

**MINUTES OF THE
ACCEL BOARD OF MEETING
MONDAY, OCTOBER 22, 2007, 3:00 PM
TELECONFERENCE**

MEMBERS PRESENT

Sandra Blanch, City of Palo Alto
Kris Kamandulis, City of Santa Cruz
Charlotte Dunn, City of Visalia
Mary Akin, City of Modesto
Sherrell Freeman, City of Monterey
Claudia Koob, City of Mountain View
Brad Landreth, City of Santa Barbara
Tom Vance, City of Anaheim (Joined at 3:10 PM)

MEMBERS ABSENT

Ann Garcia, City of Ontario
Ralph Korn, City of Bakersfield
Jim Patricola, City of Burbank
Tom Phillips, City of Santa Monica

GUESTS & CONSULTANTS

Conor Boughey, Alliant Insurance Services, Inc.
Mike Simmons, Alliant Insurance Services, Inc.

A. CALL TO ORDER

Vice President, Sandra Blanch called the meeting to order at 3:05 PM

B. REPORTS

B1. FY 06/07 Financial Audit – Revisions, Responses and SAS 112

Sandra Blanch opens the floor for Sherrell Freeman to present this item with Mike Simmons. This item originated at the October 4th Board meeting in Bakersfield. The financial audit was presented with a new section brought about by SAS 112. Because of these new reporting requirements, the Board elected to have the Finance Committee draft responses and an introductory statement about SAS 112. The Finance Committee had two meetings to draft

responses and go over verbiage with the auditors to be sure everyone was in agreement about what was written in the report.

At the second Financial Committee meeting, what was five conditions became two. The client responses were presented and accepted by the financial auditors. In addition, an introductory statement will be inserted before the findings. Also, The Report of Internal Control will now be a separate report included at the end of the Financial Audit.

Mike Simmons noted that the client responses are drafted so that the first paragraph explains how the weakness came to fruition and the second paragraph explains how the board has decided to handle the issue.

Mike Simmons then brought the discussion to the idea of a pre-audit. This is something that was discussed at the October 4th meeting, and the auditors agreed that this may be necessary to avoid having internal control items included in the financial audit. This means that ACCEL should entertain the thought of hiring an accounting firm to handle our accounting. It may be more economically feasible to hire a TPA for our accounting then to hire a Pre-Auditor and invest in our own accounting procedures. Brad Landreth asked if we would need to use a different accountant than Brown Armstrong for this function, to which Mike Simmons replied that we would need to hire another party.

A motion was made to accept the client responses and introduction to SAS 112.

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

Further, a motion was made to receive and file the Financial Audit as presented at the October 4th Board Meeting pending the inclusion of the client responses and introductory statement presented at this meeting. Final approval will be given by the Program Administrators and Board President Tom Vance.

MOTION: Brad Landreth **SECOND:** Charlotte Dunn **MOTION CARRIED**

B2. Target Equity Ratios

Mike Simmons explained that Target Equity Ratios are a new item brought forth by CAJPA. In order to be accredited with excellence, it is required that a pool adopt a Target Equity Ratio policy. The purpose of this Policy and Procedure is to give an outline and guidance on target equity through the use of benchmark ratios. The Program Administrators recommend that the Board adopt this Policy and Procedure on Target Equity Ratios and also further review the ratios and their impact on the finances of ACCEL at the December Board meeting. At that meeting Conor and Mike will present the ratios, graphs and simulations to help the Board Members better understand the purpose of the ratios.

Brad Landreth asked if ACCEL does not meet one of the ratio guidelines then what happens. Mike Simmons replied that these are only guidelines and do not necessarily mean you have to stay in compliance. The purpose of the ratios is more for information than regulation.

A motion was made to accept the Policy and Procedure on Target Equity Ratios.

MOTION: Charlotte Dunn **SECOND:** Sherrell Freeman **MOTION CARRIED**

C. PUBLIC COMMENTS

There were no public comments.

D. ADJOURNMENT

A motion was made to adjourn the meeting at 3:40 PM

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