



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

**Thursday, December 14, 2017 at 1:00 PM**

**Friday, December 15, 2017 at 8:30 AM**

**Office of the Program Administrators  
Alliant Insurance Services  
100 Pine Street, 11th Floor, San Francisco, CA 94111**

**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 (*arrived at 2:54 PM, Thursday, December 14, 2017*)

Sandra Blanch, City of Palo Alto

Mark Howard, City of Santa Barbara

Deb Hossli, City of Santa Monica (*left the meeting at 11:30 PM on Friday, December 15, 2017*)

Charlotte Dunn, City of Visalia

**MEMBERS ABSENT:**

Patty Haymond, City of Santa Cruz

**GUESTS AND CONSULTANTS:**

Carlos Oblites, Chandler Asset Management (*Thursday, December 14, 2017 only, left at 2:00 PM*)

Michael Simmons, Alliant Insurance Services (*arrived at 2:11 PM, Thursday, December 14, 2017*)

Conor Boughey, Alliant Insurance Services

Daniel Howell, Alliant Insurance Services

Lorissa Huey, Alliant Insurance Services

Ken Maiolini, Risk Management Services (*Thursday, December 14, 2017 only*)

**A. CALL TO ORDER**

Mark Howard called the meeting to order at 1:00 PM on Thursday, December 14, 2017.

Mark Howard called the meeting to order at 8:30 AM on Friday, December 15, 2017.



**B. CONSENT CALENDAR**

- B1. Approval of Minutes for the October 12 & 13, 2017 Board of Directors Meeting**
- B2. ACCEL 17-18 Memorandum of Coverage Eff 7-1-17 as Approved at the October 12, 2017 Board Meeting**
- B3. Financial Plan Policy & Procedure – Revised October 2017**
- B4. Final Financial Audit as of June 30, 2017**
- B5. Bakersfield’s Fee Agreement for Legal Services Response Letter**

A motion was made to approve the consent calendar.

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

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

**C. GENERAL RISK MANAGEMENT ISSUES**

Jena Covey, City of Bakersfield asked if any of the Cities who use Body Worn Camera use LensLock. Jena reported that Bakersfield is also launching shotspotter technology.

Michael Andersen, asked members if they have a safe driver policy at their Cities. Beverly Jensen sent a copy of the City of Modesto’s policy to all the Members.

Betsy McClinton, City of Burbank talked about the Sister City Student Exchange Program with Japan and Korea and asked members if there are any other exposures than what she discussed. The discussion lead to making sure that the student coordinator is not an employee or volunteer at the City. Also, Betsy asked if any other Cities have quiet zones in their cities.



### D. REPORTS

#### D1. President's Report

Mark Howard announced that Beverly Jensen, City of Modesto will be leaving. He thanked Beverly for all her contributions to ACCEL.

Since Beverly Jensen held the Treasurer position, Mark asked the Members if they have any interest in being the new Treasurer or to nominate another Member. There will be a special Board of Directors Teleconference for an election early January 2018.

Due to Ann Richey's retirement, there will be a vacant position on the CSAC EIA Board of Directors as ACCEL's representative. Mark asked the Members to think about whether they want to take on the role as a Board Member of the EIA.

#### D2. Executive Committee's Report

##### D2a. ACCEL's 2018 Meeting Calendar & Resolution 1718-03, Amending 2018 Meeting Calendar

Mark Howard reported that at the November 15, 2017 Executive Committee Meeting, the Committee took action to amend the Meeting Calendar to 4 quarterly meetings and centralizing the locations. The January meeting will be in San Francisco at the Program Administrators' Office; the March meeting in Burbank; the June meeting in the Bay Area (Palo Alto, Mountain View, or other, while using Alliant Offices as needed; and the October meeting in Central California (rotating between Modesto, Visalia, and Bakersfield). Every other year, there will be a Long Range Planning in conjunction to CAJPA. The 2017 Long Range Planning has been postponed to September 11, 2018.

A motion was made to accept the meeting calendar with changing the location of the September 11, 2018 Long Range Planning from South Lake Tahoe to the CSAC EIA office in Sacramento, and to approve the resolution.

Beverly Jensen commented that the Webinar used for the Executive Committee was useful and that the other Committees should consider using it more for their teleconference meetings.

**MOTION:** Deb Hossli      **SECOND:** Jena Covey      **MOTION CARRIED**

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



### D2b. Executive Committee Members' Job Descriptions

Mark Howard stated that the purpose of the job descriptions are for members to know exactly what the President, Vice President, Treasurer and Secretary position entails. These will be used for the annual elections that are held during the June Board Meeting to elect the new Executive Committee Members.

A motion was made to accept the job descriptions with the clerical edits. The Program Administrators were given direction to circulate a draft for a Board Member job description to the Members for review before the March 2018 Board Meeting. Board Members cannot REPLY ALL on the email.

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

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

### D2c. Accounting Guide Policy & Procedure Proposed Changes; Resolution 1718-04, Amending the Accounting Guide

Beverly Jensen reported that at the November 15, 2017 the Executive Committee took action to approve the proposed changes to the Accounting Guide which was to require the Treasurer to review all check runs prior to the issuance of all checks and provide written approval.

A motion was made to accept the proposed changes to the Accounting Guide Policy & Procedure and approve the resolution.

**MOTION:** Jena Covey      **SECOND:** Michael Andersen      **MOTION CARRIED**

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



### D3. Claims Committee’s Report

#### D3a. Claims Auditor Request for Proposal (RFP) Approval

Deb Hossli reported that Claims Audit RFP draft was presented at the October 2017 Board Meeting and the Board took action to approve it subject to review of all governing documents. Upon review of the JPA Agreement, Bylaws and Claims Handling Policy and Procedure, all documents reference an annual claims audit of all members. As a result, the RFP was revised to a new proposed structure of 50% or 50 claims to be audited at 7 agencies, and 35% or 35 claims to be audited at 5 agencies.

At the November 20, 2017 Claims Committee took action to recommend to the Board to approve the amended RFP.

The Program Administrators were given direction to change in the RFP where it references the December Meeting to January Meeting, the RFP Timetable dates, and release the amended RFP.

A motion was made to accept the RFP as amended and delegate authority to the Claims Committee to conduct interviews.

**MOTION:** Jena Covey      **SECOND:** Betsy McClinton      **MOTION CARRIED**

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

#### D3b. Excess Claim Reporting Process

Conor Boughey reminded the Board that when a Member claim is reported to ACCEL, Risk Management Services, ACCEL’s TPA reviews the claim file and may request an ACCEL reserve to be placed on the file. Additionally, Risk Management Services reports the claim to ACCEL’s excess insurance partners.

No reportable action took place.



**D3c. CLOSED SESSION – Pursuant to Gov't Code 54956.95**

A motion was made to enter into Closed Session at 3:45 PM.

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

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

A motion was made to come out of Closed Session at 5:02 PM.

**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	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X		X	X
Nay												
Abstain												

Deb Hossli, the Claims Committee Chair reported that the Board gave direction to the Claim Administrator on 3 agendized claims.



### D4. Financial and Treasurer's Report

#### D4a-e. Financial Items

Conor Boughey walked through the financial items.

Members discussed increasing the Travel & Training budget for FY 18-19 because now all Members are encouraged to attend CAJPA.

The Member Account Summary report helps understand what is happening with ACCEL's financial position, and how it relates to the retro calculation. Conor reported that the FY 16-17 data has been moved from 'current year' to the 'prior year' section on the summary page. In FY 12-13, 13-14, 14-15, 15-16, ACCEL underfunded due to claims payments exceeding deposits, this is concerning. The Program Administrators will have a conversation with Mike Harrington to discuss ACCEL's loss run, current trends, and loss reserves to see if he can conduct a larger analysis of what is going on with ACCEL's claims segments including buses, police and employment practices claims.

Mark Howard asked the Members to each talk to their Finance Directors at their respective cities to expect for the 7/1/18 renewal a 25% increase in the ACCEL pool layer and that attachment points may be changing in the next few fiscal years. The Program Administrators will draft some talking points for Members to use while talking to their respective cities.

A motion was made to accept the financial items.

**MOTION:** Dave Nunley      **SECOND:** Sandra Blanch      **MOTION CARRIED**

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



### D4f. Chandler Asset Management - Investment Report

Carlos Oblites from Chandler Asset Management presented ACCEL’s investments. Members asked questions which were answered.

No reportable action or direction took place.

### D4g. ACCEL’s Investment Policy Proposed Changes

Conor Boughey reported that annually the Program Administrators asks Chandler Asset Management to review ACCEL’s Investment Policy and advise if there are any suggested changes. Carlos Oblites from Chandler advised that the changes in the redlined version of the policy (included in the Agenda Packet) are to bring everything up to code.

At the present time, ACCEL does not want to make any changes to Section 5.14 and 5.15. Betsy McClinton mentioned that for Section 5.14 and 5.15, it would be best for Chandler to bring it to ACCEL’s attention every other year just in case in the near future it becomes material to ACCEL.

A motion was made to accept all the changes proposed by Chandler except for Section 5.14 and 5.15.

The Program Administrators will send Chandler the final accepted changes of the Investment Policy.

**MOTION:** Michael Andersen    **SECOND:** Charlotte Dunn    **MOTION CARRIED**

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





## **D5. Underwriting Committee's Report**

### **D5a. Verbal Report from Committee Meeting held on December 14, 2017**

Dave Nunley provided a verbal report regarding the agenda items at the Underwriting Committee Meeting that was held earlier that day. Firstly, the ACCEL Underwriting Policy & Procedure needs to be reviewed every 3 years which is a CAJPA Accreditation requirement. The Committee wants to remind the Members to bring to the Board any changes of operations that are unique to their City to see if it is something that ACCEL should be covering. Deb Hossli volunteered to reformat the Underwriting Questionnaire to make it more clear and concise.

Secondly, the Committee conducted a performance review of Byrne Conley, ACCEL's Legal Counsel and reported they are very pleased with his performance, and instructed Alliant to notify Byrne of their opinion.

Thirdly, Deb also reported the Committee discussed whether ACCEL needs to amend the Memorandum of Coverage (MOC) due to the coverage opinion of Miller v Santa Monica provided by Byrne. Currently, there is nothing in the MOC that precludes a code enforcement. The Underwriting Committee will have another meeting with Byrne to further discuss and bring it back to the Board.

## **D6. Program Administrator's Report**

### **D6a. 2018 State of the Marketplace Report**

Michael Simmons presented the State of the Marketplace Report. During the presentation, additional focus has been paid to wildfire, flood and cyber losses.

If Members would like a copy of the PowerPoint, please visit the Members Page on the ACCEL website.



### D6b. Alliant’s Disclosure Presentation

Conor Boughey reported that since 2012 Alliant annually provides a report of total compensation received from ACCEL. This year is the first time that Alliant has presented this item with more documentation including the carrier invoices, Alliant invoices, and an export report from Alliant’s Agency Management System with alphabetical letters matching the amounts from each report.

Members commented that the way the documentation was presented is what they would like to see again next year.

A motion was made accept as presented.

**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	Patty Haymond	Deb Hossli	Charlotte Dunn
Aye	X	X	X	X	X	X	X	X	X		X	X
Nay												
Abstain												

### D6c. ACCEL’s Target Equity Rates

Conor Boughey presented the Target Equity Ratios PowerPoint presentation. This is reviewed annually and is a requirement of CAJPA for Accreditation with Excellence.

Conor reported that in 2016-17 ACCEL reached all of its equity goals except for a large increase in reserves and the change in equity has decreased. The takeaway from a large increase in reserves is due to claim reserves increasing more than expected by the actuary. Also, that impacts the equity by reducing it significantly. At the June 2017 Board Meeting, the Board took action to restrict the retro available to withdraw due to the increase in claim trends.



## **D6d. ACCEL Website Updates**

Lorissa Huey presented the following enhancements on the ACCEL Website. The Certificate Request page in the Members section now has the option to attach a contract (Word/PDF) to the request if the Certificate Holder is asking to be named as an Additional Covered Party. The Liability Program page now has the 17-18 Declaration Pages, Endorsements, Summaries of Coverages and Memorandum of Coverage (MOC). There is a new "Presentations" page where you can find presentations provided by the Program Administrators such as the IRIC Update and State of the Market.

Ann Richey requested the Program Administrators to send out an email blast outlining with links where to find the MOC, Certificate Request Page, Liability Dec Page, etc.

## **E. UNFINISHED BUSINESS**

### **E1. California Pool Captive Alliance (CPCA)**

Michael Simmons reported to the Board the purpose of the CPCA is to create a Captive structure that would accept Long Term Liabilities and allow for greater investment returns. At this time, timing is not right for ACCEL to join the CPCA.

The Board discussed and questions were asked.

## **F. NEW BUSINESS**

### **F1. Board Member Alternates**

Conor Boughey reminded the Board that each Member should have an Alternate in case the Primary Board Member is out of the office for an extended period of time and a quorum is needed for an urgent Special Board of Directors Meeting. The appointment letter can be from the City Administrator/Manager.

No reportable action took place.

### **F2. Governing Documents Amendments Discussion**

Conor Boughey reminded the Board that the JPA has governing documents such as the JPA Agreement, Bylaws, and ACCEL's Policies and Procedures. Each document has a different level of authority needed to amend. If the Board decides to move forward with changing any of these there are a series of steps that need to be followed. The JPA Agreement requires 90 day notice, and a two thirds vote by the Board at a regular or special Board Meeting. The Bylaws require 30 day notice, and a two thirds vote by the Board at a regular or special Board Meeting. ACCEL's Policies and Procedures requires no notice, but only the Board has authority to approve.

No reportable action took place.



### F3. Updates of the Insurance Requirements in Contracts (IRIC) Manual

Daniel Howell reported on the recent updates to the Insurance Requirements in Contracts (IRIC) Manual that include the change in the language about non admitted carriers because more and more businesses have moved to non-admitted carriers; a new chapter regarding marine related risks; additional clarification on how Additional Insured endorsements work; and recommending requesting the declaration page and schedule of endorsement to verify coverage from “Restricted Coverage” policies. Also, the manuals recommends \$2M per occurrence / \$4M aggregate limits for General Liability limits.

A copy of the presentation will be posted on the ACCEL website and sample documentation from the UC system will be provided to members.

### F4. Retrospective Plan Calculation (RPC) – First Round Estimate

Conor Boughey presented the first round estimate of the RPC for 2018. This calculation includes new claims reserves and claims payments since the last time the Board approved the Retro at the June 2017 Board Meeting. The calculation does not include many necessary factors such as the new losses as of 12/31/17 and updated payroll.

There is no dramatic change in the results of the calculation from last year, despite a large increase in reserves. This is a result of ACCEL’s reserves being posted in years subsequent to the calculation window (ending 2012-13). As a result, ACCEL may want to consider continuing to restrict funds, knowing that we have approximately \$17,500,000 in reserves for years 2013-14 through current.

No reportable action took place.

### F5. Resolution 1718-05, Recognizing the Contributions of Ann Richey

Ann Richey from the City of Ontario is retiring and has made many contributions to the Authority. As a big thank you, Michel Simmons presented to Ann Richey a frame with the signed Resolution.

A motion was made to approve the resolution.

**MOTION:** Mark Howard     **SECOND:** Dave Nunley     **MOTION CARRIED**

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



**F6. Long Range Planning (LRP) – Postponed**

Mark Howard reiterated to the Board that the Long Range Planning (LRP) this year has been postponed to September 11, 2018 in Sacramento because historically the LRP is held every odd numbered year. Mark reminded the Board that if there is anything they would like to be added to the items for discussion at the LRP to contact the Program Administrators

No reportable action took place.

**F7. Schedule of the Next Two Board of Directors Meetings**

The next two Board Meetings will be in Burbank on March 22 & 23, 2018; and June 21 & 22, 2018 in the Bay Area (either Palo Alto, Mountain View, or other).

Both meetings will start at 1 PM on Thursday and 8:30 AM on Friday unless otherwise stated.

**G. CORRESPONDENCE / INFORMATION**

**G1. PARMA Conference Information** – No discussion on this item was made.

**H. PUBLIC COMMENTS** – No public comments were made.

**ADJOURNMENT**

Mark Howard adjourned the meeting at 5:02 PM on Thursday, December 14, 2017.

Mark Howard adjourned the meeting at 11:45 AM on Friday, December 15, 2017.