

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 19, 2008 at 3:00 PM &
FRIDAY, JUNE 20, 2008 at 8:30 AM
BEST WESTERN PEPPER TREE INN
SANTA BARBARA, 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
Mark Howard, City of Santa Barbara

MEMBERS ABSENT

Sandra Blanch, City of Palo Alto
Brad Landreth, City of Santa Barbara

GUESTS AND CONSULTANTS

Joanne Cook, City of Burbank
Keyan Aghili, Carl Warren & Company
Conor Boughey, Alliant Insurance Services
Daniel Howell, 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 April 24th & 25th, 2008 Board of Directors Meeting

A motion was made to approve the minutes with one grammatical correction.

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

B2. Approval of Minutes from the March 19th, 2008 Special Board of Directors Meeting

A motion was made to approve the minutes as proposed.

MOTION: Jim Patricola **SECOND:** Mary Akin **MOTION CARRIED**

C. REPORTS

C1. President's Report

Tom Vance introduced Rhonda Combs from the City of Monterey. Rhonda is the new Risk Manager for the City of Monterey, and she has been an Alliant Client before for the CSU Foundation.

Jim Patricola introduced Joanne Cook as a backup for Jim; she will be serving as the Risk Manager for the City of Burbank.

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 3:15 PM pursuant to Government Section Code 54956.95.

MOTION: Ann Garcia **SECOND:** Kris Kamandulis **MOTION CARRIED**

A motion was made to come out of closed session at 4:30 PM.

MOTION: Ann Garcia **SECOND:** Mark Howard **MOTION CARRIED**

Claims Committee Chair Tom Phillips, reported that reportable action was taken on the Toth vs. City of Anaheim claim.

Tom Vance reported that Dan Howell would be presenting item D.1 today due to scheduling conflicts.

D.1 ACCEL Excess Liability Program Renewal and Approval of the FY 2008-2009 ACCEL Pool Deposit Rate

Tom Vance asked Dan Howell to report on the Excess Liability Renewal and Pooled Layer funding.

Dan Howell reported that ACCEL had received its actuarial study in 2008, which was used to rate the Pooled Layer, and used as a pricing guide for layers excess of the pooled layer. According to the actuarial study, ACCEL would need to fund at a rate of .518 per \$100 of payroll to achieve an 80% confidence level, or .630 rate to achieve a 90% confidence level to fund the \$4,000,000 excess of \$1,000,000 layer. Upon review, the Program Administrators noticed the rates would be a .529 rate for an 80% confidence level based on updated payroll data. Using the actuarial report, Everest Insurance Company appears to be a good buy at a .10 rate when the report recommends a .18 rate for the \$5,000,000 excess of \$5,000,000 layer.

Dan further reporting on the marketing of the excess layers to the incumbent carriers as well as to new carriers. Everest, Axis, Arch and Lexington were are willing to write ACCEL per the expiring limits and coverage. AIG considering quoting against Everest on the primary layer but refused to remove aggregate limits. Lexington was also asked to reduce their limits to \$10,000,000 excess of \$5,000,000 to allow Lexington London to bid on the \$25,000,000 excess of \$25,000,000 layer. This allowed for a slight decrease in rate for total limits of \$50,000,000 compared to the expiring \$35,000,000. Dan further explained that ACCEL could have a flat renewal if they chose to fund the pooled layer at an 80% confidence level.

The City of Modesto, Monterey and Visalia requested to have indications at limits of \$35,000,000. The remaining Members would like to see limits of \$50,000,000. The City of Ontario would like to see additional limits to \$75,000,000 and the City of Anaheim and Santa Monica would like to see limits of \$100,000,000.

A motion was made to approve ACCEL's Pooled Layer Funding at a rate of .529.

MOTION: Ralph Korn **SECOND:** Mary Akin **OPPOSED:** Tom Phillips
MOTION CARRIED

A motion was made to approve the Everest Layer at a rate of .10735 and the Lexington Layer at .0506.

MOTION: Jim Patricola **SECOND:** Charlotte Dunn **MOTION CARRIED**

A motion was made to approve the Lexington London Rates with the exception of the City of Visalia, Monterey and Modesto.

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

A motion was made to adjourn the meeting at 5:45 PM.

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

Tom Vance reconvened the meeting at 9:00 AM on Friday June20, 2008.

E7. Resolution 0708_06 – Contributions of Jim Patricola

Tom Vance thanked Jim Patricola for his service to ACCEL and all the contributions he has made during his time as the City of Burbank’s Risk Manager. Tom Announced that Jim’s contributions to the organization will be missed. Jim Patricola announced that it had been a great pleasure to work with the Board and he thanked the Board for their support.

C2b. 2008 Liability Claims Audit

Tom Vance announced that this was the third year ACCEL had Tim Farley as the Liability Claims Auditor. Tom explained that this report and its implications are very important to ACCEL because of its Risk Sharing Formula. Tom turned over the floor to Tim Farley to walk through his report.

Tim Farley walked through the report page by page, focusing on any areas of confusion. Tim focused on the Areas of Inconsistency section of the report. After some discussion, Tom Vance requested that Tim Farley write a follow up letter on Litigation Management. Tom requested that this letter be written to the Board Members so that they could share it with their perspective City Attorneys. Tim Farley agreed to issue the letter.

Tim further reported that over all, the report indicated improvements made at each City with the exception of Litigation Reporting. Overall the Audit went very smoothly and this years audit schedule worked out well.

A motion was made to receive and file the 2008 Liability Claims Audit.

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

C3a1 & C3a2. Ratification of Disbursements for months ending April 30, 2008 and May 31, 2008

Mike Simmons walked through the Ratification of Disbursements report addressing any questions as they arose.

A motion was made to approve the Ratification of Disbursements.

MOTION: Charlotte Dunn **SECOND:** Ralph Korn **MOTION CARRIED**

C3b. Investment Report – Pursuant to Government Section Code 53646(b)(1) for Months Ending March 31, 2008, April 30, 2008 & May 31, 2008

Ann Garcia summarized the investment reports and addressed any concerns as they arose.

There were no questions on this item.

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

MOTION: Ralph Korn **SECOND:** Jim Patricola **MOTION CARRIED**

C3e. Investment Report

Tom Vance introduced Ted Piorkowski as ACCEL's Investment Advisor and asked him to walk through his report.

Ted Piorkowski introduced himself to the new Members of the Board. Chandler Asset Management is a firm that specializes in Local Agencies, Special Districts, Cities, JPA's and has expertise in State requirements. Ted explained that he works in conjunction with ACCEL's investment policy and ACCEL's liquidity needs. Ted then reported on ACCEL's current financial position, an economic update, ACCEL's account profile and the portfolio holdings.

No action was taken.

C3c. Adopting the 2008/09 Administrative Budget

Mike Simmons reported that any money that is not spent by the Board will be returned to the Board in the next Fiscal Year.

A Motion was made to approve the Administrative Budget as presented

MOTION: Kris Kamandulis **SECOND:** Jim Patricola **MOTION CARRIED**

C3f. Quarterly Financial Report as of December 31, 2007

Mike Simmons reported this was the second Quarterly Financial Report produced by Jim Marta and Company. Mike further reported that these reports would be instrumental in the development of the MAS report improvements most notably including actual investment income, reserves and IBNR.

A motion was made to Receive and File the December 31, 2007 Quarterly Financial Report.

MOTION: Ann Garcia **SECOND:** Mark Howard **MOTION CARRIED**

C3g. Member Account Summary for months ending September 30, 2007 & December 31, 2007

Conor Boughey reported on the changes made to the Member Account Summary (MAS) report.

There were no questions.

MOTION: Ann Garcia **SECOND:** Mark Howard **MOTION CARRIED**

C4. Program Administrator's

No Discussion.

C5. Underwriting Committee's

No Discussion.

C6. Nominating Committee

C6a. Election of Officers

Tom Vance asked Ann Garcia to report on the Nominating Committees findings.

Ann Garcia reported that the Board Members had very nice comments about each of the current officers. Ann reported that the only proposed change to the Executive Committee was to add Ralph Korn as the Vice President.

MOTION: Tom Phillips **SECOND:** Mark Howard **MOTION CARRIED**

D2. Optional Excess Workers Compensation Program

Mike Simmons reported that CSAC-EIA is predicting a 5% decrease in rate for the upcoming renewal. However, after each members increase in payroll, renewals will likely be flat overall. CSAC-EIA is now offering statutory limits, which is a great improvement in coverage.

Mike Simmons further reported that ACCEL is now acting as the pass-through for CSAC-EIA, which satisfies the requirement set forth by CaJPA and CSAC-EIA. This would allow for CSAC-EIA to audit or assess ACCEL if necessary.

Conor Boughey and Mike Simmons reported that CSAC-EIA was now offering 4850 coverage. Conor Boughey walked through several sample scenarios to help evaluate the value given by this expanded coverage.

No action was taken on this item.

D3. Retrospective Rating Plan Calculation

Conor Boughey presented the 2008 Retrospective Rating Plan Calculation summary sheet. Conor explained that 2003-04 was the test year, and not included in the total amount available for return, but special attention should be given because of the negative value presented.

A motion was made to file and accept the Retrospective Rating Plan Calculation as presented.

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

E1. Other Insurance Renewals

E1a. Public Employees Dishonesty Insurance

Conor Boughey reported that was a three year policy offered through the Hartford Fire Insurance Company at a flat renewal. Conor further reported that two options were given for renewal. Option 1 offered the same limits and premium as expiring while Option 2 offered increased limits and deductibles for a \$632 increase in premium.

A motion was made to select Option 1 at a premium of \$1,927.

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

E1b. Trustees Errors & Omissions Insurance

Conor Boughey presented the renewal options presented by Brokers' Risk for ACCEL's Trustees Errors and Omissions Insurance renewal.

A motion was made to select Option 2C at a premium of \$11,651.

MOTION: Mark Howard **SECOND:** Tom Phillips **MOTION CARRIED**

E2. Special Board of Directors Meeting – Reimbursement of Member Travel

A motion was made to approve reimbursement to the City of Santa Cruz for travel to a Special Board of Directors Meeting.

MOTION: Tom Phillips **SECOND:** Ralph Korn **MOTION CARRIED**

E3. Approval of ACCEL's Declarations Page

Conor Boughey reported that this was a new item that would be presented annually for approval. Conor explained that ACCEL's Declarations page does not list an aggregate limit because there are no aggregates.

A motion was made to approve the Declarations page as presented

MOTION: Jim Patricola **SECOND:** Tom Vance **MOTION CARRIED**

E4. Everest Policy Changes

Conor Boughey reported that several changes had been made to the Everest policy form. Conor explained that these changes would take effect for the July 1, 2008 renewal.

E5. ACCEL's Record Retention Policy

Conor Boughey reported that he had reviewed ACCEL's current Records Retention Policy and it was out of date. Conor presented an updated Policy that reflected the retention requirement changes set forth by the Sarbanes-Oxley Act of 2002.

A motion was made to approve the updated Record Retention Policy

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

E6. Next Two Meetings Schedule

No Discussion.

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