

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS
THURSDAY, October 9, 2014 AT 2:30 PM
FRIDAY, October 10, 2014 AT 8:30 AM
Doubletree Hotel
Modesto, CA**

MEMBERS PRESENT

Dave Nunley, City of Anaheim
Jena Covey, City of Bakersfield
Betsy Dolan, City of Burbank
Mary Akin, City of Modesto
Rhonda Combs, City of Monterey
Claudia Koob, City of Mountain View
Sandra Blanch, City of Palo Alto
Mark Howard, City of Santa Barbara
Patty Haymond, City of Santa Cruz
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT

Ann Richey, City of Ontario

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
Vadim Livshits, Alliant Insurance Services
Brandon Schlenker, Carl Warren & Company – October 9, 2014 Only
Matt Nethaway, Crowe-Horwath – October 10, 2014 Only
Tony Su, TCU Risk Management Services – October 9, 2014 Only

A. CALL TO ORDER

Secretary Mary Akin called the meeting to order at 2:30 pm on October 9, 2014
Vice President Mark Howard called the meeting to order at 8:30 a.m. on October 10, 2014

B. CONSENT CALENDAR

B1. Approval of the Minutes from the June 19 & 20, 2014 Board Meeting

Rhonda Combs would like comparisons to other Pools' rates memorialized in the minutes.
Administrators will add them to the June minutes and bring them back at the December meeting.



This will be added to the service calendar, and will be presented annually at the December Board Meeting.

Motion to accept the minutes of the June 19 & 20, 2014 Board Meeting.

MOTION: Rhonda Combs **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

B2. Approval of the Minutes from the July 15, 2014 Board Meeting

Motion to accept the minutes of the July 15, 2014 Board Meeting.

MOTION: Charlotte Dunn **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X
Nay											
Abstain	X										

C. GENERAL RISK MANAGEMENT ISSUES

Deb Hossli distributed an article on Workers’ Comp abuses from the LA Times. The administrators will post the article to the ACCEL Website.

Rhonda Combs reports that the City of Monterey’s Police Department would like to launch a cell phone app that allows the public to report crimes. The application vendor’s Cyber Liability carrier refuses to provide indemnity coverage, and the vendor does not maintain professional liability coverage. She asked if any other Cities are using a similar reporting system. Conor mentioned that BART is using a similar application. Daniel Howell will forward the BART Risk Manager’s contact info to Rhonda. Patty Haymond commented that the City of Santa Cruz has implemented a crime reporting app. Dave Nunley will forward the contract from Taser, which is pretty reasonable, but concerns mostly camera installations.



Rhonda Combs has received several professional services contracts from professional design firms which seek a carve-out for defense. They argue that California Statute does not require them carry defense and indemnity within their limits. Dave Nunley commented that the law changed several years ago and that is why they are taking such as hard line. Deb Hossli commented that her attorney has some language on this issue, and she will send it to the Administrators and they will distribute to the Board.

Rhonda Combs commented that the provisions for reporting claims to Carl Warren and Alliant are outdated. She mentioned that employment practices have to be reported, but, according to the policy, harassment and discrimination claims do not need to be reported. She believes this is an oversight. Administrators will bring this to the claims committee to update.

D. REPORTS

D1. President's Report

D1a. Committee Assignments

Conor Boughey explained that at the June Board of Directors meeting, the Board decided to keep the Committees the same as the 2013-14 Program Year. All members should note which Committee they are on, and that they may be getting invited to committee meetings/calls by email.

D1b. General Interest Items

D2. Claims Committee's

D2a. 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 3:30 p.m. pursuant to Government Section Code 54956.95.

MOTION: Claudia Koob **SECOND:** Patty Haymond **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	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 p.m.

MOTION: Rhonda Combs **SECOND:** Jena Covey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

Claims Committee Chair Deb Hossli gave direction to the Administrators to check with Carl Warren within a week on Basset v. Burbank and Reed v. Modesto.

D2b. David Garthe’s Bill Review Project Status

Conor Boughey reported that unfortunately, the bill review is still not available from David Garthe.

D2c. 2014-15 Claims Committee Chair Selection

Conor Boughey reported that the Claims Committee convened via telephone on July 31, 2014 and elected Deb Hossli the Claims Committee Chair for the 2014-15 program year.

D3. Financial and Treasurer's

D3a. Ratification of Disbursements

Claudia Koob reported on the disbursements included in the agenda. There were no questions by the Board.

D3b. Report of Investments – Pursuant to Gov't Section Code 53646(b)(1)

Claudia Koob reported on the Investment Reports included in the agenda packet, pointing out the investment earnings and compliance report for each month. There were no questions by the Board.

D3c. Quarterly Financial Report as of June 30, 2014

Tami Giovanni, ACCEL’s Bookkeeper, updated the quarterly financials as of June 30, 2014. Based on this report, the Administrators reviewed the Budget to Date and estimated the



Administrative Budget rebate discussed in the Excess Liability Insurance Renewal item discussed later in the agenda.

D3d. Member Account Summary as of June 30, 2014

Conor Boughey advised that the June 30, 2014 Member Account Summary (MAS) report has been completed. Conor reported that the MAS report was audited by the Financial Auditors and is included as part of the audit report.

IBNR and reserves were added to the report a few years ago to provide a more accurate picture to members of how years add up and what cash will likely be available after claims development.

D3f. ACCEL Projected Cash Flow Obligations as of June 30, 2014

Conor Boughey reported that ACCEL has about \$25,000,000 in short-term investments, and the placement of the investments is constantly being evaluated. Currently, the investments are split about 50% at LAIF and 50% at Chandler Asset Management. At the moment, the rate of return on investment at Chandler does not exceed LAIF.

A motion was made to receive and file the reports from D3a, D3b, D3c, D3d and D3f.

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

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

D3e. Financial Audit

Matt Nethaway of Crowe-Horwath presented a preliminary version of the ACCEL financial audit of the 2013-14 Program Year. Matt explained that the Auditors report anything that may be seen as an issue, such as delays in getting information, etc. Matt reports that no audit adjustments are necessary, and there are no deficiencies to report back to the Board.

Mark Howard asked if the Retro spreadsheet is still accurate. Matt answered that it is.

Daniel Howell asked about subsequent information in the Audit. Matt explained that is necessary because some of the information that is received after year-end can affect the previous year's numbers.



Dave Nunley asked when the Audit will be final. Matt responded that it will be final as soon as it is accepted by the Board, and an electronic copy can be distributed as early as Monday, October 13, 2014.

Motion to accept audit.

MOTION: Claudia Koob **SECOND:** Mary Akin **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

The Board gave direction to the Administrators to distribute the final version of the audit to all Board Members by October 21st.

D5. PROGRAM ADMINISTRATORS

D5a. Summary of Coverage

Members each received copies of the Summary of Coverage for their Cities. Members gave direction to Administrators to distribute each City’s summary electronically in Microsoft Word format.

D5b. New Member Marketing

Conor Boughey explained that the City of Carlsbad is looking to join an insurance pool. On September 23, 2014, Conor and Ann Richey met with Ed Garbo, the new Risk Manager at the City of Carlsbad. Ed has experience working as a Claims Adjuster, Risk Manager and serving on the SANDPIPA Board of Directors. Conor and Ann believe that ACCEL is a good fit for the City of Carlsbad, and the City is invited to the February Board Meeting.

Mark Howard added that the benefit of having another member is that each member gets a smaller percentage share of any claims, there is one more experienced risk manager serving on the Board, and an improved loss profile for the Pool. Conor believes that this is a good opportunity to get a new member due to a change in buying philosophy, and not because of claim issues.

E. UNFINISHED BUSINESS



E1. 2014 Retrospective Rating Plan – Refund Requests

Conor Boughey reminded the group that retro refund requests have to be submitted by December 31, 2014. As of the date of the agenda printing, only one City, Mountain View, had requested a refund. If they any other Cities would like a retro refund, they need to forward a letter to the Administrators.

Sandra Blanch indicated that the City of Palo Alto will be making a refund request.

E2. Proposed City of Anaheim Endorsement for Nurse Practitioner Program

This endorsement, if approved, grants coverage through July 1, 2015 for the City of Anaheim’s Nurse Practitioner Program, which has been dubbed The Community Care Response Unit (CCRU). The CCRU would start in January 2015. Dave Nunley added that he has received the contract language from CARE Ambulance and it is agreeable.

Motion to approve the endorsement for one year and revisit next year.

MOTION: Patty Haymond **SECOND:** Rhonda Combs **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

F. NEW BUSINESS

F1. Carl Warren and Company – Key Personnel

Conor Boughey reported that there are two Claims Adjusters in ACCEL’s contract with Carl Warren & Co. listed as key personnel. Both of them are no longer available to ACCEL. Keyan Aghili is no longer employed at Carl Warren and Chris Hunt is unavailable for this account because he has been dedicated to another account. A new Claims Adjuster has been appointed by Carl Warren, but the group may approve or deny the new person.

Mark Howard commented that Carl Warren wishes to continue working with ACCEL and that there are many qualified candidates, and someone else can step in and be the new Claims Adjuster. He thinks we should give Carl Warren an opportunity to present a qualified team for ACCEL to work with.



Dave Nunley commented that the reason ACCEL has two key personnel is so that one person can step in when the other leaves, so it is very inconvenient to lose both at the same time. This transition shows that Carl Warren did not have the backup requested by ACCEL.

Mary Akin commented that she would like claims updated on a regular basis, which is in contrast to service that the Pool had been receiving.

Mark mentioned that he is dissatisfied about not being part of the process when his City’s claims are worked on. He commented that the group needs to take better ownership of their claims.

Mark would like the new claims team from Carl Warren to be interviewed. The Claims Committee should convene to check their resumes and their references. He wants introductions and a pitch for why they are the proper people for the job.

Rhonda Combs would like a list of all claims currently being handled by Carl Warren that have been noticed and reserved, as well as a current loss run.

Conor Boughey would like to schedule a claims committee meeting to discuss this issue and to have an answer by December. Whether Carl Warren should be on the call will depend on the resumes of the people assigned to this account. The Claims Committee should discuss what exactly the expectations of the group are.

Motion to accept the proposed Carl Warren team until December, engage the Claims Committee to meet on this issue, and come back in December to approve the team for further service or issue an RFP. The Board also delegates authority to the Claims Committee to make a recommendation at the December meeting and to have Carl Warren attend that meeting.

At the December meeting, the Administrators will present a draft RFP.

MOTION: Patty Haymond **SECOND:** Deb Hossli **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

Jena Covey would like to clarify that claims are to be sent to Conor Boughey and he will forward on to Carl Warren.



F2. Memorandum of Coverage Review

Conor Boughey explained the MOC is usually reviewed by an Ad-hoc Committee and small revisions are made. Every three years, the MOC is reviewed by the full Board. A few items to consider adding to the MOC are provisions on cyber liability, wage and hour, and the use of drones. These items should be discussed in an Ad-hoc or Underwriting Committee.

Rhonda Combs asked about historical reasons for the exclusion of past and forward wages from the MOC. Daniel Howell answered that it is because Insurance Carriers don't want to pay salaries for their insureds, and the exclusion was a way to prevent that.

Motion to form an Ad-hoc Committee to address general MOC issue. The Committee will consist of Rhonda Combs, Dave Nunley, Mary Akin, Mark Howard, and Betsy Dolan. The meeting will be held at Alliant's San Francisco Office.

MOTION: Patty Haymond **SECOND:** Mary Akin **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	
Nay											
Abstain											X

Direction given to Administrators to require \$5 million in coverage and a permit for the operation of drones.

F3. Claims Auditor Contract Update

Administrators report that there is one more Claims Audit left on Tim Farley's contract. Previously, the Administrators had reported that Tim Farley's contract had ended, but that information was incorrect. Conor Boughey reports that there were bids at another pool for a Claims Auditor, and only two parties responded. One of them was Tim Farley and the other was significantly more expensive.

F4. Workers' Compensation Loss Analysis

Deb Hossli explained the service Tony Su provides to the City with respects to Workers' Comp loss review. Deb says that this analysis is really helpful to running their program. Tony is an Independent Risk Management Consultant working with multiple public entities. He works with a staff that implements ergonomics programs to reduce losses and creates a management type report to track WC data. Tony provided a handout with examples of his work and explained how



his reports are helpful in a variety of ways, such as showing financial impacts, driving factors of costs, medicine costs, etc. Deb commented that this is helpful because you can easily see trends and liabilities.

Dave Nunley inquired about cost of Tony’s service. Tony answered that the report can be done on a monthly, quarterly, semi-annual or annual basis. Tony estimated his cost to be approximately \$34,000 for complete quarterly reports, ranking cases by exposure.

F5. Revising the New Member Application Policy and Procedure

Conor Boughey explained that back in 1991 the group started charging \$500 to anyone applying to join ACCEL. This policy was created at a time when many Cities were shopping for pools, and prevented Cities from getting a free ride when first joining a pool. Conor explained that it is advisable to let this program expire at the end of the fiscal year, and reinstate it if it ever becomes necessary again.

Motion to end policy on July 1, 2014, and remove the application fee to join the pool.

MOTION: Rhonda Combs **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

F6. 2015 calendar of meetings

Mark Howard reported on the proposed meeting locations and dates for 2015. The proposed meetings will be in Anaheim, Burbank, Monterey, Santa Barbara and San Francisco.

Motion to approve 2015 meeting calendar.

MOTION: Mary Akin **SECOND:** Charlotte Dunn **MOTION CARRIED**



	Dave Nunley	Jena Covey	Betsy Dolan	Mary Akin	Rhonda Combs	Claudia Koob	Patty Haymond	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

F7. Next Two Meetings Schedule

Conor reports that the meeting at Anaheim will start with an informal lunch to give everyone time to wrap up their PARMA conference activities. The San Francisco meeting will begin at 2:30pm.

G. Correspondence/Information

G1. The Risk Report – August 2014

G2. PARMA Conference Information

H. Public Comments

Mark Akin adjourned the meeting at 5:00 p.m. on Thursday, October 9, 2014.

Mark Howard adjourned the meeting at 11:00 a.m. on Friday, October 10, 2014.