

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND  
OPEN MINUTES MEETING – NOVEMBER 10, 2015  
HANOVER TOWNSHIP MUNICIPAL BUILDING  
12:00 PM**

Meeting of Fund Commissioners called to order by Chairman Poff. Open Public Meeting Notice read into records. Chairman led Commissioners in the Pledge of Allegiance.

**ROLL CALL OF EXECUTIVE COMMITTEE:**

Greg Poff, Chairman	Township of Rockaway	Present
William Close, Secretary	Township of Sparta	Absent
Ralph Blakeslee	Borough of Netcong	Present
Adam Brewer	Township of West Caldwell	Present
Michael Guarino	Township of Denville	Present
Brian McNeilly	Borough of Stanhope	Present
Jonathan Rheinhardt	Borough of Wharton	Present

**ROLL CALL OF FUND COMMISSIONERS:**

Vita Thompson	Township of Andover	Absent
John Dunleavy	Borough of Bloomingdale	Present
Terry McCue	Town of Boonton	Absent
Barbara Shepard	Township of Boonton	Absent
James Lampmann	Borough of Butler	Present
Thomas Ciccarone	Township of Chatham	Absent
Timothy Day	Borough of Chatham	Present
Valerie Egan	Borough of Chester	Absent
Donald Travisano	Dover Town	Present
Joseph Tempesta	Township of East Hanover	Present
Francine Paserchia	Borough of Essex Fells	Absent
William Huyler	Borough of Florham Park	Absent
Silvio Esposito	Township of Hanover	Absent
Eric Maurer	Borough of Hawthorne	Present
Robert Elia	Borough of Hopatcong	Present
Daniel O'Dougherty	Borough of Kinnelon	Absent
Perry Mayers	Borough of Lincoln Park	Absent
Neil Henry	Township of Long Hill	Absent
Robert Kalafut	Borough of Madison	Present
Richard Merkt	Borough of Mendham	Present
Marybeth Zichelli	Township of Mendham	Present
Tim Gordon	Township of Millburn	Present
Victor Canning	Township of Montville	Absent
June Uhrin	Borough of Morris Plains	Absent
Carolyn Rinaldi	Borough of Mount Arlington	Present
Laura Harris	Township of Mount Olive	Absent
Richard Sheola	Borough of Mountain Lakes	Absent
Mel Levine	Borough of North Caldwell	Present
David Hollberg	Township of Pequannock	Present
Darren Maloney	Township of Randolph	Present
Scott Heck	Borough of Ringwood	Absent
Sheila Seifert	Borough of Rockaway	Present
Terri Lyons	Township of Washington	Present

Kenneth Gabbert	Township of West Milford	Absent
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**2015 FUND COMMISSIONER ALTERNATES:**

Maryann Frodella	Township of Andover	Absent
Sherry Gallagher	Borough of Bloomingdale	Absent
Cynthia Oravits	Town of Boonton	Absent
James Kozimor	Borough of Butler	Absent
Deborah King	Township of Chatham	Absent
Stephen Williams	Borough of Chatham	Absent
Steven Ward	Township of Denville	Absent
Kelly Toohey	Dover Town	Absent
Kenneth Huelbig	East Hanover Township	Absent
Patricia Visco	Borough of Florham Park	Absent
Kelli Schanz	Township of Hanover	Absent
Jennifer Scully	Borough of Hawthorne	Absent
Unappointed	Borough of Kinnelon	---
James Burnet	Borough of Madison	Absent
Alex McDonald	Township of Millburn	Absent
Jason Kohn	Borough of Morris Plains	Present
June Hercek	Borough of Montville	Absent
Michelle Reilly	Borough of Mountain Lakes	Absent
Andrew Cangiano	Borough of Mt. Arlington	Absent
Christine Stachnik	Township of Mount Olive	Present
William Marsala	Borough of Ringwood	Absent
Yolanda Dykes	Borough of Rockaway	Absent
Joseph Fiorella	Township of Rockaway	Absent
Michele Landtau	Township of Sparta	Present
Dana Mooney	Borough of Stanhope	Absent
Andrew Coppola	Township of Washington	Absent
Catherine Shanahan	Township of West Milford	Absent
David Young	Borough of Wharton	Absent

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Administrator	PERMA Risk Management Services <b>Cathleen Kiernan</b>
Deputy Executive Director	<b>Joseph Hrubash</b>
Attorney/Litigation Management	Dorsey & Semrau, Esq. <b>Fred Semrau, Esq.</b>
Underwriting Manager	Conner Strong & Buckelew
Safety Director	J.A. Montgomery Risk Control
Treasurer	<b>Grace Brennan</b>

Liability Claims Service

D&H Alternative Risk Solutions, Inc.  
**Paul Messerschmidt**

Workers Compensation  
Claim Service

Qual-Lynx  
**Bob Fox**

Managed Care

FMCO  
**Thea Isabella**

Auditor

Nisivoccia LLP

**ALSO PRESENT:**

Linda D'Alessio, Polaris-Galaxy Group  
Patty Esposito, Marsh USA  
Stephanie Thomas, Marsh USA  
Jeff Pasek, Esq., Dorsey & Semrau  
Dave Sgalia, Henry O. Baker  
Frank Covelli, PIA  
Steve Reichman, Statewide Insurance Agencies  
Jaine Testa, PERMA

**APPROVAL OF MINUTES –**  
October 14, 2015 Open & Closed minutes:

**MOTION TO APPROVE OPEN AND CLOSED MINUTES OF OCTOBER 14, 2015**

Motion: Commissioner Levine  
Second: Commissioner Travisano  
Vote: 19 Ayes, 0 Nays, 6 Abstains (Commissioners Travisano,  
Zichelli, Gordon, Hollberg, Seifert, Landtau (alt.))

**CORRESPONDENCE – None**

**MONTHLY COMMITTEE REPORTS:**

**Committee reports:**

**Membership, Marketing & Coverage Committee, Michael Guarino, Chair, Denville Township**–No report

**Finance Committee, Robert Kalafut, Chair, Madison Borough** – Finance Committee met on November 10, prior to the board meeting and reviewed 2016 member assessments and the police accreditation program. Chairman Kalafut gave the report and said the budget total of \$17,119,693 represents a 1.48% increase and includes POL/EPL premiums at an increase averaging 7%. The budget increase prior to POL/EPL expenses was .85%. Assessments were distributed to members and range from a decrease of -3.93% to an increase of 2.76%. Chairman

Kalafut said increases and decreases are a tight range since the budget increase, before POLEPL is less than 1%.

**Safety Committee, Chief Jason Kohn, Chair, Morris Plains Borough.** – No report

**Contracts and Rules Committee, Ralph Blakeslee, Chair, Netcong Borough**—No report

**Legal Review Committee, William Close, Chair, Sparta** —No report.

**Claims Review Committee, Jon Rheinhardt, Chair, Wharton Borough** – The committee met on November 9th and recommended approving payment authority requests for 12 Workers' Compensation Claims totaling Payment Authority Requests of \$742,473, 5 Property Claims totaling Payment Authority Requests of \$133,212 and 2 Liability claims totaling Payment Authority Requests of \$189,047.

Chairman Poff gave a report on the Ad Hoc Committee: The committee reviewed RFQ responses for TPA and MCO, and met on October 14<sup>th</sup> and November 2, 2015. Minutes of both meetings were distributed to commissioners. The committee's recommendations based on interviews conducted with respondents are as follows: TPA-Property and Liability claims: D&H Alternative Risk Solutions TPA Worker's Compensation claims: Retain incumbent vendor, Qual-Lynx. Managed Care organization: retain incumbent vendor First Managed Care Option. The awarding of the contracts at fees proposed represents a 6% savings in total of these line item expenses.

Chairman Poff thanked the ad-hoc committee and Perma for their efforts during this process.

#### **EXECUTIVE DIRECTOR/ADMINISTRATOR:**

**EXECUTIVE DIRECTOR'S REPORT:** Monthly report submitted to Fund Commissioners, including monthly fast-track, accident frequency, fast-track financial report, claim activity report, interest rate summary comparison, monthly loss ratio by fund year and line of coverage, public officials/employment practices compliance, deductibles & co-insurance levels and regulatory checklist.

**2016 Budget** - Last month, the 2016 proposed budget was introduced. All members were mailed a notice of the public hearing. Budget was also published in the designated newspaper. The proposed budget totals \$17,119,693 and was distributed to commissioners. Budget does not include Risk Management Fees which are not finalized until member assessment allocations are complete. Changes to underwriting data made through Exigis since the October budget introduction results in slight changes to budget..

**POLEPL** – As discussed last month, the Underwriting Manager marketed the Public Officials/Employment Practices renewal for 2016. The Morris budget reflects a .85% increase before POL/EPL premiums. Last year's increase from XL Insurance was 21%, for 2016 XL proposed a 15% increase across all JIFs. This year the MEL underwriting worked with XL and the budget was at an average 5% increase across all JIFs. Depending on loss experience the range varies from a decrease or increase of 2% to as high as 8%. Based on the Morris JIFs claims experience, the fund's increase in this line is 7% with variations among some members which is reflected in the assessments.

For 2016, XL offered a 15% renewal – for the overall program – after a 21% renewal in 2015. Underwriting Manager marketed to QBE who offered a quote at 5% increase in premiums for 2016 and another 5% in 2017. Budget introduction is based on that pricing. QBE will continue to use Summit Risk as TPA. A number of senior management at XL have moved over to QBE - including the underwriting and claims management team that initially developed the MEL’s program. QBE would use the same policy form.

**Claims sweep:**

Because the POLEPL policy is a “claims made” policy, it is necessary for the fund to issue a ‘claims sweep’ notice to members who may have claims. All claims must be reported by December 18<sup>th</sup> to XL.

Members were distributed a draft notice at the meeting. A certified letter will be sent to all municipal clerks. All claims need to be reported by December 18<sup>th</sup>. Failure to report a claim will result in a denial by QBE as being outside its policy term and XL will deny based on the notice not being received in timely manner according to policy terms.

Fund attorney advised that members notify their municipal attorney. Administrators should check with department heads for any pending actions. He advised to put carrier on notice if there are any doubts as to whether a claim will be filed via an email to XL and to D&H and to insure confirmation of receipt of claim notice.

Claims Administrator also reminded members to check with their land use and planning boards for any indication of a pending claim. Deputy Director also advised that members to be vigilant regarding any conversations or investigations that may indicate a pending notice of claim by an employee. Fund Attorney will also be contacting members.

In response to Commissioner Lyons this does not include any open tort claims that have already been reported to the TPA but they should be reviewed that all are reported. Tort claims should be reported to Property/Liability TPA, D&H Alternative Risk Solutions.

In response to Commissioner Blakeslee, Deputy Director said it would not count against a member’s loss record to submit a circumstance that you believe might result in a future claim but does not materialize; Attorney responded that OPRA would not be affected.

**MOTION TO OPEN THE PUBLIC HEARING ON THE 2016 BUDGET**

Motion: Commissioner Rheinhardt  
Second: Commissioner Day  
Vote: unanimous

**MOTION TO CLOSE THE PUBLIC HEARING**

Motion: Commissioner Dunleavy  
Second: Commissioner Merkt  
Vote: unanimous

**MOTION TO ADOPT 2016 BUDGET**

Motion: Commissioner Levine  
Second: Commissioner Brewer  
Roll call Vote: unanimous

**Assessments** – The assessments were presented to the Finance Committee for review and approval prior to the meeting. A copy of the assessments was distributed at the JIF meeting.

In accordance with the policies established by the Morris JIF, the fund followed its formula for allocation using underwriting data and then equalized assessments. The fund’s policy is that a member’s assessment will increase no more than 1.25% of the overall budget increase, the increase is net of POL/EPL expense which are not equalized. Surcharges were then added to members with adverse seven year loss ratios – with the dollars generated by the surplus being distributed to members with a favorable seven year loss ratio. This practice brings the ‘outliers’ closer to the average. Assessments for Public Officials/Employment Practices Liability coverage are removed before equalization and then added back once the equalization is performed.

**MOTION TO CERTIFY THE 2016 ASSESSMENTS AS PRESENTED**

Motion: Commissioner Rheinhardt  
Second: Commissioner Lampmann  
Roll call Vote: unanimous

**2016 Membership Renewals** – Mendham Township and Rockaway Borough were the only members scheduled to renew by January 1, 2016; both towns have submitted their agreements.

**Residual Claims Fund (RCF)** The RCF met on October 21<sup>st</sup>, 2015 at the Forsgate Country Club as a public hearing and adopted the amended Fund Year 2015 budget and adopted the 2016 Budget. Commissioner Close’s report was distributed to members.

**EJIF** – The EJIF met on October 21<sup>st</sup>, 2015 at the Forsgate Country Club as a public hearing to review the proposed 2016 Budget; following the public hearing the 2016 budget was adopted; Commissioner Rheinhardt’s report was distributed to members.

**MEL** - The MEL met on October 21<sup>st</sup>, 2015 at the Forsgate Country Club to introduce the 2016 budget. Commissioner Rheinhardt’s report on the meeting – which includes the proposed budget, was distributed to commissioners. . The public hearing on the MEL 2016 budget will be held on November 18, 2015 at 5:00 PM in the Convention Center in Atlantic City - Room 305.

A joint Banking & Asset Manager RFQ was issued by the MEL, RCF, EJIF, SEM & MR HIF. The MEL’s Investment Committee reviewed responses and conducted interviews. The MEL Board of Fund Commissioners accepted the Committee’s recommendation to award Investors Bank the Banking Services contract and Wilmington Trust the Asset Manager contract. RFQ included a provision to accept affiliated local JIFs in the program at the same terms and conditions. At Wilmington Trust, the management team of Mike Huxley and Fernando Garip formerly from TD Bank, will be servicing the account.

**MOTION TO AUTHORIZE CONTRACT TO WILMINGTON TRUST FOR ASSET MANAGEMENT SERVICES AND**

**CONTRACT FOR BANKING SERVICES TO INVESTORS  
BANK**

Motion: Commissioner Rheinhardt  
Second: Commissioner Blakeslee  
Roll call Vote: unanimous

**Elected Officials Training:** This year’s elected officials training program will focus on Public Officials & Employment Practices. A session is scheduled at the League of Municipalities Conference for 3:45 pm in Atlantic City on Wednesday, November 18, 2015; and also November 17<sup>th</sup> at 3:45 pm at Caesars.

As in the past, the MEL will reduce each member’s 2016 liability claims fund assessment by \$250 (capped at 25% of the claims fund) for each municipal elected official and/or authority commissioner who completes the Elected Official course. The credit is also extended to the member’s CEO (i.e. municipal manager/administrator or authority executive director). A notice was distributed to members. Beginning in 2016 the MEL will again offer an online elected officials training course.

Due Diligence Reports:

Claims Management Report: Fund years 2014 and 2015 remain in a deficit position and the actuary has made an adjustment to the IBNR.

POL/EPL Compliance—Members will have through 2016 to complete their compliance requirements. Updates to the program will be posted to the MEL website in December. Management and Supervisors training will begin in 2016.

The MEL is introducing a series titled “Managing Technology Risk through Technological Proficiency members will be receiving in the next several weeks the guide, summary booklet and a best-practices and resource guidebook. Materials will also be available at the MEL booth at the League of Municipalities conference and will be posted online.

Executive Director’s Report Made Part of Minutes.

**TREASURER:**

The following November 2015 bills list was included for approval on the consent motion as Resolution 23-15.

<b>NOVEMBER 2015</b>	
<b>2014</b>	<b>\$21.45</b>
<b>2015</b>	<b>\$159,939.15</b>
<b>TOTAL</b>	<b>\$159,960.60</b>

**CLAIMS PAYMENT AND IMPREST TRANSFERS AS OF SEPTEMBER 2015:**

<b>CLOSED</b>	\$0.00
<b>2011</b>	\$113,791.28
<b>2012</b>	\$67,449.54
<b>2013</b>	\$30,292.08
<b>2014</b>	\$225,952.33
<b>2015</b>	\$257,977.51
<b>TOTAL</b>	\$695,462.74

Treasurer's Report Made Part of Minutes.

**ATTORNEY:**

No report.

**UNDERWRITING MANAGER:**

**CERTIFICATES OF INSURANCE:**

List of certificates was included in the agenda. 46 certificates were issued through October 21, 2015.

Certificates List made part of minutes

**SAFETY DIRECTOR:**

Executive Director gave the report and said that Safety Consultant John Zengel is expected to retire and we are seeking a replacement.

Safety Director's Report Made Part of Minutes.

**MANAGED CARE:**

Managed Care Provider's Report Made Part of Minutes

Managed Care Director thanked the board for reappointing them as the fund's Managed Care organization.

**MOTION FOR EXECUTIVE SESSION SPECIFIED  
PURPOSES: PERSONNEL- SAFETY & PROPERTY OF  
PUBLIC LITIGATION:**

Motion: Commissioner: Guarino  
Second: Commissioner: Day  
Vote: Unanimous



**MOTION TO RETURN TO OPEN SESSION:**

Motion: Commissioner Tempesta  
Second: Commissioner Trivisano  
Vote: Unanimous

**MOTION TO APPROVE CLAIM AUTHORITY PAYMENTS AS PRESENTED IN EXECUTIVE SESSION, EXECUTIVE DIRECTOR'S REPORT, RESOLUTION 23-15 APPROVING THE NOVEMBER BILLS LIST, TREASURER'S REPORTS, ATTORNEY'S REPORTS, UNDERWRITING MANAGER'S REPORTS - MONTHLY CERTIFICATES, SAFETY DIRECTOR'S REPORTS, AND MANAGED CARE PROVIDER'S REPORTS**

Moved: Commissioner Rheinhardt  
Second: Commissioner Guarino  
Vote: Unanimous

**OLD BUSINESS:**

On behalf of the Fund's Officers & Commissioners, Chairman Poff presented Commissioner and Finance committee Chair Robert Kalafut - who is retiring with a clock expressing the Fund's gratitude for his years of service. Commissioner Kalafut said he is concluding his 20<sup>th</sup> year with the fund and noted how the joint insurance fund has evolved into a successful program providing coverages to municipalities. He recognized Tim Gordon and Fred Semrau and thanked the commissioners and professionals he has worked with throughout the years and added that the JIF is one of the more successful programs he has participated in during his career.

**NEW BUSINESS:**

None.

**PUBLIC COMMENT:**

None.

**MOTION TO ADJOURN:**

Moved: Commissioner Kalafut  
Second: Commissioner Maloney  
Vote: Unanimous

Meeting Adjourned 12:45 PM  
Jaime Testa, Assisting Secretary  
For  
William Close, Secretary  
Date prepared November 18, 2015

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND  
BILLS LIST**

**Resolution No. 23-15**

**NOVEMBER 2015**

**WHEREAS**, the Treasurer has certified that funding is available to pay the following bills:

**BE IT RESOLVED** that the Morris County Municipal Joint Insurance Fund's Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

**FURTHER**, that this authorization shall be made a permanent part of the records of the Fund

**FUND YEAR 2014**

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
<b>000478</b>			
000478	PERMA	AATRIX CHARGES FOR 1099 MISC. E-FILING'14	21.45
			<b>21.45</b>
		Total Payments FY 2014	21.45

**FUND YEAR 2015**

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
<b>000479</b>			
000479	FIRST MCO	MANAGED CARE SERVICES FEE 10/2015	21,044.20
			<b>21,044.20</b>
<b>000480</b>			
000480	FRED SEMRAU ESQ.	LITIGATION MANAGEMENT - 11/2015	15,826.75
			<b>15,826.75</b>
<b>000481</b>			
000481	QUAL-LYNX	CLAIMS ADMIN - 11/2015	24,571.79
			<b>24,571.79</b>
<b>000482</b>			
000482	VALLEY MEDICAL GROUP	DOT TESTING TRNG & MRO 3RD QTR 2015	10,149.00
			<b>10,149.00</b>
<b>000483</b>			
000483	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 11/2015	16,115.85
			<b>16,115.85</b>
<b>000484</b>			
000484	D & H ALTERNATIVE RISK	CLAIMS ADMIN - 11/2015	18,670.96
			<b>18,670.96</b>
<b>000485</b>			
000485	PERMA	POSTAGE FEE 10/2015	117.83
000485	PERMA	EXECUTIVE DIRECTOR FEE 11/2015	22,194.55
			<b>22,312.38</b>
<b>000486</b>			
000486	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES - 11/2015	3,194.50
			<b>3,194.50</b>
<b>000487</b>			
000487	FRED SEMRAU, ESQUIRE	ATTORNEY FEE 11/2015	2,255.08
			<b>2,255.08</b>
<b>000488</b>			
000488	MORRIS COUNTY PUBLIC SAFETY	ROOM RENTAL FEE 9/30/15 CLASS ID 1511224	100.00
			<b>100.00</b>

<b>000489</b>			
000489	GRACE BRENNAN	TREASURER FEE 11/2015	1,984.50
			<b>1,984.50</b>
<b>000490</b>			
000490	DAILY RECORD	ACCT: ASB-70026874 - 10/24/15 - MTG	64.04
			<b>64.04</b>
<b>000491</b>			
000491	CONNER STRONG & BUCKELEW	UNDERWRITING MANAGER FEE 11/2015	924.58
			<b>924.58</b>
<b>000492</b>			
000492	ALLSTATE INFORMATION MANAGEMNT	ACCT: 417 - ACT & STOR - 09/30/2015	61.48
			<b>61.48</b>
<b>000493</b>			
000493	VITALE'S	MEETING - 10/14/2015	664.57
000493	VITALE'S	MEETING - 09/09/2015	664.57
			<b>1,329.14</b>
<b>000494</b>			
000494	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 11/15	75.00
			<b>75.00</b>
<b>000495</b>			
000495	HENRY O. BAKER INC.	RMC FEE 2ND INSTALL 2015 - ROCKAWAY BORO	6,935.72
000495	HENRY O. BAKER INC.	RMC FEE 2ND INSTALL 2015 - BOONTON TWP	2,910.37
000495	HENRY O. BAKER INC.	RMC FEE 2ND INSTALL 2015 - CHATHAM TWP	11,413.81
			<b>21,259.90</b>
		Total Payments FY 2015	159,939.15

**TOTAL PAYMENTS ALL FUND YEARS \$ 159,960.60**