



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

Thursday, April 6, 2017 at 3:00 PM

Friday, April 7, 2017 at 8:30 AM

**Hotel Pacific
300 Pacific Street
Monterey, CA 93940**

MEMBERS PRESENT:

Dave Nunley, City of Anaheim
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
Sandra Blanch, City of Palo Alto
Mark Howard, City of Santa Barbara
Patty Haymond, City of Santa Cruz
Deb Hossli, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT:

Jena Covey, City of Bakersfield

GUESTS AND CONSULTANTS:

Michael Simmons, Alliant
Conor Boughey, Alliant
Daniel Howell, Alliant
Lorissa Huey, Alliant
Ken Maiolini, RMS (*Thursday, April 6, 2017 only*)
Mike Harrington, Bickmore (*Friday, April 7, 2017 only*)
Gina Dean, CSAC-EIA (*Friday, April 7, 2017 only*)

A. CALL TO ORDER

Mark Howard called the meeting to order at 3:00 PM.



B. Consent Calendar

B1. Approval of the Minutes of the February 15, 2017 Board of Directors Meeting

B2. Approval of the Minutes of the March 15, 2017 Special Board of Directors Meeting

B3. FY 16-17 Evanston Reinsurance Certificate & Endorsements Revised as of 3/27/17

A motion to approve the consent calendar with a correction to the February 15, 2017 Board meeting minutes, to change the word “Policy” to “Police” in C. General Risk Management Issues.

MOTION: Ann Richey **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Dave Nunley	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

Dave Nunley requested the Underwriting Committee to take a look at the Memorandum of Coverage to clarify how it will respond to a cyber exposure since it is not excluded. Every city has a cyber exposure, and most ACCEL members have some cyber coverage from APIP.

D. REPORTS

D1. President’s Report

D1a. Appointment of Nominating Committee

Each year the President appoints Board Members to the Nominating Committee during the April Board Meeting.

Deb Hossli and Betsy McClinton were nominated to be the Nominating Committee and will survey the Board for Officer nominations for the following year and then report those nominations at the June Board Meeting.



D2. Claims Committee’s Report

D2a. Closed Session – Pursuant to Gov’t Code 54956.95

A motion was made to enter into Closed Session.

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

	Dave Nunley	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											

The Board entered closed session at 3:30 PM.

A motion was made to come out of closed session at 4:45 PM.

MOTION: Patty Haymond **SECOND:** Ann Richey **MOTION CARRIED**

	Dave Nunley	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											

Charlotte Dunn reported that direction was given to the Program Administrators to release a coverage opinion letter on 1 claim to the respective city via e-mail and to obtain a coverage opinion for the Verdugo Aquatics v. Burbank claim.



D2b. Liability Claims Audit - Status

Conor Boughey reminded the Board Members that as part of the 2017 Liability Claims Audit, Members should be working with Tim Farley to complete the Exit Meeting Form.

The Board gave direction to the Program Administrators to revise the Claim Audit Exit Form to show in large font “CONFIDENTIAL – DRAFT WORK PRODUCT.”

D2c. ACCEL Retro - Administratively Freezing Years

Conor Boughey reported that in order to administratively freeze the Retro program, we would like to evaluate the number of claims that are open in years prior to FY2007-08. Conor asked the Members to review their open claims loss run and report the claims that are open prior to that year, and if any of those claims have exposure excess of \$1,000,000 before the June Board meeting. The Program Administrators will bring this Item back as an Action Item at the June Board Meeting.

The purpose of this is the retro calculation continues to be re-run each program year, and the net change in the results of the calculation are having very little impact on the calculation due to maturity of the years being calculated (back to FY1991-92).

Ann Richey reported that Ontario has no claims.

No reportable action took place, Board members were asked to report back to the Program Administrators with any open claims that may impact the calculation.

D3a-b. Financial and Treasurer's Report

Conor Boughey walked through the financial items. He noted that the Financial Reports this meeting are a little shorter because we have 5 meetings, 4 quarters, and this is the meeting where we have fewer Financial Reports.

A motion to approve all reports.

MOTION: Ann Richey **SECOND:** Charlotte Dunn **MOTION CARRIED**

	Dave Nunley	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											



D4. Program Administrator’s Report

D4a. Correspondence with Chandler Asset Management regarding ACCEL’s Investment Policy

Conor Boughey reminded the Board that at the February meeting, the Program Administrators were instructed by the Board to discuss with Chandler Asset Management Government Code Section 53601 and if it contradicts with their recommended change that “mutual funds and money market mutual funds can be held up to 20% of the portfolio.”

Chandler reviewed this issue and they believe the language works, but recommended clarification be added by removing the last two sentences of the paragraph in Section 5.11 and adding “No more than 10% of the total portfolio may be invested in shares of any one mutual fund. No more than 20% of the total portfolio may be invested in Money Market Mutual Funds. No more than 20% of the total portfolio may be invested in these securities.”

A motion to approve the policy with the proposed change.

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

	Dave Nunley	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											

D4b. Conflict of Interest Code – Approved by FPPC

Conor Boughey reported that the Fair Political Practices Commission (FPPC) approved ACCEL’s Conflict of Interest Code. In the approved code, there were some changes made by the FPPC to their preferred wording. For example, the Treasurer position was merged with Board Member; the disclosure categories were merged together for ease of reference for filers; and Program Administrators, Claims Administrators, and Consultants, do not have to disclose real property.

Patty Haymond asked why on Appendix A, it states Board Members and Alternates and Consultants that manage public investments are not covered by the code and must file under Government Code Section 87200 and are therefore listed for information purposes only. She asked whether that means those individuals even have to file a Form 700 under ACCEL.

The Program Administrators were given direction by the Board to clarify the wording in the Conflict of Interest Code, Appendix A with the FPPC.



D4c. ACCEL's Travel Expense Reimbursement Form

Conor reported that ACCEL's Bookkeeper has enhanced the Travel Expense Reimbursement Form to differentiate between meeting expenses and training expenses when members submit their reimbursement requests.

Members discussed the form and shared their ideas.

The Board gave direction to the Program Administrators to use the current form and create a check box for Training or Meeting Travel and bring back to the next Board meeting.

D5. Underwriting Committee's Report

None.

E. UNFINISHED BUSINESS

E1. ACCEL Excess Liability Program Renewal

Daniel Howell provided an update on the market outlook for ACCEL's Excess Liability program July 1, 2017 renewal. Since the last Board meeting, all members have submitted their applications, loss data has been compiled and sent to the markets, the actuarial report has been completed and Alliant has discussed renewal terms with ACCEL's reinsurance layer as well as incumbent markets.

E2. Optional Excess Workers Compensation Program

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 their individual SIR and can be billed directly by CSAC-EIA. The CSAC-EIA Excess Workers Compensation Program renews on July 1, 2017 for the 10 members who participate. The estimated renewal pricing attached in the agenda packet are as of March 2017.

Conor reminded the members that the deadline for the members who received a quote and want to change their SIR, the deadline is May 1.

Dave Nunley advised that the City of Anaheim will be increasing their SIR from \$1M to \$2M.



F. NEW BUSINESS

F1. CSAC-EIA - Gina Dean

Gina Dean from CSAC-EIA gave a presentation about ACCEL’s historical participation in CSAC-EIA and provided a brief overview of new services such as Critical Incident Services (pre & post incident), Risk Management Legal Services, Background Checks, Body Worn Camera Pilot Program, Benchmarking and Enterprise Risk Consultants.

Members asked questions and questions were answered.

Also, CSAC-EIA offers Actuarial and Risk Management Subsidy Programs. The Board gave direction to Gina Dean to opt out of these subsidy programs.

F2. Alliant’s Performance Review

The Program Administration Contract with Alliant has renewed effective July 1, 2016. Prior to the current contract term, the Program Administrators did not receive performance evaluations as part of their contracted duties. In the new contract, “Alliant agrees to be evaluated by the standards set forth and outlined in the scope of services”.

The Board has formed an Ad Hoc Committee to discuss Alliant’s Performance Review. The Committee will report back at the June Board meeting.

F3. Approval of the 2017 Actuarial Report

Mike Harrington, ACCEL’s Actuary, presented the 2017 Liability Actuary Study. The Actuary Study has been prepared based on the December 31, 2016 Member Loss runs and will be used for the June 30, 2017 Liability Rates.

A motion to approve the Actuarial Report.

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

	Dave Nunley	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											



NOTICE OF PROPOSED CHANGES SENT ON MARCH 3, 2017

F4. Amending the ACCEL Bylaws and Approval of Resolution 1617-02

Conor Boughey reported the ACCEL Bylaws contains language requiring Members to schedule underlying coverage, however the Memorandum of Coverage (MOC) also contains language stating that underlying coverage does not need to be scheduled. To remove this conflicting language the proposed changes to the bylaws is to delete Section XII.C. in its entirety.

A motion to approve the amended change to the bylaws, to write “Amended and Reinstated” with the date it was adopted at the footer of each page and at the top of the first page of the Bylaws, and then list the last 3 dates below so there is a history of what has changed.

MOTION: Beverly Jensen **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	Betsy McC'Inton	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											



F5. Excess Liability Policy: Multi-Member Occurrence

Conor Boughey explained that the ACCEL Memorandum of Coverage’s definition of Retained Limit does not address an occurrence in which two Member Agencies are named. However, under the Member Agency definition, it is on a “per occurrence, per covered party” basis.

The ANML form states that in the event of a multi-member occurrence each member would pay their SIR, then the ACCEL pool layer and then each member would have a tower of excess. This also means that the excess language would expect ACCEL to pay the retained limit for each named insured.

Members discussed this language and want the Underwriting Committee to review before the June Board meeting.

A motion was made to reaffirm what is already in the MOC currently.

MOTION: Ann Richey **SECOND:** Dave Nunley **MOTION CARRIED**

	Dave Nunley	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. Member Declarations Page - Additional Named Parties

Conor reported that in the past that ACCEL Board took action to specifically exclude the exposure for Anaheim’s Community Care Response Unit (CCRU) and Bakersfield’s schedule underlying insurance for the freeway they are building on the Member Endorsements.

Included in the Agenda Packet is a list of each member’s Additional Named Covered Party listing to put on the Member Endorsements. Conor reminded the Board Members the deadline to let the Program Administrators know what they want included or deleted from the Member Endorsement pages is May 1.

No reportable action took place.

F7. Draft Administration Budget

Conor Boughey reported that the Administrative Budget is currently drafted to increase very slightly to \$465,300. There are some slight changes to the contracted fees to match estimated costs in the 2017-18 term, as well as the cost of the CAJPA Accreditation which takes place every three years (payable in 2016-17). A reduction in the Member Travel and Training allocated budget keeps the overall budget flat. The Final Administrative Budget will be presented at the June Board Meeting for Adoption.

No reportable action took place.

F8. Draft Retrospective Rating Calculation

Conor Boughey reported that Retrospective Rating Plan Calculations include verification of claims data from members, retro payments owed or refunded to ACCEL during FY 2016/17, the Actuary's IBNR as of December 31, 2016 and ALAE as of December 31, 2016. Additionally, before the June Board Meeting the Retro will be updated with Tim Farley's audit of all claims excess of \$25,000 as well as the final IBNR and Reserves from ACCEL's Actuarial Study.

Conor asked the Members to let the Program Administrators know if they see on the loss run any claims under \$500K prior to 2007 that will somehow increase to \$1M. The Program Administrators will 'freeze' the percentages for the old years.

No reportable action took place.

F9. Amgen Tour of California Contract Concerns

Conor reported that every year, the Amgen Tour of California's route has host cities throughout California. Three of the host cities are Modesto, Santa Barbara and Ontario. In the contract, the Tour is asking the host cities to have the cities' insurance as primary.

Alliant and the IRIC Manual both recommend that the party controlling the circumstances that may lead to a claim should provide primary coverage. Their contract contradicts this, as a result Alliant recommends that Members try to obtain the following language: "For any claims related to this contract, the AEG Cycling's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City of _____, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it."

If the Members are not able to obtain that language, at the minimum, the language should be revised to "For any claims related to AEG Cycling's, or their contractors, temporary facilities or equipment at the host site, the AEG Cycling's insurance coverage shall be primary. For any claims related existing infrastructure of the Host site, the City of _____'s insurance coverage shall be primary."



A motion was made to give direction to the Program Administrators to write a letter to All Member Cities that ACCEL does not accept the Amgen Contract language and the City of Modesto had success changing the language.

MOTION: Ann Richey **SECOND:** Sandra Blanch **MOTION CARRIED**

ABSTENTIONS: Mark Howard

	Dave Nunley	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
Nay											
Abstain							X				

F10. Schedule of Next Two Board Meetings

The June 22nd & June 23rd Board meeting was scheduled to be in Santa Monica with Ontario as a backup. Direction was given to the Program Administrators to move the June Board meeting to Alliant’s Newport Beach office.

The October 12th and 13th Board meeting will be held in Modesto.

G. CORRESPONDENCE / INFORMATION

G1. The Risk Report

G2. PRIMA Conference Information

G3. Public Records Act and The Price of Privacy

No discussion on these items.

H. PUBLIC COMMENTS

No Public Comments were made.

ADJOURNMENT

Mark Howard adjourned the meeting at 11:46 AM.