



**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING**

Thursday, June 22, 2017 at 2:15 PM

Friday, June 23, 2017 at 8:00 AM

Alliant Newport Beach Office

1301 Dove St #200

Newport Beach, CA 92660

Meeting Room: Newport Beach Conference Room - 2nd Floor

MEMBERS PRESENT:

Dave Nunley, City of Anaheim

Jena Covey, City of Bakersfield

Betsy McClinton, City of Burbank

Beverly Jensen, City of Modesto

Michael Andersen, City of Monterey

Claudia Koob, City of Mountain View

Ann Richey, City of Ontario

Sandra Blanch, City of Palo Alto

Mark Howard, City of Santa Barbara

Deb Hossli, City of Santa Monica (*left at 11:09 AM on Friday, June 23, 2017*)

Charlotte Dunn, City of Visalia

MEMBERS ABSENT:

Patty Haymond, City of Santa Cruz

GUESTS AND CONSULTANTS:

Kathy Garozzo, City of Ontario

Michael Simmons, Alliant Insurance Services

Conor Boughey, Alliant Insurance Services

Daniel Howell, Alliant Insurance Services

Lorissa Huey, Alliant Insurance Services

Ken Maiolini, RMS (*via teleconference Thursday, June 22, 2017 only*)

Tim Farley, Farley Consulting Services (*Friday, June 23, 2017 only*)

A. CALL TO ORDER

Mark Howard called the meeting to order at 2:15 PM on Thursday, June 22, 2017.

Mark Howard called the meeting to order at 8:00 AM on Friday, June 23, 2017.



B. CONSENT CALENDAR

B1. Approval of Minutes for the April 6 & 7, 2017 Board of Directors Meeting

B2. Approval of the FINAL 2017 Actuarial Study

B3. ACCEL’s Travel Expense Reimbursement Form

A motion was made to approve the consent calendar.

MOTION: Ann Richey

SECOND: Betsy McClinton

MOTION CARRIED

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

C. GENERAL RISK MANAGEMENT ISSUES

Dave Nunley thanked everyone who responded to his email about the Americans with Disabilities Act interactive process. Deb Hossli mentioned they utilize Rachel Shaw and Associates to set up Santa Monica’s program and train staff. LA County has good reference material and forms on their website.

Jena Covey asked members about workers compensation insurance related to individuals in the City’s Explorer’s Program. She also discussed the CalPERS audit and IA reports requested. Also, she asked if other cities restrict their employees from wearing non-City logo hats as part of their uniform policy.

Michael Andersen asked the members how much they pay for their claims tracking system if they utilize one.

Sandra Blanch asked if other cities have a dress policy for their Firefighters to wear proper footwear in the fire station.

Beverly Jensen discussed the issue with sidewalk cut outs for tree planting and how the other members resolve these issues at their respective cities.



Mark Howard discussed a WC claim that is in the excess layer with CSAC EIA regarding a cancer claim of a firefighter and some claims issues that have become problematic. Mark is working with CSAC EIA on resolution of the matter.

D. REPORTS

D1. President’s Report

D2. Claims Committee’s Report

D2a. Closed Session – Pursuant to Gov’t Code 54956.95

A motion was made to enter into Closed Session.

MOTION: Ann Richey **SECOND:** Beverly Jensen **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

The Board entered closed session at 2:59 PM.

A motion was made to come out of closed session at 3:59 PM.

MOTION: Ann Richey **SECOND:** Michael Andersen **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

Conor Boughey reported that the Board took action to assign the Verdugo claim to the Claims Committee for further review with the City of Burbank and the Liability Claims Administrator;



and direction was given to the Program Administrators to work with President regarding writing to the City of Bakersfield regarding the City’s attorney fee arrangement.

D2b. 2017 Liability Claims Audit

Tim Farley presented the draft of ACCEL’s 2017 Liability Claims Audit. He performs the liability claims audit annually. Tim walked through his report, as included in the agenda packet, addressing areas of concern as they were brought up.

Members asked questions which were discussed during the meeting.

A motion was made to accept the report.

MOTION: Ann Richey **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McC'Inton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

Farley was asked to finalize the draft and provide to the Program Administrator for distribution to the membership.



D3. Financial and Treasurer's Report

D3a-e. Financial Items

Conor Boughey walked through the financial items.

The Program Administrator was directed to contact Chandler Asset Management to ask why the March, April and May 2017 Statements show ACCEL is non-compliant under the Category for “Max per Issuer”. The Program Administrators will send a note to the Treasurer and President regarding Chandler’s response once received to see if any further action is necessary.

A motion was made to accept and file the financial reports.

MOTION: Charlotte Dunn **SECOND:** Beverly Jensen **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McC'Inton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

D3f. Check Signing Process

Conor Boughey updated the Board on the new signature stamps plates for the Check Signing Process. The current process utilizes ‘wet ink’ signatures, and requires dual signatures for all checks. This process requires checks to be produced in San Francisco, and overnighted to two cities for separate signatures, before being returned to San Francisco for processing and distribution. This process usually takes at least ten days due to courier timing, member scheduling and processing.

To speed up the process and reduce costs, the Program Administrators have ordered a signature stamp machine that will imprint the signatures of the two check signers, however their approval will still be required to process the checks. The signature stamps should arrive soon.



D4. Program Administrator’s Report

D4a. Conflict of Interest Code – Approved by FPPC – Clarification

Conor Boughey reminded the Board that at the April Board meeting, direction was given to the Program Administrators to clarify the language on Appendix A in the Conflict of Interest Code.

The Program Administrators presented wording from another Primary Pool’s Conflict of Interest Code and the Board agreed that the language is clearer. The Program Administrators will bring this back to the April 2018 Board meeting as an Action Item.

D5. Underwriting Committee’s Report

D5a. Excess Liability Policy: Multi-Member Occurrence

Conor Boughey reminded the Board that at the April 2017 Board Meeting, the Board took action to direct the Underwriting Committee to review this Item before the June 2017 Board Meeting. At the May 9, 2017 Underwriting Committee Meeting, action was made to keep the language as it currently stands which means that each Member, in a multimember occurrence, would have their own SIR, their own limits in the ACCEL pooled layer and their own limits in the excess tower of insurance (not shared).

A motion was made to affirm the current language.

MOTION: Beverly Jensen **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



D5b. Memorandum of Coverage

D5b1. Cyber Liability Coverage

Conor Boughey clarified that ACCEL's Memorandum of Coverage (MOC) does not exclude Cyber Liability coverage, but many components of a large cyber breach would not be covered, such as fines, assessments, penalties, forensic consulting etc. due to Exclusion O. in ACCEL's MOC (0117).

Conor discussed the several claim scenarios that calculate the amount of a loss that would fall under notification, investigation and regulatory fines and assessments. Members noted that the reports included in the Agenda Packet were very helpful because it breakdowns what may or may not be covered.

Michael Simmons noted that if a city is not in Alliant Property Insurance Program (APIP), members should buy a standalone Cyber policy, and if members are in APIP they should consider the Cyber Enhancement Option (CEO) and evaluate whether to purchase additional limits under the Alliant Cyber Excess Solution (ACES).

The CEO option lowers a city's retention, has a pre-loss training team at Beazley, dedicated notification costs that do not erode your limits and this option requires an application. Alliant Cyber Excess Solution (ACES) is excess limits and was automatically quoted in the APIP proposal without an application.

No reportable action took place.

D5b2. Definition of "Damages"

Conor Boughey report that while reviewing the Memorandum of Coverage (MOC), it was found that the definition of Damages was never included in the MOC. Damages is shown as a term with special meaning, and therefore should have a definition in the MOC (as is common with other MOCs).

At the May 9, 2017 Underwriting Committee meeting, the Committee made a motion to ask Byrne Conley to provide an opinion of his recommendation as to whether ACCEL should add a definition of Damages to ACCEL's MOC.

The Board directed the Program Administrators to bring this Item back to the October 2017 Board meeting, and ask Byrne Conley to join the meeting by teleconference.



D6. Nominating Committee's Report

D6a. Election of Officers

Each year at the April Board meeting, the President appoints the Nominating Committee, who will survey the Board for Executive Committee nominations and report those nominations at the June Board meeting. The Nominating Committee consists of Betsy McClinton and Deb Hossli.

The Board held elections and elected the following 2017-18 Officers: Mark Howard, President; Dave Nunley, Vice President; Sandra Blanch, Secretary; and Beverly Jensen, Treasurer.

During the discussion, Ann Richey reported that she expects to retire at the end of the year. Mark Howard directed the Program Administrators to include on the October Agenda an item to talk about the transition as Ann leaves her seat on the EIA committees. While the appointment or election to the EIA board or committees is an EIA action rather than ACCEL action, ACCEL may advise EIA of its desire to have an ACCEL member representative participate in EIA governance. Ann described the committee roles and time commitment to EIA. Mark asked the ACCEL Board members whether they would be interested and able to commit to serve with EIA.

D7. Ad Hoc Committee's Report

D7a. Alliant's Performance Review

At the April Board Meeting, the Board took action to create an Ad Hoc Committee to discuss Alliant's Performance Review and report back at the June Board Meeting. The Ad Hoc Committee consists of Mark Howard, Betsy McClinton and Deb Hossli.

The Program Administrators were excused from the meeting while the discussion ensued.

When the Program Administrators returned to the meeting, Deb Hossli reported to the Program Administrators that it was overall a positive evaluation and a formal report will be presented at the October Board meeting.

The Board directed the Program Administrators to assist in setting up a special Board of Directors meeting to discuss Alliant's Performance Review, Alliant will not attend the meeting and minutes will be maintained by one of the attending members.



E. UNFINISHED BUSINESS

E1. ACCEL’s June 30, 2017 IBNR

Conor Boughey presented the June 30, 2017 IBNR report. ACCEL’s Actuarial Study was completed based on December 31, 2016 loss information. The Financial Audit will audit the financials as of June 30, 2017 and as a result, the IBNR requires an update to accurately reflect the Authority’s outstanding liabilities. Conor reported that there has been a substantial increase in claim reserves. The increase in reserves is due to the Liability Claims Administrator, RMS having more accurate case reserves on known claims, while also uncovering previously unreserved claims that require substantial reserve increases. Alliant discussed this change with ACCEL’s Actuary at Bickmore and the Actuary took into account that ACCEL is now working with more accurate claims reserve information on known claims, allowing a reduction in IBNR for loss development.

A motion was made to accept the report and adopt the IBNR amount as calculated by the Actuary.

MOTION: Ann Richey **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



E2. 2017 Retrospective Rating Plan Adjustment Calculation

Conor Boughey presented the Retrospective Rating Plan Calculations. These calculations include verification of claims data from members, retrospective payments owed or refunded to ACCEL during FY 2016-17, the Actuary’s IBNR as of December 31, 2016 and ALAE as of December 31, 2016.

From the April 2017 Board meeting, the totals are the same because no new claims were paid. At this June meeting, the member shares are adjusted slightly, after the Program Administrators sent out the email surveying the Board to see if there are any open claims prior to 2007-08 that can potentially increase to \$1M which resulted in one significant change from Bakersfield’s 2003-04 claim capping out Bakersfield’s percentage share.

A motion was made to approve the retrospective rating calculation and establish a \$4M restricted reserve applying \$1M to four years.

MOTION: Dave Nunley **SECOND:** Charlotte Dunn **MOTION CARRIED**

Further to the motion above, a second motion was made to instruct the Treasurer to work with the Program Administrator in developing for consideration at the October 2017 meeting, a new Policy & Procedure regarding the process and considerations for establishing and adjusting a restricted reserve.

MOTION: Ann Richey **SECOND:** Jena Covey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



E3. ACCEL Retro – Administratively Freezing Years

Conor Boughey reported that the Program Administrators reviewed the results of the survey of open claims prior to FY 2008/09 and found that any open claims with excess potential are already reserved in excess of \$250,000. There is only one claim that falls into this category, and the retrospective rating calculation was revised to reflect the current value of the claim at \$250,000. As a result, the Program Administrators believe the program years prior to FY 2008/09 can be frozen for purposes of the allocation percentage. This will provide administrative relief considering the retrospective rating plan for older years is performed in an obsolete database system.

A motion was made to approve administratively freezing years prior to 2008-09.

MOTION: Ann Richey **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

E4. ACCEL FY17/18 Excess Liability Program Renewal

Daniel Howell reported that ACCEL’s excess liability program renews July 1, 2017 and he reviewed the renewal marketing process and results. The proposed insurance renewals include a lead layer change from AmTrust to Great American. This proposed change resulted from extensively marketing the excess program. Dan discussed one notable coverage change, the Lead Sublimit endorsement on the Great American layer - \$5,000,000 Occurrence / \$5,000,000 Annual Aggregate sublimit applying to any liability arising out of lead in respects to potable water. This is a result of incidents like the City of Flint, Michigan water crises.

As a result of the renewal discussions, the cities of Visalia, Monterey, Modesto, Burbank, Santa Barbara, and Bakersfield indicated that they may want to increase their excess limits.

Jena Covey asked the Program Administrators to prepare a memorandum for ACCEL members on considerations relative to selecting the appropriate amount of coverage to purchase.

The Board directed the Program Administrators to bring back to the Long Range Planning session a topic on further discussion of coverage limits.



Beverly Jensen requested that the Program Administrators add one more column to the Excess Liability Cost handout page that shows what each member’s costs are for what each member currently purchases.

The Program Administrators will work with the individual member cities who may purchase additional limits.

The following action was taken with responses to the excess liability renewal:

1st MOTION

A motion was made to adopt the pool rate at 0.531 for FY 17/18.

MOTION: Ann Richey **SECOND:** Dave Nunley **MOTION CARRIED**

2nd MOTION

A motion was made to approve the Administrative Budget as presented.

MOTION: Sandra Blanch **SECOND:** Beverly Jensen **MOTION CARRIED**

3rd MOTION

A motion was made to approve excess limits as presented subject to a credit that will apply per existing agreement, and no material adverse premium development resulting from new member participation in the various coverage layers.

MOTION: Ann Richey **SECOND:** Jena Covey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



E5. Optional Excess Workers' Compensation Program Renewal

Conor Boughey described the July 1, 2017 renewal for the members participating in the Optional Excess Workers' Compensation Program Renewal. The proposals were attached in the Agenda Packet.

The two notable changes for the renewal is the addition of Great American on the Reinsurance layer within first \$5M, and Liberty Mutual assumed the \$50M to statutory limits layer from AIG. Despite these changes, and the hardening workers' compensation market, EIA continues to offer Statutory limits.

E6. Adopting the 2017/18 Administration Budget & Resolution 1718-01

Conor presented the Administrative Budget which is annually adopted at the June Board Meeting. The Draft Administrative Budget was presented at the April 2017 Board Meeting. Since the April 2017 Board Meeting, the budget for Banking Fees increased to \$2,000 from \$1,500. There are some changes to the contracted fees to match estimated costs in the 2017/18 term, as well as the cost of the CAJPA Accreditation which takes place every three years. A reduction in the Member Travel and Training allocated budget keeps the overall budget approximately flat.

A motion was made to adopt the budget as presented.

MOTION: Beverly Jensen **SECOND:** Claudia Koob **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	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. Retrospective Rating Plan Refund Requests

Conor Boughey reported that the Program Administrators have received requests from Monterey for \$500K and Mountain View for \$300K to date. Anaheim may make a request for \$1M and Palo Alto may make a request for \$450K.



Mark Howard reminded the Board that they have until December 31, 2017 to make their Retrospective Rating Plan Refund request for any refunds during FY 17/18.

Conor explained that the Program Administrators want members to evaluate whether or not they would like to withdraw funds in order to make sure ACCEL will have enough short term cash to cover cash flow needs during FY 17/18.

No reportable action took place.

F2. Approval of ACCEL’s Declarations Page

Conor Boughey explained that each year the Program Administrators present a draft form of the declarations page for Board review and approval. The key issue on the declarations page is that ACCEL is silent on the issue of aggregates; which means there are no aggregate limits in the pooled layer. Members were also reminded of the importance of checking and reporting any issues regarding the Additional Named Insureds list provided in the agenda packet.

A motion was made to approve the Declarations Page and Additional Named Covered Parties List as presented.

MOTION: Ann Richey **SECOND:** Beverly Jensen **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



F3. Insurance Renewals:

F3a. Public Employee Dishonesty Insurance

Conor Boughey presented the ACCEL Public Employee Dishonesty Insurance (Crime) proposal. Coverage renews on July 1, 2017. The proposal is a two year policy period, with the same coverage and deductibles. The premium is billed in annual installments of \$1,000 for a two year policy.

A motion was made to bind coverage as presented.

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

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											

F3b. Trustees Errors & Omissions Insurance

Conor Boughey presented the ACCEL’s Trustee’s Errors & Omissions proposal that renews July 1, 2017 for 1 year. It is a flat renewal with the same limits and deductible.

Conor advised if one of the members were to make a claim against the ACCEL Board, this is the coverage that would be expected to respond and protect ACCEL and the Board members.

A motion was made to bind coverage.

MOTION: Beverly Jensen **SECOND:** Ann Richey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X	X
Nay											
Abstain											



F4. Unmanned Aerial Vehicles (UAV) Clarification – Waivers are Covered

Conor Boughey reported that a Member requested clarification with respects to Cities obtaining waivers to fly UAVs at night, over crowds and other standard restrictions. Within Part 107, the following language exists, “Most of the restrictions discussed above are waivable if the applicant demonstrates that his or her operation can safely be conducted under the terms of a certificate of waiver”.

If a City obtains a waiver by the FAA, the City would still be in compliance with Part 107 and coverage would not be excluded for the waived activity. ACCEL’s memorandum of coverage is silent as to whether a waiver must be obtained for coverage to apply for operation of UAV’s subject to Part 107 regulation.

F5. Schedule of the Next Two Board of Director’s Meetings

A motion was made to move the start time of all Board Meetings to 1 PM, but keep the October 12, 2017 Board Meeting in Modesto and December 14, 2017 Board Meeting in San Francisco.

MOTION: Ann Richey **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Beverly Jensen	Michael Andersen	Claudia Koob	Ann Richey	Sandra Blanch	Mark Howard	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

G. CORRESPONDENCE / INFORMATION

G1. 2017 CAJPA Conference

G2. PARMA – Cyber Liability Presentation

H. PUBLIC COMMENTS

No Public Comments were made.

ADJOURNMENT

Mark Howard adjourned the meeting at 5:27 PM on Thursday.
 Mark Howard adjourned the meeting at 11:23 AM on Friday.