

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
OPEN MINUTES MEETING – JUNE 8, 2016
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 Poff 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	Present
Ralph Blakeslee	Borough of Netcong	Absent
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:

Diana Francisco	Township of Andover	Absent
John Dunleavy	Borough of Bloomingdale	Absent
Cynthia Oravits	Town of Boonton	Absent
Barbara Shepard	Township of Boonton	Present
James Lampmann	Borough of Butler	Present
Thomas Ciccarone	Township of Chatham	Absent
Timothy Day	Borough of Chatham	Absent
John Cassels	Borough of Chester	Absent
Donald Travisano	Town of Dover	Absent
Joseph Tempesta	Township of East Hanover	Absent
Francine Paserchia	Borough of Essex Fells	Absent
William Huyler	Borough of Florham Park	Absent
Silvio Esposito	Township of Hanover	Present
Eric Maurer	Borough of Hawthorne	Present
Robert Elia	Borough of Hopatcong	Present
Robert Collins	Borough of Kinnelon	Absent
Perry Mayers	Borough of Lincoln Park	Present
Neil Henry	Township of Long Hill	Absent
James Burnett	Borough of Madison	Present
Richard Merkt	Borough of Mendham	Present
Marybeth Zichelli	Township of Mendham	Absent
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	Absent
Laura Harris	Township of Mount Olive	Present
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	Absent
Terri Lyons	Township of Washington	Present
Catherine Shanahan	Township of West Milford	Present

2016 FUND COMMISSIONER ALTERNATES

Maryann Frodella	Township of Andover	Present
Sherry Gallagher	Borough of Bloomingdale	Absent
Terry McCue	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	Town of Dover	Absent
Kenneth Huelbig	East Hanover Township	Present
Patricia Visco	Borough of Florham Park	Absent
Kelli Schanz	Township of Hanover	Absent
Jennifer Scully	Borough of Hawthorne	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	Absent
Christopher Tietjen	Township of Pequannock	Absent
William Marsala	Borough of Ringwood	Absent
Yolanda Dykes	Borough of Rockaway	Present
Joseph Fiorella	Township of Rockaway	Absent
Michele Landtau	Township of Sparta	Absent
Dana Mooney	Borough of Stanhope	Absent
Andrew Coppola	Township of Washington	Absent
Antoinette Battaglia	Township of West Milford	Absent
William Wallace	Township of West Caldwell	Absent
David Young	Borough of Wharton	Absent

APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator

PERMA Risk Management Services
Cathleen Kiernan

Deputy Executive Director

Attorney/Litigation Management

Dorsey & Semrau, Esq.
Fred Semrau, Esq.

Underwriting Manager

Conner Strong & Buckelew

Safety Director

J.A. Montgomery Risk Control
Brian Maitland

Treasurer

Grace Brennan

Liability Claims Service

Lenape Claims Management, Inc.
Paul Messerschmidt

Workers Compensation
Claim Service

Qual-Lynx
Bob Fox

Managed Care

FMCO
Thomas Mooney

Auditor

Nisivoccia LLP
Bud Jones
Jenna Bauer

ALSO PRESENT:

Frank Covelli, PIA
Sharon Cooper, Public Entity Advocates
Linda D'Alessio, Polaris Galaxy
Wayne Dietz, Skylands Risk Management
Patty Esposito, Marsh USA
Dave Sgalia, Cupo Insurance Agency, Inc.
Dave Vozza, The Vozza Agency
Karen Waters, IMAC Insurance
Jaine Testa, PERMA

APPROVAL OF MINUTES –

April 13, 2016 Open & Closed minutes:

MOTION TO APPROVE OPEN MINUTES AND CLOSED MINUTES OF MAY 11, 2016:

Motion:	Commissioner Levine
Second:	Commissioner Guarino
Vote:	16 Ayes, 0 Nays, 9 Abstains (Commissioners Rheinhardt, Maurer, Gordon, Harris, Hollberg, Maloney, Frodella (alt.), Dykes (alt.), Huelbig (alt.))

CORRESPONDENCE – The MEL JIF is required by regulations to file its excess and reinsurance policies with the State. A letter from the Underwriting Manager dated May 25, 2016 to the State regarding filing of the MEL's 2016 reinsurance and excess insurance policies was distributed to commissioners.

MONTHLY COMMITTEE REPORTS:

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

Finance Committee, Jon Rheinhardt, Chair, Wharton Borough— The Finance committee met on June 8th at Hanover prior to the JIF meeting and reviewed the 2015 audit report as of December 31, 2015. Fund auditor, Bud Jones of Nisivoccia LLP, presented the report and reviewed the Statement of Net Position (page 16). The Audit Management report contained no recommendations but included three suggestions: concerning investment income, the Residual Claims Fund and cyber liability. The committee discussed these items relative to the fund's financial position. He concluded his report saying the fund is in excellent financial condition. Commissioner Rheinhardt said the Fund has experienced two years of negative development and said the Finance Committee will focus on that during the upcoming budget meetings.

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 —Commissioner Close gave the report and said the committee has scheduled a meeting with defense panel attorneys on June 9th. Purpose is to meet the panel and to review their approach to litigation; status of claims and their performance in the past year.

Claims Review Committee, Brian McNeilly, Chair, Stanhope Borough –The committee met on June 6th at the offices of First Managed Care Option in Morris Plains, NJ. Tom Mooney, President gave attendees a tour of the office highlighting the different operations of the firm. The committee recommended approving 14 Workers' Compensation Claims totaling Payment Authority Requests of \$897,189; 6 Property Claims totaling Payment Authority Requests of \$141,536; 2 Liability Claims totaling Payment Authority Requests of \$301,000.

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, and monthly loss ratio by fund year and line of coverage, public officials/employment practices compliance, deductibles & co-insurance levels and regulatory checklist.

Executive Director reviewed the Financial Fast Track. Commissioner Rheinhardt noted the fund’s statutory surplus position change from year-to-date is \$24,563 and noted the fund decision to suspend the Police Accreditation program for 2016 due to the statutory surplus position trending near or below \$4 million. The surplus position will continue to be monitored.

Expected Loss Ratio Analysis : Executive Director reviewed the report and said actuary reviewed loss data from MEL affiliated JIFs and identified a clear relationship of an increase in claims relative to snowfall. This impact of snowfall and winter conditions can be seen in all lines of coverage.

Employment Practice Compliance Status report: Executive Director reminded all members the October 1st deadline must be met in order to maintain their current deductibles and co-insurance. She also said QBE, commercial carrier, reserves its right to review each member’s claims experience and may consider establishing specific deductibles and co-pay provisions based on loss experience.

Audit Report as of December 31, 2015 –The Auditor’s Report as of December 31, 2015 was distributed to commissioners. Bud Jones of Nisivoccia LLP met with the Finance Committee and presented his report during the committee reports. Resolution 15-16 was adopted approving the Audit report as of December 31, 2015 and the Group Affidavit was executed by the board of commissioners. The Actuary’s Valuation Report as of December 31, 2015 was also distributed. Executive Director explained that the actuary estimates the Incurred but not Reported (IBNR) which is included in the audit report.

Motion to Approve Year-End Financials as of December 31, 2015 as Presented, Adopt Resolution 15-16 and execute the Group Affidavit indicating that members of the Executive Committee have read the General Comments Section of the Audit Report

Motion: Commissioner Hollberg
Second: Commissioner Levine
Vote: unanimous

CPR/AED Training :We are working with Russell Heyman and are in the process of scheduling these trainings at the end of June. We expect to schedule three to four sessions.

Employment Practices Program: As a reminder, changes to the 2017 POL/EPL Program are posted on the MEL’s webpage - www.njmel.org - which details changes to the MEL’s Model Personnel Manual and information on training program requirements. Members have until October 1st to submit checklist to qualify and/or maintain deductible and co-pay incentives. Compliance includes updating Personnel Manuals, Training Managers & Supervisors, Police Command Staff and offering training to non-supervisory personnel.

Managers and Supervisors training sessions were held in numerous locations with over 300 managers and supervisors attending training. An additional session will be scheduled in Hanover in September. As soon as a date is confirmed a notice will be distributed to commissioners.

A Police Chief training session is expected to be scheduled in September in the Jamesburg area.

Five member towns have not attended training yet. A notice will be sent to commissioners when a date and specific location are confirmed.

Executive Director reminded members of the October 1, 2016 deadline to submit their checklists. The deadline allows the fund office to perform follow-up. Members were encouraged to contact the fund office if they have any questions.

2017 Renewal Online Underwriting Database: Members and risk managers will receive an email when the database is set up to begin the 2017 underwriting renewal – which is expected to begin on June 15, 2016. The deadline to submit schedules is August 15th which allows the most current data to be utilized for the budget process which begins in August.

Residual Claims Fund – The RCF met on June 1, 2016. Commissioner Close’s report on the meeting was distributed to commissioners.

The RCF board adopted a Resolution accepting the transfer of member JIF’s Fund Year 2012 liabilities. Resolution 16-16 authorizing the transfer of the Morris JIF’s 2012 claim liabilities to the RCF with a valuation date of 6/30/16 is included in the consent agenda.

EJIF- The EJIF met on June 1, 2016. Commissioner Rheinhardt’s report on the meeting was distributed to commissioners. Commissioner Rheinhardt noted the ‘free property’ alert notice in the report addressing the potential exposures associated with acquiring properties.

MEL JIF – The MEL met on June 1, 2016. Commissioner Rheinhardt’s report on the meeting was distributed to commissioners. Commissioner Rheinhardt noted the fund authorized a draft of an RFQ for the online exposure data management system. He explained the fund is seeking a more ‘robust’ program that will allow fund to explore latest in Risk Management Information Systems (RMIS) and allow addition of other databases i.e. underwriting and claims management to better utilize data available.

He noted the Large City JIF proposal proved not to be feasible and the program has been suspended.

The MEL board voted an increase to the budget for the MEL Safety Institute by \$105,000 to fund the member requests for additional training. While the online program has been extensively utilized, it has not resulted in a reduction of classroom sessions and has become an ‘add-on’ to the program instead and the demand for onsite training remains.

Safety Expo – For the eleventh year, the MEL is working with the New Jersey Utility Authorities Joint Insurance Fund (NJUA) to conduct its Annual Safety Expo which includes MEL member town’s water & sewer employees. The Safety Expos will be held on June 24th at the Middlesex County Fire Academy and September 30th at the Camden County Emergency Services Training Center. Registration is through the MEL Safety Institute. A notice was emailed to all members and a copy was distributed to commissioners.

Crossing Guard Training – The Annual Crossing Guard Training Seminar has been scheduled for August 17th at the Morris County Public Safety Training Academy from 8:30 a.m.-4:00 p.m. A notice will be sent to members in the next week.

Executive Director's Report Made Part of Minutes.

TREASURER:

The following June 2016 bills list was included for approval on the consent motion as Resolution 17-16.

JUNE 2016	
2016	\$141,488.08
TOTAL	\$141,488.08

CLAIMS PAYMENT AND IMPREST TRANSFERS AS OF APRIL 2016

CLOSED	\$(13,017.24)
2012	\$232,178.58
2013	\$44,680.16
2014	\$76,625.40
2015	\$216,065.07
2016	\$166,044.41
TOTAL	\$722,576.38

Treasurer's Report Made Part of Minutes.

ATTORNEY :

Manager/Supervisor Training: Fund Attorney reminded members of an upcoming Managers and Supervisors training class in Mt. Olive on June 13th and that there will be an additional class in Hanover in September.

Fund Attorney said he recently gave an incorrect response to a question raised at recent Managers and Supervisors class and that he had emailed the participants the corrected response.

POL/EPL Claims Handling: Attorney also encouraged members to contact his office when concerns arise regarding settlement conferences in POL/EPL claim matters.

EJIF: Attorney discussed the decision in the Kidde College case in the EJIF. Claim involved contamination on land that had been previously owned by a thermometer manufacturer. A decision that has been unfavorable to the member was reversed on appeal, dismissing a previous judgment against the town of \$1.4 million dollars. The case illustrated the strength of Title 59 immunities and the protections it affords the municipality's members in the decision making process. He said the decision will stand as a precedent regarding Title 59 defenses.

Management of Special Events: Fund Attorney noted the Management of Special Events bulletin was available on the MEL's website and encouraged members to review the policies and procedures.

Attorney's Report Made Part of Minutes

UNDERWRITING MANAGER:

CERTIFICATES OF INSURANCE:

List of certificates was included in the agenda. 59 certificates were issued from April 21, 2016 through May 22, 2016.

Certificates List made part of minutes

SAFETY DIRECTOR:

Safety Director's Report Made Part of Minutes.

MANAGED CARE:

Managed Care Provider's Report Made Part of Minutes

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

Motion: Commissioner Elia
Second: Commissioner McNeilly
Vote: Unanimous

MOTION TO RETURN TO OPEN SESSION:

Motion: Commissioner Rheinhardt
Second: Commissioner McNeilly
Vote: Unanimous

MOTION TO APPROVE CLAIM AUTHORITY PAYMENTS AS PRESENTED IN EXECUTIVE SESSION, EXECUTIVE DIRECTOR'S REPORT; RESOLUTION 16-16 TRANSFERRING THE MORRIS JIF 2012 LIABILITIES TO THE RCF; RESOLUTION 17-16 APPROVING THE JUNE BILLS LIST; TREASURER'S REPORTS; ATTORNEY'S REPORTS; UNDERWRITING MANAGER'S REPORTS; MONTHLY CERTIFICATES; SAFETY DIRECTOR'S REPORTS; AND MANAGED CARE PROVIDER'S REPORTS

Motion: Commissioner McNeilly
Second: Commissioner Guarino
Roll Call Vote: 24 Ayes, 1 abstention (Commissioner Maloney)

OLD BUSINESS:

None

NEW BUSINESS:

Chairman Poff presented Millburn Commissioner Timothy Gordon who is retiring July 1st with a clock as an appreciation for his service to the fund. Commissioner Gordon has been Millburn's fund commissioner since Millburn joined the fund in 1990.

PUBLIC COMMENT:

None

MOTION TO ADJOURN:

Moved: Commissioner Rheinhardt

Second: Commissioner Gordon

Vote: Unanimous

Meeting Adjourned:

12:25 PM

Jaine Testa, Assisting Secretary

For William Close, Secretary

Date prepared: July 7, 2016

Resolution No. 15-16

**Resolution of Certification
Annual Audit Report for Period Ending December 31, 2015**

WHEREAS, N.J.S.A. 40A:5-4 requires the governing body of every local unit to have made an annual audit of its books, accounts and financial transactions, and

WHEREAS, the Annual Report of Audit for the year 2015 has been filed by the appointed Fund Auditor with the Secretary of the Fund as per the requirements of N.J.S.A. 40A:5-6 and N.J.S.A. 40A:10-36, and a copy has been received by each member of the EXECUTIVE COMMITTEE, and

WHEREAS, the Local Finance Board of the State of New Jersey is authorized to prescribe reports pertaining to the local fiscal affairs, as per R.S. 52:27BB-34, and

WHEREAS, the Local Finance Board has promulgated a regulation requiring that the EXECUTIVE COMMITTEE of the Fund shall, by resolution, certify to the Local Finance Board of the State of New Jersey that all members of the EXECUTIVE COMMITTEE have reviewed, as a minimum, the sections of the annual audit entitled:

General Comments
and
Recommendations

and

WHEREAS, the members of the EXECUTIVE COMMITTEE have personally reviewed, as a minimum, the Annual Report of Audit, and specifically the sections of the Annual Audit entitled:

General Comments
and
Recommendations

as evidenced by the group affidavit form of the EXECUTIVE COMMITTEE.

WHEREAS, such resolution of certification shall be adopted by the EXECUTIVE COMMITTEE no later than forty-five days after the receipt of the annual audit, as per the regulations of the Local Finance Board, and

WHEREAS, all members of the EXECUTIVE COMMITTEE have received and have familiarized themselves with, at least, the minimum requirements of the Local Finance Board of the State of New Jersey, as stated aforesaid and have subscribed to the affidavit, as provided by the Local Finance Board, and

WHEREAS, failure to comply with the promulgations of the Local Finance Board of the State of New Jersey may subject the members of the EXECUTIVE COMMITTEE to the penalty provisions of R.S. 52:27BB-52 - to wit:

R.S. 52:27BB-52 - "A local officer or member of a local governing body who, after a date fixed for compliance, fails or refuses to obey an order of the director (Director of Local Government Services), under the provisions of this Article, shall be guilty of a misdemeanor and, upon conviction, may be fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than one year, or both, in addition shall forfeit his office."

NOW, THEREFORE, BE IT RESOLVED, that the EXECUTIVE COMMITTEE of the Morris County Municipal Joint Insurance Fund, hereby states that it has complied with the promulgation of the Local Finance Board of the State of New Jersey, dated July 30, 1968, and does hereby submit a certified copy of this resolution and the required affidavit to said Board to show evidence of said compliance.

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON JUNE 8, 2016.

**RESOLUTION NO. 16-16
OF THE
MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
TO TRANSFER TO
MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND**

WHEREAS, the Municipal Excess Liability Residual Claims Fund was organized pursuant to N.J.S.A. 40A:10-36, et seq., to provide residual risk coverage to its member joint insurance funds; and,

WHEREAS, the Board of Fund Commissioners of the **Morris County Municipal Joint Insurance Fund** determined that membership in the Residual Claims Fund is in the best interest of the member local units and joined the Residual Claims Fund.

NOW, THEREFORE, BE IT RESOLVED that the Board of Fund Commissioners of the **Morris County Municipal Joint Insurance Fund** does hereby resolve and agree to transfer the following residual risks.

<u>Fund Year</u>	<u>Lines of Coverage</u>	<u>Member Fund S.I.R.</u>
2012	WC/GL/AL & PROPERTY	Varies

BE IT FURTHER RESOLVED that the actual transfer of claim liabilities to the Municipal Excess Liability Residual Claims Fund shall be based upon the following formula:

Case Reserves and IBNR as of 6/30/16

**MORRIS COUNTY MUNICIPAL
JOINT INSURANCE FUND**

MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND BILLS LIST

Resolution No. 17-16

JUNE 2016

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 2016

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
001016			
001016	FIRST MANAGED CARE OPTION	MANAGED CARE SERVICES FEE 05/2016	21,044.20
			21,044.20
001017			
001017	APEX INS SERV c/o XL INSURANCE	TECH ERRORS&OMISSIONS ADD'L 2016	8,180.00
			8,180.00
001018			
001018	FRED SEMRAU ESQ.	LITIGATION MANAGEMENT - 06/2016	16,143.29
			16,143.29
001019			
001019	QUAL-LYNX	CLAIMS ADMIN - 06/2016	20,416.67
			20,416.67
001020			
001020	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 06/2016	16,438.15
			16,438.15
001021			
001021	LENAPE CLAIMS MANAGEMENT INC.	CLAIMS ADMIN - 06/2016	18,670.96
			18,670.96
001022			
001022	PERMA	POSTAGE FEE 05/2016	81.73
001022	PERMA	EXECUTIVE DIRECTOR FEE 06/2016	23,304.25
			23,385.98
001023			
001023	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES - 06/2016	3,258.39
			3,258.39
001024			
001024	FRED SEMRAU, ESQUIRE	ATTORNEY FEE 06/2016	2,300.19
			2,300.19
001025			
001025	GRACE BRENNAN	TREASURER FEE 06/2016	2,024.19
			2,024.19
001026			
001026	THE RODGERS GROUP, LLC	POLICE ACCREDITATION MAINTENANCE - 05/16	3,000.00
			3,000.00
001027			
001027	DAILY RECORD	ASB-70026874 - 6/27/16 - LOCATION CHANGE	42.04
			42.04
001028			

001028	CONNER STRONG & BUCKELEW	UNDERWRITING MANAGER FEE 06/2016	943.07
			943.07
001029			
001029	ALLSTATE INFORMATION MANAGEMNT	ACCT: 417 - ACT & STOR 04/30/16	63.86
			63.86
001030			
001030	RUSSO & ASSOCIATES LLC	INTERNAL AUDITOR FEE 5/28/16	4,797.65
			4,797.65
001031			
001031	VITALES DELI	MEETING - 04/11/16	704.44
			704.44
001032			
001032	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 05/16	75.00
			75.00
		Total Payments FY 2016	141,488.08

TOTAL PAYMENTS ALL FUND YEARS \$ 141,488.08