

**MINUTES OF THE
ACCEL BOARD OF DIRECTORS
SANTA CRUZ, CA
THURSDAY, OCTOBER 7, 2004, 3:00 P.M.**

MEMBERS PRESENT

Mary Akin, City of Modesto
Sandra Blanch, City of Palo Alto
Charlotte Dunn, City of Visalia
Patrick Flaherty, City of Bakersfield
Sherrell Freeman, City of Monterey
Ann Garcia, City of Ontario
Jack Hain, City of Santa Cruz
Beverly Jensen, City of Mountain View
Brad Landreth, City of Santa Barbara
Jim Patricola, City of Burbank
Tom Phillips, City of Santa Monica
Tom Vance, City of Anaheim
Erwin Young, City of Santa Cruz

GUESTS AND CONSULTANTS

Keyan Aghili, Carl Warren & Company
Ray Aromatorio, Carl Warren & Company
Janelle Cabanding, Driver Alliant Insurance Services
Girard Fisher, Pollak, Vida & Fisher
Leo Heyenrath, Heyenrath & Associates
Dan Howell, Driver Alliant Insurance Services
Mike Simmons, Driver Alliant Insurance Services

President Tom Phillips called the meeting to order at 3:05 p.m.

B. CONSENT CALENDAR

B1. Approval of Minutes – June 24 & 25, 2004 Board of Directors Meeting

A motion was made to approve the minutes as submitted.

MOTION: Mary Akin **SECOND:** Sherrell Freeman **MOTION CARRIED**

This motion was passed with 9 ayes and 3 abstentions.

C. REPORTS

C1. PRESIDENT'S REPORT

C1a. Tort Reform

Tom Phillips handed out information on the State's proposed tort reform. This has been a topic since December Strategic Planning Session. Tom Vance mentioned that he would like to be the lead in taking on an active role.

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 3:58 p.m. pursuant to Government Section Code 54956.95.

MOTION: Beverly Jensen **SECOND:** Patrick Flaherty **MOTION CARRIED**

A motion was made to come out Closed Session at 5:18 p.m.

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

Claims Committee Chair, Brad Landreth reported that direction was given to the Program Administrator to process payment for a legal bill.

C2b. Liability Claims Administrator – Status Report

Ray Aromatorio from Carl Warren & Company provided the ACCEL Board with a status report of the following items discussed at the last Board meeting.

- 1) Make final corrections to the renewal contract and execute for signatures – Completed
- 2) Remove Brewer from the Watch List – Completed
- 3) Provide members' access to "mycarlwarren.com" – Visit each Member City and with their City Attorney or City litigation staff - Carl Warren has visited the Cities of Burbank, Monterey, Mountain View, Ontario, Palo Alto, Santa Cruz and Santa Monica and still need to schedule visits to Anaheim, Bakersfield, Modesto, Santa Barbara and Visalia.
- 4) Visit Driver Alliant in San Francisco for an ACCEL orientation – Completed
- 5) Add to the fields on the ACCEL loss run to show City, ACCEL, and Excess Carrier reserves – Completed

- 6) Arrange to send, on a quarterly basis, to each Board member a copy of ACCEL loss run – Set-up completed
- 7) Talk with AIG to see the possibility for all ACCEL excess claims to be handled by one adjuster – New cases will be assigned to two adjusters: Lisa Shelby and Tim Owens out of the AIG New York office.
- 8) Close out older files on Carl Warren Loss Run. – Completed

Brad Landreth distributed a draft Claims Administrator Evaluation Form and asked members to review and send any changes to the Program Administrators. The evaluation will take place at the February 2005 Board meeting.

C2c. Liability Claims Audit

Leo Heyenrath presented his report at 3:30 p.m. as scheduled on the agenda. Leo concluded that ACCEL had a good year as respects claims activity and thanked member cities for their cooperation through the audit process. Leo Heyenrath asked when ACCEL plans to close any Program Years since most of the claims over \$25,000 in the earlier years have been closed for some time now. Mike Simmons replied that per the Financial Plan Policy, program years cannot be closed unless all members' losses above \$25,000 in those participating program are closed. During the Retrospective Rating Calculation process next year, the Program Administrators will work closely with members in achieving this.

Members reviewed the summary and conclusions of the audit. It was noted that page 7 needed to be amended to state watercraft over 35 feet in length as reflected in the current Memorandum of Coverage. Leo also mentioned that he did not include "roof top" information in the audit, unless members requested it to be included. Brad Landreth requested that the claim numbers referenced to Santa Barbara's cases should be changed to match the claim numbers on his loss run. Leo Heyenrath will make corrections to the audit as discussed at today's meeting and submit the corrected pages by the end of the year.

A motion was made to file and accept the ACCEL Claims Audit as presented.

MOTION: Mary Akin

SECOND: Ann Garcia

MOTION CARRIED

(CONTINUED)
MINUTES OF THE
ACCEL BOARD OF DIRECTORS
SANTA CRUZ, CA
FRIDAY, OCTOBER 8, 2004, 8:00 A.M.

MEMBERS PRESENT

Mary Akin, City of Modesto
Sandra Blanch, City of Palo Alto
Charlotte Dunn, City of Visalia
Patrick Flaherty, City of Bakersfield
Sherrell Freeman, City of Monterey
Ann Garcia, City of Ontario
Beverly Jensen, City of Mountain View
Brad Landreth, City of Santa Barbara
Jim Patricola, City of Burbank
Tom Phillips, City of Santa Monica
Tom Vance, City of Anaheim
Erwin Young, City of Santa Cruz

GUESTS AND CONSULTANTS

Ray Aromatorio, Carl Warren & Company
Janelle Cabanding, Driver Alliant Insurance Services
Leo Heyenrath, Heyenrath & Associates
Dan Howell, Driver Alliant Insurance Services
Ryan Nielsen, Brown Armstrong
Mike Simmons, Driver Alliant Insurance Services
Steve Starbuck, Brown Armstrong

The meeting reconvened at 8:02 a.m.

C3. FINANCIAL & TREASURER'S REPORT

Treasurer Patrick Flaherty presented the following financial reports.

**C3a. Ratification of Disbursements for Months Ending May 31, 2004, June 30, 2004,
July 31, 2004 and August 31, 2004**

There was no discussion on this item.

C3b. Report of Investments –Pursuant to Government Section Code 53646(b)(1) for for Months Ending May 31, 2004, June 30, 2004, July 31, 2004 and August 31, 2004

Pat Flaherty mentioned there was an increase in the July Investments due to ACCEL's increased funding.

C3c. Estimated Earnings Reports for Month Ending June 30, 2004

Mike Simmons mentioned that on the next quarterly report they will focus on clearing out the negative numbers by transferring funds between program years. The June 30 report included the corrections made to prior years for the reconciliation numbers as required by the financial auditors.

C3d. Financial Statement Ending June 30, 2004

There was no discussion on this item.

C3e1. Administrative Budget - 2003/2004 Final Budget

There was no discussion on this item.

C3e2. Administrative Budget - 2004/2005 Budget Year-to-Date

It was clarified that the \$15,675 under Line Item Claims Administration will be corrected to show this amount under Claims Audit. Program Administrators will show the Claims Administration Line Item on the Budget to separate out the charges for Administrative, Service and Claims Handling fees.

A motion was made to file and accept Agenda Items C3a, C3b, C3c, C3d, and C3e.

MOTION: Tom Vance **SECOND:** Mary Akin **MOTION CARRIED**

C3f. Status of ACCEL Financial Audit as of June 30, 2004

Ryan Nielson and Steve Starbuck from Brown Armstrong joined the meeting via telephone and presented the draft audit. Ryan mentioned that the supplemental schedules and notes to the audit were not finalized due to a couple of outstanding items – additional clarification on certain cases settled during the last fiscal year, and ACCEL to complete a Management's Discussion and Analysis, a requirement per GASB34. Ryan mentioned that the final changes to the audit will not affect the numbers on the Balance and Income Statement.

A motion was made to accept the audit subject to revision to notes with no material change to report.

MOTION: Tom Vance **SECOND:** Sandra Blanch **MOTION CARRIED**

Program Administrators will work on the Management's Discussion and Analysis with the Treasurer to get this completed and submitted to the auditors.

C3g. July 1, 2003 to June 30, 2004 – Liability Payroll Audit

The final audit numbers are as follows:

Member City	(Refund) or Amount Due
Anaheim	(15,861)
Bakersfield	(21,885)
Modesto	\$2,638
Monterey	(13,232)
Mountain View	(11,194)
Ontario	\$2,752
Palo Alto	\$75,394
Santa Barbara	(15,459)
Santa Cruz	(43,311)
Santa Monica	\$28,555
Visalia	(5,072)
Total:	(16,676)

Patrick Flaherty distributed refund checks to members receiving a refund this year and indicated that members who owe an amount will receive an invoice following the meeting.

C4. PROGRAM ADMINISTRATOR'S REPORT

Program Administrators presented the following items.

C4a. Account Time Tracking

There was no discussion on this item.

C4b. Resolution No. 04/05-02 – Amending the Program Administrator Contract – Compensation

Action taken by the Board at the June Meeting resulted in changes to the Program Administrator's compensation effective July 1, 2004. The changes were proposed in today's agenda.

A motion was made to approve Resolution No. 04/05-02 – Amending the Program Administrator Contract – Compensation.

MOTION: Tom Vance **SECOND:** Patrick Flaherty **MOTION CARRIED**

C5. UNDERWRITING COMMITTEE'S

C5a. Discussion Regarding Members' Changes in Exposure to Loss

The Underwriting Committee will discuss this item at a future Underwriting Committee Meeting and follow up with a recommendation at the December Board Meeting.

D. UNFINISHED BUSINESS

D1. Financial Audit Error Reconciliation Between EER and Claims Data – Redistribution of Admin Funds

The handout outlined the following refunds or amounts owed from the Administrative Budget.

Member City	Amount Due/Owed
Anaheim	(2,546.95)
Bakersfield	4,443.37
Burbank	(3,367.78)
Gardena	(636.82)
Modesto	7,810.69
Monterey	9,850.04
Mountain View	8,011.09
Ontario	2,381.16
Palo Alto	8,810.07
Santa Barbara	9,386.38
Santa Cruz	9,947.05
Santa Monica	1,260.81
Visalia	9,227.04
Total:	64,576.15

Direction was given to the Program Administrators to research the cost of maintaining 2 separate bank accounts, one for administrative costs and the other for claims expenses. It was also suggested that the charts of accounts be numbered to streamline the process of reconciling at year-end. Direction was given to the Claims Administrator to research a voucher system. This item will be on the agenda for discussion and/or approval at the next Board Meeting.

A motion was made to approve the reconciliation numbers per the handout distributed at today's meeting, and leaving \$50,000 in contingency.

MOTION: Erwin Young **SECOND:** Tom Vance **MOTION CARRIED**

E. NEW BUSINESS

E1. Conflict of Interest Code

ACCEL's Conflict of Interest Code must be reviewed biennially on every even numbered year and submit notice to the Fair Political Practices Commission (FPPC) whether or not changes are to be made.

A motion was made to approve the Conflict of Interest Code with no changes.

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

E2. Next Two Meetings Schedule

Program Administrators were directed to contact Kellogg Conference Center at CSU Pomona for meeting information and pricing. Additionally, Program Administrators will contact other meeting options near or around the Ontario Mills.

E3. 2005 Proposed Calendar of Meetings

Members reviewed the proposed calendar. There were no revisions and no action was taken. Program Administrators will post these dates to the ACCEL website.

LOCATION	DATE(S)
Anaheim (PARMA)	Wednesday, February 9, 2005 at 10:00 a.m.
San Francisco	Thursday and Friday, April 21 st and 22 nd , 2005
Santa Barbara	Thursday and Friday, June 23 rd and 24 th , 2005
Modesto	Thursday and Friday, October 6 th and 7 th , 2005
Burbank	Thursday and Friday, December 1 st and 2 nd , 2005

F. CORRESPONDENCE

F1. PARMA 2005 Conference Information

There was no discussion on this item.

G. GENERAL RISK MANAGEMENT ISSUES – None.

The meeting was adjourned at 10:45 a.m.