

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

Thursday, March 21, 2019 at 1:00 PM (IN PERSON)
Friday, March 22, 2019 at 8:30 AM (IN PERSON / TELECONFERENCE)

**PRIMARY LOCATION:
The Community Services Building - Room #104
150 N. Third Street, Burbank, CA 91502**

MEMBERS PRESENT:

Dave Nunley, City of Anaheim

Jena Covey, City of Bakersfield *(Thursday, March 21, 2019 in person; Friday, March 22, 2019, joined via teleconference)*

Cathy Talongwa, City of Modesto

Michael Andersen, City of Monterey

Kathy Garozzo, City of Ontario Alternate

Sandra Blanch, City of Palo Alto *(arrived at 8:55 AM on Friday, March 22, 2019)*

Rhonda Combs, City of Salinas

Mark Howard, City of Santa Barbara

Patty Haymond, City of Santa Cruz

Oles Gordeev, City of Santa Monica Alternate

Charlotte Dunn, City of Visalia

MEMBERS ABSENT:

Betsy McClinton, City of Burbank

Claudia Koob, City of Mountain View

GUESTS AND CONSULTANTS:

Tracey Matthews, City of Anaheim Alternate

Ken Maiolini, Risk Management Services *(Thursday, March 21, 2019 only)*

Byrne Conley, Gibbons & Conley *(Thursday, March 21, 2019 only, joined via teleconference at 3:30PM and left at 3:42 PM)*

Sean Conley, Gibbons & Conley *(Thursday, March 21, 2019 only, joined via teleconference at 3:30PM and left at 3:42 PM)*

Mike Harrington, Bickmore Actuarial Group *(Thursday, March 21, 2019 only; left at 2:00 PM)*

Michael Simmons, Alliant Insurance Services

Daniel Howell, Alliant Insurance Services

Conor Boughey, Alliant Insurance Services

Lorissa Huey, Alliant Insurance Services



A. CALL TO ORDER

Dave Nunley called the meeting to order at 12:59 PM on Thursday, March 21, 2019.
 Dave Nunley called the meeting to order at 8:30 AM on Friday, March 22, 2019.

B. CONSENT CALENDAR

B1. Approval of Minutes for the January 17 and 18, 2019 Board Meeting

B2. Investment Policy and Procedure – Amended January 17, 2019

B3. Obligations to ACCEL by Former Members Policy and Procedure – Amended January 17, 2019

B4. 2018 Liability Claims Audit Final

B5. Joint Powers Authority Agreement as approved at the January 18, 2019 Board Meeting

A motion was made to approve the consent calendar.

MOTION: Jena Covey **SECOND:** Sandra Blanch **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Cathy Talongwa	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X		X	X	X	X	X	X	X
Nay													
Abstain													

C. GENERAL RISK MANAGEMENT ISSUES

Michael Andersen, City of Monterey, asked if other Members are increasing their insurance requirements to \$2M in liability limits for contractors. Most Members confirmed they are or are trying to implement the higher limit requirement.

Tracey Matthews, City of Anaheim, reported that the City successfully defended an EPL claim and will be requesting an ANML reimbursement for legal fees.

Kathy Garozzo, City of Ontario, inquired about if any of the Cities have accepted claims with respect to AB 1749 Workers’ Compensation: off-duty peace officer.



D. REPORTS

D1. President's Report

D1a. Appointment of Nominating Committee

Sandra Blanch and Oles Gordeev were nominated to be the Nominating Committee and will survey the Board for officer nominations for the following fiscal year and then report those nominations at the June 2019 Board Meeting.

D2. Executive Committee's Report

D2a. Verbal Report from Committee Meeting held on March 21, 2019

Dave Nunley provided a verbal update that the Executive Committee held a meeting prior to the Board Meeting to discuss adding Rhonda Combs, City of Salinas, to a Committee and address the seven Members on the Finance Committee. If all Members of the Finance Committee were to attend a Committee Meeting it would be a Board Meeting because that is a majority of the Board.

The Executive Committee made a motion to remove Sandra Blanch from the Underwriting Committee, add Rhonda Combs to the Underwriting Committee and to keep the number of Members on the Finance Committee as it currently stands until Committee assignments are reassigned at the start of the next fiscal year.

D3. Claims Committee's Report

D3a. CLOSED SESSION – Pursuant to Gov't Code 54956.95

A motion was made to enter into Closed Session at 2:52 PM.

MOTION: Mark Howard **SECOND:** Michael Andersen **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Cathy Talongwa	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Patty Haymond	Oles Gordeev	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 4:29 PM.

MOTION: Mark Howard **SECOND:** Jena Covey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Cathy Talongwa	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X		X	X	X	X	X	X	X
Nay													
Abstain													

Conor Boughey reported out of Closed Session that there was nothing to report.

D4a-d. Financial and Treasurer's Report

Jena Covey and Conor Boughey walked through the financial items.

Jena explained that the January 31, 2019 Chandler Investment Report Portfolio Summary shows a large increase between the beginning values as of 12/31/18 and ending values of 1/31/19 because of the \$2M transfer from LAIF to Chandler. She reminded the Board that at the January 2019 Board Meeting the Board took action to move \$2M from short term funds with LAIF to long term funds with Chandler.

Conor Boughey noted that the December 31, 2018 Member Account Summary report does not include the City Salinas but the March 31, 2019 report will include the City and the updated IBNR (Incurred But Not Reported) from the 2019 actuarial report.

D4e. Short and Long Term Investment of Funds – Continued Discussion

Conor Boughey reported that Chandler provided an update on the investment returns of the \$2M that was transferred from LAIF subsequently after the January 17 and 18, 2019 Board Meeting. Chandler invested the \$2M in six instruments with a minimum yield of 2.47%, and high of 3.19%, average yield of 2.82%. This investment moved ACCEL’s overall long term investment purchase yield from 2.07% to 2.13%. The January LAIF interest rate was 2.355%. In essence, this transfer moved funds that would have earned \$47,100 annually in LAIF, to Chandler where it will now earn \$56,400, creating additional gain of \$9,300 annually.



D4f. ACCEL Projected Cash Flow Obligations as of December 31, 2018

Conor Boughey explained that the Projected Cash Flow Obligation report addresses cash flow needs as respects expected claim payments and available retrospective refunds for the next 3 and then 6 months following.

Conor noted that since ACCEL recently directed the Program Administrators to move \$2M from LAIF to Chandler’s long term portfolio, which occurred after 12/31/18, the effect is not shown on the December 31, 2018 report. The next quarter will show the effect, as well as contain additional claims payments.

A motion was made to approve the financial items.

MOTION: Charlotte Dunn **SECOND:** Mark Howard **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McC'Inton	Cathy Talongwa	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X		X	X	X	X	X	X	X
Nay													
Abstain													

D5. Underwriting Committee’s Report - None

D6. Program Administrator’s Report

D6a. New Member Marketing

Conor Boughey discussed with the Board the Cities that are interested in ACCEL and the timing of the application. The Board discussed and directed Alliant to continue working with prospective Members for the July 1, 2020 renewal, but not the July 1, 2019 renewal due to renewal timing.

D6b. 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 includes updated sections relating to indemnity of design professionals and Owner Controlled Insurance Programs, drone coverage as regulations evolve, and the new section on Railroad Protective Liability and Railroad Contractors’ Liability.

Members asked questions which were addressed as they arose.

The Board requested that the Program Administrators post the CSU Special Events Manual on the ACCEL website. The Board also requested short claim examples involving poor contract language and a negotiation tip sheet for insurance language disputes.

D6c. Alliant's Disclosure Presentation

Conor Boughey reported that since 2012 Alliant annually provides a report of total compensation received from ACCEL. This is the second year 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.

Sandra Blanch volunteered to verify the carrier and Alliant invoices against the Compensation Package report included in the agenda packet.

No reportable action took place.

E. UNFINISHED BUSINESS

E1. Service Provider Survey Results

Conor Boughey reported that at the January 2019 Board Meeting, the Board directed the Program Administrators to reopen all the Service Provider surveys with the exception of the Program Administrator's survey and provide a two week deadline. The survey results were provided to all the Board Members as handouts which the Board discussed as a group.

The Board agreed that the survey will go out once a year on November 1st with a thirty day deadline and one reminder.

Direction was given to the Program Administrators to invite Carlos from Chandler to the June 2019 Board Meeting to discuss adding benchmarking to quarterly reports, comparing performance between LAIF/CAMP/other options, and to further demonstrate Chandler's value.

E2. Liability Claims Benchmarking

Conor Boughey reminded the Board that it requested at the 2018 Long Range Planning Meeting for Alliant to provide a draft benchmarking for liability claims excess of \$1M within the ACCEL layer.

The three benchmarking charts that were presented were (1) Police Liability Claims per \$100 of Police Payroll - By Member, (2) Police Liability Claims / Sworn Officers - By Member, and (3) Public Works/Streets Claims by Population/Area/Number of Employees - By Member.

The Board requested the Program Administrators to show the claims capped and uncapped, create a total severity/frequency chart, and add a Police by Population chart. Also, the Board requested this to be annually presented at the October Board Meeting.



E3. Excess Liability Program Renewal Expectations

Daniel Howell reported that for the ACCEL Excess Liability Program renewing July 1, 2019, all the applications are out and Alliant is discussing renewal terms with the incumbent markets. All Members participate in a purchased Excess Liability insurance program to \$45M excess of \$5M (except new member Salinas purchased to \$25M) with some Members purchasing additional limits.

Dan noted that carriers are trying to implement a traumatic brain injury exclusion and Alliant is working with the carriers to try to eliminate it or have it only apply to sports and not all exposures. The \$25M excess of \$75M carrier, AWAC, has a total exclusion for traumatic brain injury.

Direction was given to the Program Administrators to schedule a Special Board of Directors teleconference around the third week of May 2019 to discuss the anticipated excess liability renewal costs.

E4. Optional Excess Workers' Compensation Renewal

Conor Boughey discussed that ACCEL's Members have the option to join CSAC-EIA through a 'group purchase' (ACCEL has no risk sharing for Workers' Compensation). Each Member is able to select its individual SIR and can be billed directly by CSAC-EIA. The CSAC-EIA Excess Workers' Compensation Program renews on July 1, 2019 for the 10 Members who participate. The estimated renewal pricing attached in the agenda packet is as of March 2019.

F. NEW BUSINESS

F1. ACCEL's FY 18/19 Admin Budget Amendment & Resolution 18/19-05, Amending the FY 18/19 Admin Budget

Conor Boughey reported that the current FY 18/19 budget requires adjustments due to the addition of a new Member to ACCEL, a change in Claims Auditor, and another minor adjustment needed. The following lines in the budget were proposed for updates: (1) Program Administrators Fee (addition of Salinas New Member Fee), (2) Claims Auditor Fee (previous budget was for prior Claims Auditor's rate), and (3) CAJPA Accreditation (paid every 3 years).

A motion was made to approve the amended budget and resolution as presented in the agenda packet.

MOTION: Mark Howard **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Cathy Talongwa	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X		X	X	X	X	X	X	X
Nay													
Abstain													



F2. Draft FY 19/20 Administration Budget

Conor Boughey presented the draft FY 19/20 Administration Budget. He also reminded the Board that the budget gets adopted at the June Board Meeting.

Conor noted that the Program Administration, Claims Administration, and Claims Auditor fees have been adjusted to match the current term of each contract. Also, the Travel and Training budget has increased slightly due to a new member, the City Salinas, joining ACCEL. The Legal (Coverage Counsel) budget line has notably increased due to various claims and coverage opinions needed.

No reportable action took place.

F3. CSAC-EIA Update

Dave Nunley reported to the Board that CSAC-EIA’s GL1 program experienced significant loss development and is exploring a Loss Portfolio Transfer (LPT) to sure up its finances. CSAC-EIA, like many pools, experienced more than expected loss development in the past three years. The frequency of severe claims has increased dramatically and shows no sign of being a ‘blip’ but rather showing signs of a ‘new normal.’ Dave will be attending the upcoming CSAC-EIA Underwriting Committee meeting in which the LPT will be reviewed.

F4. 2019 Actuarial Report Approval

Mike Harrington, ACCEL’s Actuary, presented the 2019 Liability Actuarial Report. The Actuarial Report has been prepared based on the December 31, 2018 Member loss runs and will be used for the June 30, 2019 liability rates.

A motion was made to approve the draft Actuarial Report subject to deleting the clerical error which is the first sentence on page 4 of the report.

MOTION: Mark Howard **SECOND:** Jena Covey **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Cathy Talongwa	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X		X	X	X	X	X	X	X
Nay													
Abstain													



F5. Bickmore Actuarial Group Special Announcement

Mike Harrington announced to the Board that Bickmore was purchased by York. Also, effective April 1, 2019, the Bickmore Actuarial Group will become a wholly independent legal entity incorporated in California and will no longer be part of York.

ACCEL's current contract is with Bickmore and ACCEL will need to enter into a new contract with Bickmore Actuarial Group. This item will be agendaized on the June 2019 Board Meeting agenda for Board approval.

F6. Member Declarations Page – Additional Named Parties

Conor Boughey reported that the Board annually reviews its Additional Named Parties on their declaration pages. Conor reminded Members if they would like to make any additions or remove any entities, please report these to Alliant as soon as possible.

Rhonda Combs requested the Program Administrators to send the Board parameters via email about who should be listed as an Additional Named Party, including pointing Members to the excess liability policy language of Named Insureds. Alliant would like Members to discuss any entities that should be named on the City's policy that are not 100% all staffed by City, that have a governing body that is not the same as the City Council, and that would be considered a separate legal entity. Examples of this would be certain enterprise funds for parking authorities, finance authorities or successor agencies to the redevelopment agencies.



F7. Draft Retrospective Rating Calculation

Conor Boughey walked through the 2019 Retrospective Rating Calculation draft and reminded the Board that at the June 2017 Board Meeting, the Board took action to administratively freeze fiscal years up to 2007/08, and this year’s retro calculation shows the prior funds on account, rolling forward to the 2008/09 year.

Also, at the June 2018 Board Meeting the Board took action to establish a \$6M restricted reserve. In the draft included in the agenda packet, the Program Administrators unrestricted the funds and returned it.

A motion was made to direct the Program Administrators to present a \$4M and \$5M restriction at the June 2019 Board Meeting.

MOTION: Mark Howard **SECOND:** Patty Haymond **MOTION CARRIED**

	Dave Nunley	Jena Covey	Betsy McClinton	Cathy Talongwa	Michael Andersen	Claudia Koob	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Patty Haymond	Oles Gordeev	Charlotte Dunn
Aye	X	X		X	X		X	X	X	X	X	X	X
Nay													
Abstain													

F8. Fiduciary Liability Insurance for Plan Administrators

Conor Boughey reported that ACCEL’s Memorandum of Coverage excludes coverage for investment decisions, and coverage for this type of exposure is best addressed through Fiduciary Liability Insurance. While this exposure does not apply to all cities, many Cities participate in deferred compensation plans other than CalPERS and may have taken on the responsibility of fiduciary by limiting the plan selections available to employees. CalPERS, and some other plans, are administered by third parties who take on the Fiduciary role and are responsible for making decisions about the investment offerings; if this is the case you may not need Fiduciary coverage for your entity (because the investment decision isn’t being made at your City).

For other Cities, these plans may be reviewed and investment decisions made by a City Committee. For instance, if the City has a 457 plan and a City Committee may review the investment offerings presented and reduce the number of investment options available to an employee, thereby acting as a Fiduciary. As a result, the Committee could be found liable for poor decisions leading to economic loss and should have appropriate coverage to protect the Committee Members.

Conor requested that Members review and report back to Alliant if they have an exposure.



F9. ACCEL's Memorandum of Coverage Inverse Condemnation Language

Conor Boughey reported that ACCEL's Memorandum of Coverage excludes Inverse Condemnation (exclusion M) and then provides a giveback for inverse condemnation if it causes direct property damage. Conor further reported that ACCEL's excess liability insurance follows the ANML language, and ANML's exclusion for Inverse Condemnation provides a coverage giveback for negligence.

This item is to remind the Board of what ACCEL intends to cover. No reportable action took place.

F10. CAJPA Accreditation Status

Conor Boughey reported to the Board that the CAJPA Accreditation process has started for ACCEL. The process is conducted every three years. Staff has prepared the data submission for review and is awaiting the onsite visit. Conor informed the Board that Joint Powers Authorities are not regulated in the State of California and CAJPA sponsors what is considered the nation's first risk management Accreditation Program. This Accreditation Program is designed to ensure quality and professional standards for all risk management pools regardless of size, scope of operation, or membership structure.

Included in the agenda packet is the checklist of all the various documents that CAJPA reviews during the Accreditation process.

F11. Risk Management 101 Webinars: Cost Allocation

Dave Nunley reminded the Board that at the September 11, 2018 Long Range Planning Meeting the Board discussed hosting a Risk Management 101 Webinar conducted by a Board Member, and he suggested cost allocation as a topic.

Members were asked who would like to present their City's cost allocation. Jena Covey, City of Bakersfield expressed interest in presenting.

Direction was given to the Program Administrators to ask Mike Harrington to host a cost allocation webinar and to put this item on the June 2019 Board agenda to discuss scheduling and who else will be presenting their City's cost allocation.

F12. Schedule of the Next Two Board of Directors Meetings

The next two Board Meetings will be held in San Jose on Thursday and Friday, June 20 and 21, 2019 and in Visalia on Thursday and Friday, October 17 and 18, 2019.

Both meetings will start at 1:00 PM on Thursdays and 8:30 AM on Fridays unless otherwise stated.



G. CORRESPONDENCE / INFORMATION

G1. CAJPA Conference (2018 Schedule) – There was no discussion on this item.

G2. Department of Justice Sacramento Police Department Report 2019 (first 2 pages) – There was no discussion on this item.

H. PUBLIC COMMENTS – There were no Public Comments.

ADJOURNMENT

Dave Nunley adjourned the meeting at 5:19 PM on Thursday, March 21, 2019.

Dave Nunley adjourned the meeting at 11:57 AM on Friday, March 22, 2019.