



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

Wednesday, April 29, 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
Claudia Koob, City of Mountain View
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: None

GUESTS AND CONSULTANTS:

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 1:07 PM.

B. Consent Calendar

B1. Approval of Minutes for the April 2, 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

C1ai. ACCEL Funding Part #1: Equity vs. Non-Equity Pool Considerations

Conor Boughey gave a brief summary of ACCEL’s financial structure and how ACCEL’s equity belongs to its Members, and not ACCEL. Michael Simmons reminded the Committee that ACCEL will have Retrospective Rating Plan (RRP) funds due from Members in excess of approximately \$3,000,000. These are liabilities to the Members, but assets to ACCEL in the form of account receivables prior to payment. The RRP calculation also creates a \$7,000,000 potential distribution to eight other Members that becomes a liability for ACCEL. A simple solution to consider involves a change in ACCEL structure from a non-equity pool to an equity pool (retroactive to formation). This would be a large philosophical change in ACCEL’s structure and would be a long term discussion.

A motion was made to make a recommendation to the Board to discuss the change of ACCEL’s financial structure from a non-equity pool to an equity pool at the upcoming October 2020 Long Range Planning (LRP) Meeting. The Program Administrators will prepare a document detailing the pros and cons before the LRP so that Members can discuss this concept change in detail with their management teams in advance of any decision made by the Board.

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 | X |
| Nay | | | | | | |
| Abstain | | | | | | |



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

Michael Simmons gave a brief summary of the item and discussed the Committee’s potential recommendation to the Board establishing the 2020 RRP three-year payment plan. The payment plan would allow the first payment to be made by March 31, 2021, if the payment is late the payment will be charged interest of Local Agency Insurance Fund (LAIF) plus 1%. The second and third payments would have compounding interest of 50 basis points (1/2 percent) applied to the remaining outstanding balance. The first year’s payment is due June 30, 2020 and past-due March 31, 2021.

The Committee discussed the payment plan and confirmed the following payment timing and terms.

- **Year 1:**
 - o Due June 30, 2020
 - o No interest unless payment is late and penalty applies
 - o Late penalty applies if payment not received by March 31, 2021
 Penalty of LAIF rate (as of March 31, 2021) plus 1%
- **Year 2:**
 - o Due June 30, 2021, Net 30
 - o If payment is late (30 days), a penalty applies at LAIF rate plus 1%
 - o 20 or 50 basis points compounding interest applied starting July 1, 2020
- **Year 3:**
 - o Due June 30, 2022, Net 30
 - o If payment is late (30 days), a penalty applies at LAIF rate plus 1%
 - o 20 or 50 basis points compounding interest applied starting July 1, 2020

A motion was made to create a visual to clarify the above payment plan and to seek feedback from the Board on which interest rate to select between 20 and 50 basis points. This item will be agendaized for the May 14, 2020 Special Board Meeting.

MOTION: Jeannette Chavez

SECOND: Patty Haymond

MOTION CARRIED

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



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

Michael Simmons reported that at the last Finance Committee held on April 2, 2020, the Finance Committee concluded that it is important that ACCEL strive to maintain a positive net position. There are three ways to achieve this mechanically and included in the agenda packet were Options #1a and 1b, along with Option #2 outlined.

A motion was made to recommend to the Board to restrict 100% as shown in Option #2, and show the 85% and 90% as background information. Also, direction was given to the Program Administrators to show Options #1a and 1b in the background section of the item write up.

MOTION: Sandra Blanch **SECOND:** Patty Haymond **MOTION CARRIED**

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

C1b. Proposed Changes to ACCEL’s Financial Plan & Re-opening Closed/Frozen Years

Conor Boughey reported that the redline version of the Financial Plan Policy and Procedure included in the agenda packet contained all the edits requested by the Finance Committee from the April 2, 2020 Committee Meeting.

Mark Howard proposed changes to Section IIIf. Assessment Calculation, Payment Plans & Request for Deferral and shared them with the Committee.

A motion was made to instruct the Program Administrators to incorporate the changes that Mark proposed, further clarify the language about late payments, add language that the Board can authorize the use of a payment plan, and that future Retrospective Rating Plan funds due to a Member cannot be paid until the Member pays its July 1 deposits. This item will be agendized at the May 14, 2020 Special Board Meeting.



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 | X |
| Nay | | | | | | |
| Abstain | | | | | | |

D. PUBLIC COMMENTS

No Public Comments were made.

ADJOURNMENT

Michael Andersen adjourned the meeting at 2:30 PM.