

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

Thursday, May 14, 2020 at 10:00 AM

**LOCATION:
TELECONFERENCE**

MEMBERS PRESENT:

Tracey Matthews, City of Anaheim
Jena Covey, City of Bakersfield
Betsy McClinton, City of Burbank
Christina Alger, City of Modesto Alternate
Michael Andersen, City of Monterey (*left the teleconference at 11:03 AM*)
Claudia Koob, City of Mountain View
Jeannette Chavez, City of Ontario
Sandra Blanch, City of Palo Alto
Rhonda Combs, City of Salinas (*left the teleconference at 11:03 AM*)
Mark Howard, City of Santa Barbara
Patty Haymond, City of Santa Cruz
Oles Gordeev, City of Santa Monica
Charlotte Dunn, City of Visalia

MEMBERS ABSENT: None.

GUESTS AND CONSULTANTS:

Peter Wallin, City of Gardena Deputy City Attorney (*left the teleconference at 11:03 AM*)
Ken Maiolini, Risk Management Services
Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Daniel Howell, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services

A. CALL TO ORDER

Jena Covey called the meeting to order at 10:02 AM.

B1. Finance Committee's Report

B1ai. ACCEL Funding Part #1: Equity vs. Non-Equity Pool Considerations

Michael Simmons provided a brief summary of ACCEL's financial structure and how ACCEL's equity belongs to its Members, not ACCEL. ACCEL will have Retrospective Rating Plan (RRP) funds due from Members in excess of approximately \$3,000,000. These are liabilities to the Members, but assets to ACCEL in the form of account receivables prior to payment. The RRP calculation also creates a \$7,000,000 potential distribution to eight other Members that becomes a liability for ACCEL. A simple solution to consider involves a change in ACCEL structure from a non-equity pool to an equity pool (retroactive to formation). This would be a large philosophical change in ACCEL's structure and would be a long term discussion.

Direction was given to the Program Administrators to place this item on the October 2020 Long Range Planning (LRP) Agenda. The Program Administrators will prepare a document detailing the pros and cons before the LRP so that Members can discuss this concept change in detail with their management teams in advance of any decision made by the Board.

B1aii. ACCEL Funding Part #2: Retrospective Rating Plan (RRP) Payment Plans

Michael Simmons reported that there are a number of Members that have unexpected Retrospective Rating Plan (RRP) funds due (assessments). These may not be easy to pay in today's new economic environment resulting from COVID-19.

The Finance Committee met on April 29, 2020 and made a motion to recommend to the Board to establish the 2020 RRP three-year payment plan with the second and third years having compounding interest of 1/2 percent (50 Basis Points) of Member's outstanding balances.

Year 1:

- One-Third due June 30, 2020
- No interest unless payment is late and penalty applies
- Late penalty applies if 1/3 payment not received by March 31, 2021
- The penalty is the Local Agency Insurance Fund (LAIF) rate (as of March 31, 2021) plus 1% compounded interest
- The second and third installments are charged interest beginning on this late date of March 31, 2021
- Members can choose to pay greater than the 1/3 due and the remainder will be equally allocated to the second and third installments.

Year 2:

- Second (1/3) installment and interest are due June 30, 2021, Net 30
- If payment is late (30 days), interest accrues at LAIF rate plus 1% compounded interest
- The third installment continues to accrue interest at the lower "long-term" payment rate.



Year 3:

- Third (1/3) installment and interest are due June 30, 2022, Net 30
- If payment is late (30 days), interest accrues at LAIF rate plus 1% compounded interest.

A motion was made to accept the Finance Committee’s recommendation.

MOTION: Michael Andersen **SECOND:** Patty Haymond **MOTION CARRIED**

| | Tracey Matthews | Jena Covey | Betsy McLinton | Christina Alger | Michael Andersen | Claudia Koob | Jeannette Chavez | Sandra Blanch | Rhonda Combs | Mark Howard | Patty Haymond | Oles Gordeev | Charlotte Dunn |
|---------|-----------------|------------|----------------|-----------------|------------------|--------------|------------------|---------------|--------------|-------------|---------------|--------------|----------------|
| Aye | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | | | | |
| Abstain | | | | | | | | | | | | | |

Blaiii. ACCEL Funding Part #3: Achieving a June 30, 2020 Positive Net Position Funding

Michael Simmons reported that in an effort for ACCEL to achieve a positive net position as of June 30, 2020, ACCEL should consider restricting Retrospective Rating Plan (RRP) funds. ACCEL has restricted money through the RRP in the past. During the current year, ACCEL restricted \$6,000,000 as a percentage of the retrospective ‘share of loss’ calculation. At the June Board Meeting, the Board takes action to restrict funds within certain program years included in the calculation, usually spreading the total value over a series of years to blend the impact to Members.

In the past, these calculations did not result in negative positions. Due to new claim details, many Members fall negative using the existing formula concepts. To achieve the goal of restricting funds and keeping the concepts simple, the Program Administrators provided several different concepts to restrict funds in the background section of the agenda item.

The Finance Committee met on April 29, 2020 and concluded that it is important ACCEL strive to maintain a positive net position. The Committee made a motion to recommend to the Board to restrict 100% of the funds indicated as available for release.

A motion was made accept the Finance Committee’s recommendation.



MOTION: Michael Andersen **SECOND:** Tracey Matthews **MOTION CARRIED**

| | Tracey Matthews | Jena Covey | Betsy McClinton | Christina Alger | Michael Andersen | Claudia Koob | Jeannette Chavez | Sandra Blanch | Rhonda Combs | Mark Howard | Patty Haymond | Oles Gordeev | Charlotte Dunn |
|---------|-----------------|------------|-----------------|-----------------|------------------|--------------|------------------|---------------|--------------|-------------|---------------|--------------|----------------|
| Aye | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | | | | |
| Abstain | | | | | | | | | | | | | |

B1b. Proposed Changes to ACCEL’s Financial Plan & Re-opening Closed/Frozen Years

Conor Boughey reported that at the March 2020 Board Meeting, the Board delegated authority to the Finance Committee to propose changes to the Financial Plan Policy and Procedure. The Committee met twice since then and made amendments to the Financial Plan as shown in the redlined version included the agenda packet. The amendments clarifies re-opening and re-calculating years and how to apply a restriction. Also, it includes new language to define the administrative “Freeze” process by renaming this process to ‘Suspend’ and to establish payment plans of retro payments owed by Members.

A motion was made accept the recommended amendments to the Financial Plan. Further direction was also provided to the Program Administrators to be sure that the City of Gardena is aware it needs to request a payment plan by June 1, 2020.

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

| | Tracey Matthews | Jena Covey | Betsy McClinton | Christina Alger | Michael Andersen | Claudia Koob | Jeannette Chavez | Sandra Blanch | Rhonda Combs | Mark Howard | Patty Haymond | Oles Gordeev | Charlotte Dunn |
|---------|-----------------|------------|-----------------|-----------------|------------------|--------------|------------------|---------------|--------------|-------------|---------------|--------------|----------------|
| Aye | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | | | | |
| Abstain | | | | | | | | | | | | | |

Members requested a statement of Net Position for each Member of ACCEL. The Program Administrators will send the retro report to each Member estimating payment plan costs.



B2. Claims Committee's Report

B2a. CLOSED SESSION – Pursuant to Gov't Code 54956.95

A motion was made to enter into Closed Session at 11:04 AM.

MOTION: Mark Howard **SECOND:** Sandra Blanch **MOTION CARRIED**

| | Tracey Matthews | Jena Covey | Betsy McClinton | Christina Alger | Michael Andersen | Claudia Koob | Jeannette Chavez | 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 11:16 AM.

MOTION: Mark Howard **SECOND:** Sandra Blanch **MOTION CARRIED**

| | Tracey Matthews | Jena Covey | Betsy McClinton | Christina Alger | Michael Andersen | Claudia Koob | Jeannette Chavez | 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 | | | | | | | | | | | | | |

There was nothing to report out of Closed Session.

C. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Jena Covey adjourned the meeting at 11:18 AM.