

MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, OCTOBER 2, 2008 at 3:00 PM &
FRIDAY, OCTOBER 3, 2008 at 8:30 AM
Embassy Suites Anaheim - North
ANAHEIM, CA

MEMBERS PRESENT

Ann Garcia, City of Ontario
Claudia Koob, City of Mountain View
Ralph Korn, City of Bakersfield
Tom Phillips, City of Santa Monica
Tom Vance, City of Anaheim
Charlotte Dunn, City of Visalia
Ann Lorenzo, City of Burbank
Kris Kamandulis, City of Santa Cruz
Rhonda Combs, City of Monterey
Mary Akin, City of Modesto
Sandra Blanch, City of Palo Alto
Brad Landreth, City of Santa Barbara

MEMBERS ABSENT

None

GUESTS AND CONSULTANTS

Betsy Dolan, City of Burbank
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 3:00 PM

B. CONSENT CALENDAR

B1. Approval of Minutes from the June 19 and 20, 2008 Board of Directors Meeting

A motion was made to approve the minutes with one correction. Jim Patricola was the representative from the City of Burbank.

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

B2. IBNR Update as of June 30, 2008

A motion was made to Receive and File the IBNR report.

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

C. REPORTS

C1. President's Report

Tom Vance introduced Betsy Dolan from the City of Burbank. Betsy is the new Risk Manager for the City of Burbank, and she was brought to the department from Management Services.

Tom announced that Ted Piorkowski from Chandler Asset Management would be joining the meeting as a Time Certain at 3:30 PM to discuss the recent Financial Crises and its implications on ACCEL.

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 4:45 PM pursuant to Government Section Code 54956.95.

MOTION: Ann Garcia **SECOND:** Mary Akin **MOTION CARRIED**

A motion was made to come out of closed session at 5:45 PM.

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

Claims Committee Chair Tom Phillips, reported that direction was given on the Modesto vs. ISOP and ACCEL claim.

A motion was made to adjourn the meeting at 5:50PM.

MOTION: Ann Garcia **SECOND:** Mary Akin **MOTION CARRIED**

Tom Vance reconvened the meeting at 8:30 AM on Friday October 3, 2008.

C3. Financial and Treasurer's Report

C3a. Ratification of Disbursements

A motion was made to ratify the disbursements.

MOTION: Kris Kamandulis **SECOND:** Mary Akin **MOTION CARRIED**

C3b. Re-adopting the Member Account Summary (MAS) as of September 30, 2007, December 31, 2007 & March 31, 2008

Conor Boughey reported on the changes made to the MAS report. He noted the only major change was the adjustment of two claims payments that required the MAS report to be adjusted from the beginning of the program year to properly allocate interest earnings.

MOTION: Brad Landreth **SECOND:** Mary Akin **MOTION CARRIED**

C3c. Adopting the Member Account Summary (MAS) as of June 30, 2008

A motion was made to adopt the MAS report as of June 30, 2008.

MOTION: Brad Landreth **SECOND:** Sandra Blanch **MOTION CARRIED**

C3d. Investment Report – Pursuant to Government Section Code 53646(b)(1) for Months Ending May 31, 2008, June 30, 2008, July 31, 2008 & August 31, 2008

Ann Garcia reported on the holdings and interest earned on the monthly statements.

A Motion was made to Receive and File the Investment Reports.

MOTION: Brad Landreth **SECOND:** Sandra Blanch **MOTION CARRIED**

C3e. Quarterly Finance Report as of: March 21, 2008 & June 30, 2008

Mike Simmons reported that the Net Assets for ACCEL have been corrected in these reports. ACCEL's Net Assets are really \$100,000, and this was confirmed in the June 30, 2008 report. However, due to accounting complications, the \$100,000 was accounted for twice, and this will be an ongoing item to be corrected on future reports.

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

C3f. Financial Audit as of June 30, 2008

Mike Simmons introduces ACCEL's Financial Auditor, Ryan Nielson of Brown Armstrong, and informs the Board that Ryan will be presenting the Financial Audit.

Ryan Neilson reported that the Financial Audit was not complete, but proceeded to walk through the portions of the Audit that had been completed. Ryan spent some time walking through the Balance Sheet and focusing on the issue of Net Assets. Because ACCEL is an equity pool, there are very little Net Assets. In the future, Ryan reported that he would like to create a more in depth analysis of Reserves and Net Assets.

Ryan reported that there were no findings in the current audit in the Other Report. However, because the audit period is two years, the findings from the prior year would need to be in this year's audit, and addressed by the Board. Ryan further reported that the only item of concern was the issue of timing between the IBNR report and the Audit. The IBNR reconciliation with the Audit always seems to present issues.

Because the audit was not in final form, the Board requested that there be a Teleconference Board Meeting to discuss the Final Financial Audit when it is ready.

No action was taken.

C3g. ACCEL Projected Cash Flow Obligations as of June 30, 2008

Mike Simmons 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. Mike noted that it is ACCEL's goal to prevent selling a long term investment short, and this worksheet helps strategize our estimated needs to organize where our funds should be. Brad Landreth asked Mike why Bickmore Risk Services is not providing this report as part of their Actuarial Study. Tom Vance replied that in general, claims over \$1,000,000 are fortuitous and very difficult to estimate.

No action was taken.

C4. PROGRAM ADMINISTRATOR'S REPORT

C4a. Status Report of AIG's Financial Condition

Mike Simmons reported on the current financial condition of AIG and how this might affect ACCEL. Lexington, a subsidiary of AIG, is currently an excess liability carrier for ACCEL on the \$10,000,000 excess of \$15,000,000 layer, and Lexington London is an excess liability carrier for the \$25,000,000 excess of \$25,000,000 layer through the Catastrophic Liability Insurance Program (CLIP). Mike reassured the Board that the recent news about AIG is about AIG the parent company, and that these troubles do not affect the reserves required by the department of insurance for Lexington and AIG Commercial Insurance. Mike further stated that Alliant, ACCEL's insurance broker, would be marketing these lines of coverage at renewal, but unless requested, would not seek to replace coverage midterm.

No action was taken.

C5. UNDERWRITING COMMITTEE'S REPORT

None

D. UNFINISHED BUSINESS

D1. ACCEL Member Coverage Summary

Conor Boughey reported that the Member Coverage Summary was first presented at the October 2007 Board Meeting, and that this is a report that would be produced and presented annually at the October Meeting. The report is provided as a quick reference guide as a snapshot of current coverage in place.

D2. FY 2008-09 – Liability Renewal Pricing Variance

Conor Boughey reported that at the June 19-20, 2008 meeting, the Program Administrators presented the renewal cost options. Due to an error, staff did not include the State of California Surplus Lines Taxes and Fees cost (3.125% of premium this year) that have always been a part of the cost of coverage. Also, the cost of the \$50 million excess \$50 million layer was bound at a lower cost than presented. As a result the renewal cost came in \$11,098 more than presented at the meeting and invoiced by staff. To cover the cost of renewal, this expense was paid out of the Pooled Layer funding, and we now need to sort out how to reimburse those funds.

A motion was made to invoice the remaining funds necessary to pay carriers during the current program year.

MOTION: Ann Garcia **SECOND:** Mary Akin **MOTION CARRIED**

D3. Retrospective Rating Plan Calculation Update

Conor Boughey reported that he updated the Retrospective Rating Plan Calculations with the updated IBNR provided by Bickmore Risk Services. This change in IBNR caused the Retro refunds available to change from \$12,891,743 as presented at the June Board meeting, to \$13,680,902 as currently presented.

A motion was made to Receive and File the updated Retrospective Rating Plan Calculation.

MOTION: Kris Kamandulis **SECOND:** Mary Akin **MOTION CARRIED**

E. NEW BUSINESS

E1. CSAC-EIA TargetSafety Presentation

Tom Vance introduced Kyle Ashley from TargetSafety to present on what their company does, and how it may benefit the JPA. Kyle reported that TargetSafety has partnered with CSAC-EIA to deliver a comprehensive enterprise risk management platform to all EIA members. The web-

based platform, known as PreventionLink, in an exceptional utility program that offers users efficient, time-saving, risk management tools. This tool is used by more than 2,500 public entities nationwide.

No action was taken.

E2. CSAC-EIA – Loss Prevention Subsidy Funds Available

Mike Simmons reported that CSAC-EIA provides funds to ACCEL for Loss Prevention Services. ACCEL Currently has \$6,500 in funds available for Loss Prevention services. Only Mike Simmons can request reimbursement for Loss Prevention services on behalf of ACCEL.

A motion was made to authorize \$1,000 of subsidy funds to be spent towards the services provided by TargetSafety.

MOTION: Brad Landreth **SECOND:** Mary Akin **MOTION CARRIED**

E3. 2009 Proposed Calendar of Meetings

Mike Simmons presented the 2009 proposed calendar, and asked the Board to discuss the calendar as presented, and make any changes desired.

A motion was made to approve the 2009 Calendar of Meetings with changing the June Board meeting to Ontario and the October Board meeting to Santa Barbara unless changes are desired closer to the meeting dates.

MOTION: Ralph Korn **SECOND:** Mary Akin **MOTION CARRIED**

E4. Next Two Meetings Schedule

No Discussion.

E5. Executive Committee Report

Tom Vance reported that the Executive Committee met on October 2nd to discuss committee assignments. The Executive Committee decided on the following assignments:

ACCEL COMMITTEES

2008-2009	
Committee Assignments	
EXECUTIVE COMMITTEE:	
President	Tom Vance
Vice President	Ralph Korn

Treasurer	Ann Garcia
Secretary	Mary Akin
CLAIMS COMMITTEE:	
<i>Claims Committee Chair is chosen by the Claims Committee</i>	
Ralph Korn – Chair	
Brad Landreth	
Tom Phillips	
Mary Akin	
Claudia Koob	
Jonathan Lackey	
Kris Kamandulis	
Dave Nunley	
UNDERWRITING COMMITTEE:	
<i>Chaired by Vice President</i>	
<i>President is an automatic member, per Bylaws</i>	
Ralph Korn	
Rhonda Combs	
Kris Kamandulis	
Ann Garcia	
Sandra Blanch	
Tom Vance - President	
FINANCE COMMITTEE:	
<i>Chaired by Treasurer</i>	
Ann Garcia - Chair	
Charlotte Dunn	
Mary Akin	
Betsy Dolan	

No action was taken.

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 12:00 PM

MOTION: Ralph Korn **SECOND:** Brad Landreth **MOTION CARRIED**