

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, FEBRUARY 19, 2009 AT 9:30 AM
COMMUNITY SERVICES BUILDING
BURBANK, CA**

MEMBERS PRESENT

Tom Vance, City of Anaheim
Betsy Dolan, City of Burbank
Ralph Korn, City of Bakersfield
Rhonda Combs, City of Monterey
Claudia Koob, City of Mountain View
Ann Garcia, City of Ontario
Jonathan Lackey, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT

Mary Akin, City of Modesto
Sandra Blanch, City of Palo Alto
Brad Landreth, City of Santa Barbara
Kris Kamandulis, City of Santa Cruz

GUESTS AND CONSULTANTS

Keyan Aghili, Carl Warren & Company
Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services

A. CALL TO ORDER

President Tom Vance called the meeting to order at 9:30 AM

B. CONSENT CALENDAR

B1. Approval of Minutes from the December 4 & 5, 2008 Board of Directors Meeting

A motion was made to approve the minutes.

MOTION: Ralph Korn **SECOND:** Ann Garcia **MOTION CARRIED**

C. REPORTS

C1. President's Report

President Tom Vance reported that the Finance Committee had met the day prior to review the presentations of Financial Audit firms, and that any additional expenses incurred by the Committee will be covered by the Authority. Tom Vance asked the Board to ratify expenses for Meeting expenses that go beyond the five normally scheduled Board Meetings. Tom Vance asked the Program Administrators to agendaize these types of expenses for the next Board meeting so that the Board can discuss expenses related to special meetings. Further, Tom requested the Program Administrators to include an item for the Policy and Procedure relating to Member Travel.

A motion was made to approve the expenses incurred for the Finance Committee Members on February 18th, 2009

MOTION: Ralph Korn **SECOND:** Claudia Koob **MOTION CARRIED**

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 10:00 AM pursuant to Government Section Code 54956.95.

MOTION: Ann Garcia **SECOND:** Rhonda Combs **MOTION CARRIED**

A motion was made to come out of closed session at 10:55 AM.

MOTION: Ann Garcia **SECOND:** Betsy Dolan **MOTION CARRIED**

Claims Committee Chair Ralph Korn, reported that ACCEL reported that the Board approved settlement of the Bernhard et. al. vs. City of Ontario claim.

C3. Financial and Treasurer's

C3a. Ratification of Disbursements for months ending December 31, 2008 and January 31, 2009

Ann Garcia reported on the Disbursements for the months ending December 31, 2008 and January 31, 2009.

Tom Vance reported that the reimbursement to Mike Simmons was for an attrition charge caused by unused rooms at the Board meeting in San Francisco.

A motion was made to approve the Ratification of Disbursements.

MOTION: Betsy Dolan **SECOND:** Ralph Korn **MOTION CARRIED**

C3b. Investment Report – Pursuant to Government Section Code 53646(b)(1) for Months Ending November 30, 2008, December 31, 2008 & January 31, 2009

Ann Garcia reported that ACCEL was maintaining a positive rate of return despite the turbulent market conditions.

There were no questions on this item.

A Motion was made to receive and file the Investment Report.

MOTION: Charlotte Dunn **SECOND:** Betsy Dolan **MOTION CARRIED**

C3c. Adopting the Member Account Summary (MAS) as of December 31, 2008

Conor Boughey reported that the Member Account Summary as of December 31, 2008 has been completed. Conor reported that there had been a large increase in investment income and noted the various claims payments.

A motion was made to approve the Member Account Summary as presented.

MOTION: Charlotte Dunn **SECOND:** Betsy Dolan **MOTION CARRIED**

C3d. ACCEL Projected Cash Flow Obligations as of 12/31/08

Conor Boughey explained that the Projected Cash Flow Obligations is an information item, and no action should be required. The worksheet displays the estimated expenses and revenues in ACCEL's short term future. Conor explained this worksheet helps strategize our estimated needs to organize where our funds should be. Currently, ACCEL has a well balanced portfolio at about 80% long term investments and 20% short term.

Mike Simmons reported that the ACCEL's current balance is ideal, and that no action should be necessary.

No Action was taken.

C3e. Quarterly Financial Compilation as of September 30, 2008 & December 31, 2008

Mike Simmons reported this was the first and second Quarterly Financial Report produced by Jim Marta and Company. Conor Boughey further reported that on page 76 there was a dramatic increase in Investment Income, and that James Marta and Ted Piorkowski confirmed that this was the correct amount.

A motion was made to receive and file the reports.

MOTION: Ralph Korn **SECOND:** Betsy Dolan **MOTION CARRIED**

C3f. Finance Committee Report on Financial Auditor RFP

Ann Garcia reported that the Finance Committee had met on February 18, 2009 to review the presentations of the auditing firms. Ann reported that Betsy Dolan was an instrumental part of the interview process, and asked the Board to recognize her contribution. Ann turned over the item to Betsy Dolan to report on the findings and recommendation of the Finance Committee.

Betsy Dolan reported that the Finance Committee was recommending that Perry Smith be selected as ACCEL's Financial Auditor. Betsy noted that Perry Smith had a very good interview, strong industry knowledge and support staff.

A motion was made to instruct the Program Administrators to enter into an agreement with Perry Smith for 3 years with the option to renew annually. Further to the motion, the Board would like to have a not to exceed clause as well as give Tom Vance the rights to final approval of the contract.

MOTION: Ralph Korn **SECOND:** Claudia Koob **MOTION CARRIED**

C3g. Policy and Procedure – Accounting Guide

Conor Boughey reported that this was an item from the December 4th Board Meeting and the Board requested that staff redraft the Accounting Guide and present it at the next Board Meeting. Conor further reported that no material changes have been made. The proposed changes would reference a separate document that will be maintained by the Program Administrators to track each position. This would be done instead of naming each individual in the policy, which would cause the Authority to update the Policy and Procedure each time a person changes positions.

A motion was made to adopt the Accounting Guide as presented.

MOTION: Ralph Korn **SECOND:** Ann Garcia **MOTION CARRIED**

C4a. Class Action Case Involving Driver Alliant and County of Santa Clara

Mike Simmons reported the Class Action is regarding contingent income. If the Authority elects to separate itself from the action, they would have the option to sue independently. If the Board does nothing they Authority will continue to be apart of the class action.

A motion was made to not opt out of the class action.

MOTION: Rhonda Combs **SECOND:** Claudia Koob **MOTION CARRIED**

C4b. Report on CSAC-EIA and CARMA Meetings

Ralph Korn reported that Michael Simmons, Conor Boughey, Tom Vance and he had met with CARMA and CSAC-EIA. Ralph reported that CARMA did not appear to be a good fit, and that CARMA itself was considering joining CSAC-EIA. Ralph further reported that CSAC-EIA may be a good fit, and the ad hoc committee would recommend the Authority consider options with CSAC-EIA. The Authority would be considering CSAC-EIA to be an excess market over the pooled layer, and that CSAC-EIA would have to review, consider and potentially accept ACCEL as a Member.

No action was taken. The Program Administrators will continue to market towards CSAC-EIA.

D. Unfinished Business

D1. Resolution 0709 01 – Recognition of Tom Phillips

Tom Vance reported that he had reviewed and updated the resolution for Tom Phillips, which was previously presented at the December 4, 2008 Board Meeting.

A motion was made to approve the resolution as presented

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

E. New Business

E1. Status Report on Excess Liability Program Renewal

Conor Boughey and Michael Simmons reported that the Program Administrators are conducting a full marketing of the Liability program due to concerns related to AIG and an increase in losses.

No action was taken.

E2. Optional Excess Workers' Compensation renewal Effective July 1, 2009

Michael Simmons reported that the attached indications were the first round of estimates, and

that a second round, which would include the numbers provided by CSAC-EIA actuary, would be presented soon.

No action was taken.

E3. Resolution 0709 02 – Program Administrators Address Change

Conor Boughey reported that Alliant Insurance Services San Francisco Office had moved from 600 Montgomery Street to 100 Pine Street in San Francisco. Because of this, the address of the Authority would also need to change to reflect the new address. Conor reported that the resolution to acknowledge the address change was the first step, and that prior to the April Board meeting he would post a notice of Bylaw change. At the April Board Meeting the Bylaws will need to be changed to reflect the new address of the Authority.

A motion was made to approve the resolution as presented.

MOTION: Rhonda Combs **SECOND:** Betsy Dolan **MOTION CARRIED**

E4. Resolution 0809 03 – Banking Officer for Union Bank of California

Conor Boughey reported that the contract between ACCEL and Union Bank of California currently has Patrick Flaherty as the Banking Officer. Because of this, the Program Administrators are unable to make changes on the account, which include adding online banking abilities. Conor Boughey recommended to the Board that Michael Simmons be given the responsibility of Banking Officer because of his accessibility and that he is an Administrator rather than a Committee Chair which can change from year to year.

A motion was made to approve the resolution as presented.

MOTION: Ann Garcia **SECOND:** Ralph Korn **MOTION CARRIED**

E5. 2008-09 Committee Assignments

Michael Simmons reported that Mary Akin was withdrawing her membership from the Finance Committee as well as the Claims Committee. The City of Modesto is facing furloughs as a result of the economic downturn and as a result, Mary will not have sufficient time for these Committee Assignments. Tom Vance reported that he would be contacting Members to determine whether or not they would be able to join the Finance Committee, because it will need additional Members.

No action was taken.

E6. Approval of the 2008 Liability Actuarial Study

John Alltop joined the meeting telephonically.

John Alltop presented the 2009 Liability Actuarial Study. Last year a full report was created, but due to the claims volume, the Program Administrators worked with John Alltop to create a full report rather than just an actuarial update. To evaluate ACCEL, John Alltop used claims in the \$100,000 to \$1,000,000 range. John uses this layer because ACCEL has pooled various different amounts, and claims excess of \$1,000,000 are typically not an accurate indicator. John reported that California Municipalities are seeing a rate increase across the board. John further reported that claims in the 04/05 and 05/06 years have been over expected amounts, and this led to the increase in rate. John continued to walk through the report exhibit by exhibit.

John reported that the recommended funding rates for the pool are as follows:

Layer	Expected	80%	85%	90%
\$1M-\$5M	.392	.542	.592	.657

These rates translate to the following discounted funding levels:

Layer	Expected	80%	85%	90%
\$1M-\$5M	\$4,415,000	\$6,104,000	\$6,667,000	\$7,399,000

Mike Simmons reported that the Board took action on a City of Ontario that would affect the actuarial study, and that Conor Boughey would provide the updates to John Alltop.

No action was taken on this item; John Alltop will update the report and continue to work through the report with the Program Administrators.

E7. Calendar Changes and Next Two Meetings Schedule

A conflict was reported for the June 17th and 18th meeting dates.

A motion was made to adopt the June Board Meeting dates for June 25th and 26th, starting at 12:30 PM and 8:30 AM respectively.

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

F. CORRESPONDENCE / INFORMATION

There was no discussion on this issue.

G. PUBLIC COMMENTS

There were no public comments.

H. GENERAL RISK MANAGEMENT ISSUES

There were no issues discussed.

ADJOURNMENT

A motion was made to adjourn the meeting at 2:30 PM

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