

ACCEL BOARD OF DIRECTORS MEETING

Day 1 - Thursday, March 31, 2022 at 1:00 PM

Day 2 - Friday, April 1, 2022 at 8:30 AM

LOCATION:

Teleconference

Day 1 –

Link: <https://alliantinsurance.zoom.us/j/92587595858?pwd=aVZVU0I3a21RbGI5S3RrMGFOZm9GZz09>

Dial: (669) 900-6833

Meeting ID: 925 8759 5858

Passcode: 098575

Day 2 –

Link: <https://alliantinsurance.zoom.us/j/97123138675?pwd=ekF3VUxTNTVXdWJjQktuYitnNXZpUT09>

Dial: (669) 900-6833

Meeting ID: 971 2313 8675

Passcode: 753627

MEMBERS PRESENT:

Jena Covey, City of Bakersfield

Betsy McClinton, City of Burbank

Christina Alger, City of Modesto Alternate (*Thursday, March 31, 2022 only*)

Allyson Hauck, City of Monterey (*Thursday, March 31, 2022 only; left at 3:53 PM*)

Shelley Tiran, City of Monterey Alternate (*Friday, April 1, 2022 only*)

Jesse Takahashi, City of Mountain View

Jeannette Chavez, City of Ontario (*Friday, April 1, 2022 only*)

Kathy Garozzo, City of Ontario Alternate (*Thursday, March 31, 2022 only*)

Sandra Blanch, City of Palo Alto

Rhonda Combs, City of Salinas

Mark Howard, City of Santa Barbara

Ross Brandon, City of Santa Cruz

Oles Gordeev, City of Santa Monica (*Friday, April 1, 2022 only*)

Charlotte Dunn, City of Visalia

MEMBERS ABSENT:

Tracey Matthews, City of Anaheim

GUESTS AND CONSULTANTS:

Mike Harrington, Bickmore Actuarial (*Thursday, March 31, 2022 only; left at 1:54 PM*)

Greg Beaulieu, Bickmore Actuarial (*Thursday, March 31, 2022 only; left at 1:54 PM*)

Ben Oram, George Hills Company

Carlos Oblites, Chandler Asset Management (*Friday, April 1, 2022 only; joined at 9:00 AM and left at 9:33 AM*)



Daniel Howell, Alliant Insurance Services
 Conor Boughey, Alliant Insurance Services
 Lorissa Huey, Alliant Insurance Services
 Marcus Beverly, Alliant Insurance Services (*joined at 4:18 PM on Thursday, March 31, 2022*)

A. CALL TO ORDER

Jena Covey called the meeting to order at 1:00 PM on Thursday, March 31, 2022.
 Jena Covey called the meeting to order at 8:30 AM on Friday, April 1, 2022.

B. CONSENT CALENDAR

B1. Approval of Minutes for the January 20 and 21, 2022 Board Meeting

B2. ACCEL Bylaws - Amended and Restated - January 20, 2022

B3. Final ACCEL 21/22 Excess Coverage Document

B4. AWAC 21/22 \$5M excess \$10M Policy

B5. Adoption of Amended Financial Plan Policy and Procedure

B5i. Redlined Changes Version

B5ii. Clean Version

A motion was made to approve the consent calendar.

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

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X		X	X		X
Nay													
Abstain									X				

C. GENERAL RISK MANAGEMENT ISSUES

Jesse Takahashi, City of Mountain View stated that the City is looking for a Risk Manager and asked the Members if they have any qualified candidates.

Christina Alger, City of Modesto announced that the City hired a Risk Manager and the new person starts in the middle of April 2022.

Daniel Howell, Alliant Insurance Services commented that a jury awarded \$102.5 million to two plaintiffs who sued a Northern California School District for sexual abuse and molestation.

D. REPORTS

D1. President's Report

D1a. Appointment of Nominating Committee

Conor Boughey reported that every year at the March Board Meeting, two Members are appointed to be on the Nominating Committee to survey the Board for officer nominations for the following fiscal year. There is usually one Member from Northern California and one from Southern California. The nominations are reported at the June Board Meeting.

The Board agreed that it plans to proceed with the current slate of officers as shown in the agenda packet. If any Members had an objection, direction was given to contact Betsy McClinton, City of Burbank and Sandra Blanch, City of Palo Alto by April 15, 2022.

D1b. ACCEL's Service Provider Surveys Process

Conor Boughey explained that ACCEL's process for Service Provider Surveys is completed in a manner which intends to keep the surveys private until reviewed by the Board and then the results are summarized to the Program Administrators by verbal report. ACCEL does not have a written policy on how these surveys are handled. Conor asked the Board if it wants to maintain the current method or seek a new method.

The Board was in favor of the surveys being solely handled by the Program Administrators and to discontinue having Mary Lendaris, an Alliant team member involved in the process.

D2. Executive Committee's Report – None



D3. Claims Committee's Report

D3a. Clarification to Reservation of Rights and Partial Disclaimer of Uncovered Damages

Conor Boughey reported that Claims Committee met on March 8, 2022 to seek clarification on the process of Reservations of Rights (ROR) and partial disclaimer of uncovered damages in the Claims Reporting Handling Policy and Procedure (P&P). Nearly all Employment Practices Liability (EPL) cases will require a ROR once the facts of the case are known (e.g. wages are claimed). In review of ACCEL’s claims, there were several that would require both a ROR and partial disclaimer of uncovered damages.

The Claims Committee confirmed that if all the facts are known, the Claims Administrators are directed to send a ROR. If not all the facts are known, the Claims Administrators should send a partial disclaimer of uncovered damages.

D3b. Litigation Update

Conor Boughey reported that Ben Oram, at George Hills presents a Litigation Update on pertinent case law to the Claims Committee. At the last Claims Committee Meeting, the Litigation Update for the first quarter of 2022 was deferred to today’s Board Meeting.

Jena Covey thanked Ben for the update because it was educational.

The Board requested from Alliant to provide a report on large verdicts. This will be agendized at the next Board Meeting and posted on the ACCEL Website in the Members’ Only section.

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

A motion was made to enter into Closed Session at 2:36 PM.

MOTION: Charlotte Dunn **SECOND:** Betsy McClinton **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	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 3:10 PM.

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

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X		X
Nay													
Abstain													

Jena Covey reported out of Closed Session that the Board took action on two of the agendized claims.

D4a-d. Financial and Treasurer's Report

Conor Boughey walked through the financial items. He noted that in the Chandler February 2022 Statement, the beginning values as of January 31, 2022 and end values as of February 28, 2022 increased by \$5,000,000 because at the January 2022 Board Meeting, the Board authorized a \$5,000,000 transfer from its short term account with Local Agency Insurance Fund (LAIF) to its long term account with Chandler. The transfer was effective February 15, 2022.

The Projected Cash Flow Obligations Report as of December 31, 2021 shows estimated loss payments, which George Hills predicts when claims will be paid during a specific time frame. The specific claims have been reviewed by the Claims Committee in closed session prior to the March 31 and April 1, 2022 Board Meeting.

A motion was made to accept the financial items D4a-d.

MOTION: Mark Howard **SECOND:** Betsy McClinton **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X		X
Nay													
Abstain													



D4e. ACCEL Projected Cash Flow Obligations as of December 31, 2021

Conor Boughey reminded the Board that at the January 2022 Board Meeting, it took action to transfer \$5,000,000 to its long term account with Chandler because the long term account yield is higher than Local Agency Insurance Fund (LAIF) for new investments, and ACCEL did not require those funds in the near term.

A motion was made to move \$5,000,000 from LAIF to Chandler effective immediately and then reconvene at the June 2022 Board Meeting to consider moving an additional \$5,000,000. Carlos will be invited to attend the June 2022 Board Meeting to provide the Board an update.

MOTION: Mark Howard **SECOND:** Betsy McClinton **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Shelley Tiran	Jesse Takahashi	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X		X	X	X	X	X	X	X	X	X
Nay													
Abstain													

D4f. Short and Long Term Investment of Funds – Continued Discussion

Carlos Oblites at Chandler provided the Board a summary of what has happened in the market with the \$5,000,000 that the Board transferred after its January 2022 Board Meeting until the March 31 and April 1, 2022 Board Meeting.

Members asked questions which were addressed as they arose.

No reportable action took place.

D5. Finance Committee’s Report

D5a. Draft FY 22/23 Administration Budget

Conor Boughey reminded the Board that it amended the ACCEL Bylaws at its January 2022 Board Meeting which expanded the Finance Committee’s (FC) Duties, which is to review and recommend the Administrative Budget to the Board.

Conor reported that the Draft FY 22/23 Administrative Budget was presented to the FC at its March 7, 2022 Meeting for the first time. The FC reviewed the draft budget and had no changes.

A motion was made to proceed with the draft budget as presented.



MOTION: Mark Howard

SECOND: Betsy McClinton

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X		X
Nay													
Abstain													

D5b. Agreed Upon Procedures: Retrospective Rating Calculation (RPC) Audit Status

Conor Boughey reported that at the October 2021 Board Meeting, the Board accepted the Retrospective Rating Calculation (RPC) audit engagement letter from Crowe LLP as a one-time audit. The Board agreed that it will later decide the frequency of the audit. The RPC audit report will be delegated to the Finance Committee (FC) for review and brought back to the Board by the March 2022 Board Meeting.

The RPC Audit was not available by today’s meeting.

A motion was made to delegate authority to the FC to oversee the RPC Audit until completion and then report back to the Board.

MOTION: Jena Covey

SECOND: Betsy McClinton **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X		X
Nay													
Abstain													



D6. Underwriting Committee’s Report

D6a. Settlement Cap Provision in ACCEL’s Memorandum of Coverage (MOC)

Conor Boughey reported that the purpose of this item was to confirm previous changes to ACCEL’s MOC regarding settlement demands that may be acceptable to ACCEL, but not a Member Agency. To address this, ACCEL took action at its June 2021 Board Meeting to add new language in the MOC, Section I.B.4 effective July 1, 2021.

No further direction was provided.

D6b. ACCEL’s Memorandum of Coverage Proposed Changes: Wage Exclusion

Conor Boughey reported that Exclusion R. eliminates coverage for wages/benefits arising out of wrongful termination, discrimination, or civil rights violations.

Ben Oram, ACCEL’s Litigation Manager suggested proposed changes to the exclusion to clarify the intent. Conor commented that Byrne Conley, ACCEL’s Legal Counsel reviewed the proposed changes.

The Underwriting Committee reviewed the proposed changes at its March 30, 2022 Committee Meeting and took action to recommend to the Board to adopt the changes.

A motion was made to adopt the proposed changes effective July 1, 2022 for Exclusion R. to state, “To liability arising out of past and future salary, wages, benefits and/or retirement proceeds alleged or claimed because of any adverse employment action including, but not limited to, unlawful discrimination, harassment, and/or retaliation against, violation of civil rights of, or wrongful termination of any employee or official of the covered party.”

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

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X		X
Nay													
Abstain													

D6c. Verbal Update from Underwriting Committee held on March 30, 2022

Mark Howard, Underwriting Committee Chair provided a verbal report regarding the agenda items at the Underwriting Committee (UC) Meeting that was held the previous day.

The Unmanned Aerial Vehicle (UAV) Usage Guidelines Policy and Procedure was reviewed by the Committee and no material changes were needed. The UC requested that the Program Administrators survey the Board Members about its use of drones at their Member Agencies.

D7. Program Administrator's Report

D7a. ACCEL Website Updates

Lorissa Huey presented to the Board the updates made to the ACCEL Website. First, Lorissa walked through how to login into the Members' Only section. Secondly, she demonstrated how to use the Discussion Forum. The Discussion Forum is a tool used to ask about any risk management question. Thirdly, there is a new section called, "Litigation Update" which contains the quarterly litigation updates from Ben Oram at George Hills. Lastly, the \$4,000,000 excess \$1,000,000 Memorandum of Coverage and \$5,000,000 excess \$5,000,000 Memorandum of Coverage (ANML based) Forms Comparison is now posted in the Liability section.

No reportable action took place.

D7b. ACCEL Service Team Chart

Conor Boughey presented to the Board the ACCEL Service Team Chart that includes contact information and roles of the Program Administrators, Claims Administrators, and Claims Auditor, and resources such as the IRIC Manual.

The chart will be posted on the ACCEL Website in the Members' Only section.

D7c. Cyber Application Portal Training and Market Update PowerPoint

Conor Boughey discussed the cyber security standards included in the agenda packet as well as a presentation on the cyber market conditions and application process. Alliant wanted to update the Members of the changing marketing conditions for cyber liability coverage.

Members asked questions which were addressed.

E. UNFINISHED BUSINESS

E1. Excess Liability Program Renewal Expectations

Daniel Howell reported that the Excess Liability Program is renewing July 1, 2022, most of the applications have been received, and Alliant is discussing renewal terms with the incumbent markets. All Members participate in a purchased Excess Liability Program to \$55,000,000 excess of \$10,000,000.



Daniel noted that as we approach renewal, carriers are relatively stable, but there are still large loss concerns that have the carriers nervous. Accounts are being actuarially reviewed and depending on how their losses have developed, the markets react. ACCEL has been stable since the notable increases from recent years, and we expect consistent terms with expiring.

Direction was given to the Program Administrators to schedule a Special Board Meeting around the end May to discuss the Excess Liability Program Renewal.

E2. Optional Excess Workers’ Compensation Renewal

Conor Boughey stated that ACCEL’s Members have the option to join PRISM through a ‘group purchase’ (ACCEL has no risk sharing for Workers’ Compensation). Each Member is able to select its individual self-insured retention (SIR) and is billed directly by PRISM. The PRISM Excess Workers’ Compensation Program renews on July 1, 2022 for the eleven Members who participate. The March 2022 premium estimates were sent to each Member separately. The March estimates also include a Loss Performance Summary for each Member.

F. NEW BUSINESS

F1. 2022 Actuarial Report Approval

Mike Harrington, ACCEL’s Actuary presented the 2022 Actuarial Report. The Actuarial Report has been prepared based on the December 31, 2021 loss runs and will be used for the June 30, 2022 liability rates.

A motion was made to approve the report. Also, direction was given to Mike Harrington to include a memo outlining the loss development that has occurred across the state, and if ACCEL’s rates and claims are in line with industry trends.

MOTION: Mark Howard **SECOND:** Rhonda Combs **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X		X
Nay													
Abstain													



F2. Bickmore Actuarial Engagement Letter

Conor Boughey reported that this is the last year of the current three year engagement letter with Mike Harrington at Bickmore Actuarial. Mike provided a new engagement letter for the 2022/23, 2023/24, 2024/25 Actuarial Studies and INBR Updates, which was attached to the agenda packet. The proposed fees have a year over year increase of 2%.

A motion was made to accept the engagement letter as presented.

MOTION: Rhonda Combs **SECOND:** Mark Howard **MOTION CARRIED**

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Allyson Hauck	Jesse Takahashi	Kathy Garozzo	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X	X	X	X	X	X	X	X	X		X
Nay													
Abstain													

F3. Draft Retrospective Rating Plan Calculation

Conor Boughey presented the draft 2022 Retrospective Rating Plan Calculation. He stated that the calculation include verification of claims data from Members, retro payments owed or assessments, the Actuary’s Incurred By Not Reported (BNR) and Allocated Loss Adjustment Expense (ALAE) as of December 31, 2021.

Conor reminded the Board that at the June 2021 Board Meeting, the Board took action to restrict 100% of the retro. In the draft included in the agenda packet, the Program Administrators unrestricted the funds and returned it.

Also, this draft is the first time that the City of Salinas is shown because it joined ACCEL on January 1, 2019.

A motion was made to direct the Program Administrators to provide updated three year cost forecast letters. The Board agreed to not include the 10% negative net position charge in the letters.

Also, the Program Administrators will schedule a meeting with the Members’ Finance Directors in Summer 2022, after July 1 to go over the retro and budget. Prior to that meeting, materials will be sent out and questions will be solicited to allow the meeting to be more efficient. Jesse Takahashi suggested that the Board Members have a pre-meeting with their Finance Directors.



MOTION: Betsy McClinton

SECOND: Sandra Blanch

MOTION CARRIED

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Shelley Tiran	Jesse Takahashi	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordecv	Charlotte Dunn
Aye		X	X		X	X	X	X	X	X	X	X	X
Nay													
Abstain													

F4. Member Declarations Page – Additional Named Parties

Conor Boughey reported that the Board annually reviews its Additional Named Parties on the Members’ Declaration Pages in preparation for the July 1 renewal.

Conor reminded the Board that if there are any updates to let the Program Administrators know as soon as possible.

No reportable action took place.

F5. 2022 Long Range Planning

The October Long Range Planning (LRP) and Board Meeting will be held on October 12, 13, and 14, 2022 in Santa Barbara. The first day will start at 1 PM and the meeting will be an abridged Board Meeting. The second day will be an all day Long Range Planning. The last day will start at 8:30 AM and be a continuation of the Board Meeting where action can be taken from the prior day’s Long Range Planning.

Included in the agenda packet was a list of topics that will be discussed at the LRP. Conor Boughey reminded the Board to let the Program Administrators know if there is anything it would like to add to the LRP agenda.

The Program Administrators will send out the ACCEL Travel and Training Policy and Procedure and the Expense Reimbursement Form because there are new Board Members.

F6. Updates of the Insurance Requirements in Contracts (IRIC) Manual

Daniel Howell presented to the Board on the recent updates to the IRIC Manual.

Members asked questions which were addressed.



F7. CAJPA Accreditation with Excellence

F7i. Enterprise Risk Management

Conor Boughey reminded the Board that ACCEL is a member of CAJPA (California Association of Joint Powers Authorities) and ACCEL goes through the accreditation process every three years to be sure it complies with CAJPA’s standards for excellence. The last one was completed in 2019. The current process started in January 2022.

CAJPA added a new objective and it pertains to Enterprise Risk Management (ERM) and included in the agenda packet was CAJPA’s suggestions for implementing the ERM process.

The Board agreed that because ACCEL is an excess JPA, it is already practicing ERM at its Board Meetings and Long Range Planning by looking at the big picture, and not the day to day business, as what primary JPAs do.

At every Board Meeting, ACCEL starts with discussing General Risk Management Issues where the Board discusses any issues facing the Cities at a high level. ACCEL has a Long Range Planning to discuss how to continue financing the JPA appropriately.

F7ii. Arbitration of Non-Coverage Disputes Policy and Procedure

Conor Boughey reported that it is likely that CAJPA will require ACCEL to adopt a process for resolving non-claims disputes to maintain CAJPA Accreditation with Excellence and such a process is a best practice recommended by the Program Administrators.

Included in the agenda packet was a draft Arbitration of Non Coverage Disputes Policy and Procedure. The Board discussed and requested to add where its states, “vote” to “vote of the full Board” because ACCEL defines “full Board” in its other governing documents and policies and procedures.

A motion was made to assign the Arbitration of Non-Coverage Disputes Policy and Procedure to the Executive Committee for final review after Byrne Conley, ACCEL’s Legal Counsel reviews it to ensure that it aligns with ACCEL’s governing documents and policies and procedures.

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

	Tracey Matthews	Jena Covey	Betsy McClinton	Christina Alger	Shelley Tiran	Jesse Takahashi	Jeannette Chavez	Sandra Blanch	Rhonda Combs	Mark Howard	Ross Brandon	Oles Gordeev	Charlotte Dunn
Aye		X	X		X	X	X	X	X	X	X	X	X
Nay													
Abstain													



F8. Schedule of the Next Two Board of Directors Meetings

The next Board Meeting will be held in Visalia on June 16 and 17, 2022. The meeting will start at 1:00 PM on Thursday and 8:30 AM on Friday unless otherwise stated.

The October Long Range Planning (LRP) and Board Meeting will be held on October 12, 13, and 14, 2022 in Santa Barbara. The first day will start at 1 PM, the second day will start at 8:30 AM, and the last day will start at 8:30 AM unless otherwise stated.

G. CORRESPONDENCE / INFORMATION

G1. Cyber Bulletin: System Security Standards – There was no discussion on this item.

G2. PRISM Annual Report – There was no discussion on this item.

G3. CAJPA Conference 2019 Schedule – There was no discussion on this item

G3i. 2022 Conference: September 13 – 16 in South Lake Tahoe – There was no discussion on this item.

H. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Jena Covey adjourned the meeting at 4:53 PM on Thursday, March 31, 2022.

Jena Covey adjourned the meeting at 11:27 AM on Friday, April 1, 2022.