the incumbent markets. All Members participate in a purchased Excess Liability Program to \$55,000,000 excess of \$10,000,000.

Daniel verbally shared with the Board the initial renewal terms from the incumbent carriers. There are some challenges with some carriers adding on exclusions for the renewal, in which Alliant will need to negotiate. Depending on the pricing for each excess layer, ACCEL may want to consider at the June 2023 Board Meeting, whether it wants to retain that amount or purchase insurance for those layers.

No reportable action took place.

E2. Optional Excess Workers' Compensation Renewal

Conor Boughey stated that ACCEL's Members have the option to join PRISM through a 'group purchase' (ACCEL has no risk sharing for Workers' Compensation). Each Member is able to select its individual self-insured retention (SIR) and is billed directly by PRISM. The PRISM Excess Workers' Compensation Program renews on July 1, 2023 for the eleven Members who participate. The February 2023 premium estimates were sent to each Member separately. If Members want to change their Self Insured Retentions, the requests must be submitted by April 14, 2023 with a decision made by May 1, 2023.

E3. Foreign Travel

Thomas Joyce reported that Alliant has collected all the Foreign Travel applications from the ACCEL Members. Hiscox has provided a quote for an effective date of July 1, 2023. Thomas walked through what is covered and the pricing in the policy.

This item will be brought back to the Board at the June 2023 Board Meeting for potential action to bind coverage.

F. NEW BUSINESS

F1. 2023 Actuarial Report Approval

Mike Harrington, ACCEL's Actuary presented the 2023 Actuarial Report. The Actuarial Report has been prepared based on the December 31, 2022 loss runs and will be used for the June 30, 2023 liability rates.

The Board discussed potentially changing the discount rate and the report presented different options.

A motion was made to approve the report as presented, no change to the 2% discount rate.



MOTION: Mark Howard **SECOND:** Tracey Matthews **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Joe Rodriguez	Rafaela King	Sheryl Higa	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													

F2. PRISM Presentation

Rick Brush, PRISM presented to the Board who PRISM is and the various services it offers to its Members. PRISM has a brochure called the “PRISM Menu of Services” for claims, risk control, and risk management, and can be found on the PRISM Website. Some resources include but not limited to are, cyber security services, DMV Electronic Pull Notice Services, and drug alcohol testing consortium.

F3. Draft Retrospective Rating Plan Calculation

Conor Boughey presented the draft 2023 Retrospective Rating Plan Calculation. He stated that the calculation includes verification of claims data from Members, retro payments owed or assessments, the Actuary’s Incurred By Not Reported (BNR) and Allocated Loss Adjustment Expense (ALAE) as of December 31, 2022.

Conor reminded the Board that at the June 2022 Board Meeting, the Board took action to restrict 100% of the retro. The draft that was included in the agenda packet, the Program Administrators unrestricted the funds and returned it.

The final retro number will be presented at the June 15 and 16, 2023 Board Meeting. If Members who are in an assessment position, cannot pay the amount in full, a payment plan can be requested. For any payment plan requests, the Member must submit to the Program Administrators in writing by June 1, 2023 so that it can be placed on the June 2023 Board Meeting’s Agenda for the Board’s consideration.

No reportable action took place.

F4. Member Declarations Page – Additional Named Parties

Lorissa Huey reported that the Board annually reviews its Additional Named Parties on the Members’ Declaration Pages in preparation for the July 1, 2023 renewal.

Mark Howard stated that City of Santa Barbara will send a formal request to remove the Successor Agency to the Redevelopment Agency of the City of Santa Barbara.



If Members have the Successor Agency to the Redevelopment Agency listed, they should check to see if it is still in existence.

No reportable action took place. This item will be brought back to the June 2023 Board Meeting for adoption.

F5. Schedule of the Next Two Board of Directors Meetings

The next two Board Meetings will be held in Santa Cruz on Thursday and Friday, June 15 and 16, 2023 and in Modesto on Thursday and Friday, October 12 and 13, 2023.

Both meetings will start at 12:00 PM on Thursdays and 8:00 AM on Fridays unless otherwise stated.

G. CORRESPONDENCE / INFORMATION

G1. Cyber Bulletin: System Security Standards – There was no discussion on this item.

G2. PRISM Annual Report – There was no discussion on this item.

G3. PRISM's Workers' Compensation Market Update – February 2023 – There was no discussion on this item.

G4. PRISM's Pollution Hard Market Messaging – February 2023 – There was no discussion on this item.

G5. CAJPA Conference 2022 Schedule

G5i. 2023 Conference: September 12 – 15 in South Lake Tahoe – There was no discussion on this item.

G6. 2024 PARMA Conference – 50th Anniversary – There was no discussion on this item.

H. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Jena Covey adjourned the meeting on Thursday, March 30, 2023 at 4:46 PM.

Mark Howard adjourned the meeting on Friday, March 31, 2023 at 11:45 AM.