

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
OPEN MINUTES MEETING – SEPTEMBER 14, 2016
HANOVER TOWNSHIP MUNICIPAL BUILDING
12:00 PM**

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

ROLL CALL OF EXECUTIVE COMMITTEE:

| | | |
|--------------------------|---------------------------|---------|
| Greg Poff, Chairman | Township of Rockaway | Absent |
| William Close, Secretary | Township of Sparta | Present |
| Ralph Blakeslee | Borough of Netcong | Present |
| Adam Brewer | Township of West Caldwell | Present |
| Michael Guarino | Township of Denville | Absent |
| 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 | Present |
| Cynthia Oravits | Town of Boonton | Present |
| Barbara Shepard | Township of Boonton | Present |
| James Lampmann | Borough of Butler | Present |
| Thomas Ciccaraone | Township of Chatham | Absent |
| Timothy Day | Borough of Chatham | Present |
| John Cassels | Borough of Chester | Absent |
| Donald Travisano | Town of Dover | Absent |
| Joseph Tempesta | Township of East Hanover | Present |
| Francine Paserchia | Borough of Essex Fells | Absent |
| William Huyler | Borough of Florham Park | Present |
| Silvio Esposito | Township of Hanover | Present |
| Eric Maurer | Borough of Hawthorne | Present |
| Unappointed | Borough of Hopatcong | |
| Robert Collins | Borough of Kinnelon | Present |
| 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 | Present |
| Jason Gabloff | 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 | Present |
| Richard Sheola | Borough of Mountain Lakes | Absent |
| Mel Levine | Borough of North Caldwell | Present |
| David Hollberg | Township of Pequannock | Absent |
| 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 | Absent |
| 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 | Absent |
| 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 | Absent |
| June Hercek | Borough of Montville | Present |
| Valerie Egan | Borough of Mountain Lakes | Present |
| Andrew Cangiano | Borough of Mt. Arlington | Absent |
| Christine Stachnik | Township of Mount Olive | Absent |
| Christopher Tietjen | Township of Pequannock | Present |
| William Marsala | Borough of Ringwood | Absent |
| Yolanda Dykes | Borough of Rockaway | Present |
| Patricia Seger | Township of Rockaway | Absent |
| Michele Landtau | Township of Sparta | Present |
| 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 |
| Gabrielle Evangelista | Borough of Wharton | Present |

APPOINTED OFFICIALS PRESENT:

| | |
|----------------------------------|---|
| Executive Director/Administrator | PERMA Risk Management Services Cathleen Kiernan |
| Deputy Executive Director | Joseph Hrubash |
| 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.
Janine Leahy

Workers Compensation
Claim Service

Qual-Lynx
Caty Lambe

Managed Care

FMCO
Thomas Mooney

Auditor

Nisivoccia LLP

ALSO PRESENT:

Frank Covelli, PIA
Sharon Cooper, Public Entity Advocates
Linda D'Alessio, Polaris Galaxy
Wayne Dietz, Skylands Risk Management
Dave Sgalia, Cupo Insurance Agency, Inc.
Karen Waters, IMAC Insurance
Patty Esposito, Marsh USA
Jane Keefe, D&H Risk Solutions
Stacy Russo, Russo and Associates
Dave Vozza, The Vozza Agency
Jaime Testa, PERMA

APPROVAL OF MINUTES –

July 13, 2016 Open & Closed minutes:

MOTION TO APPROVE OPEN MINUTES AND CLOSED MINUTES OF JULY 13, 2016:

| | |
|---------|---|
| Motion: | Commissioner Levine |
| Second: | Commissioner Esposito |
| Vote: | 23 Ayes, 0 Nays, 7 Abstains (Commissioners Rheinhardt, Day, Mayers, Burnet, Levine, Hercek (alt.), Egan (alt.)) |

CORRESPONDENCE – Correspondence from Mountain Lakes Borough dated July 29, 2016 notifying fund they are exploring other insurance options for 2017. Executive Director explained that budget process requires that members seeking other options be underwritten separately, outside of the equalization process unless they notify the fund prior to October 1 of their intention to remain in the fund.

A letter from Dover Fire Chief commending defense panel attorney Scott Seelogy's efforts in handling a claim was distributed to commissioners.

MONTHLY COMMITTEE REPORTS:

Membership, Marketing & Coverage Committee, Michael Guarino, Chair, Denville Township— Fund Attorney reported the committee met recently with Millburn representatives at PERMA's offices to discuss claims history as Millburn has chosen to have a number of claims

arbitrated. Millburn's membership is expiring as of 12/31/16. Fund Attorney said Millburn has the right to arbitrate and the discussion centered on the history of the claims, various costs involved as well as actions taken by the member against the fund. The Underwriting Manager who was present at meeting reported the outside excess carrier looks at the 'behavior' as well as cost of the claims and noted this is a factor in its renewal decisions. MEL Deputy Executive Director Joseph Hrubash said his office is in discussion with excess carrier QBE regarding Millburn's renewal and his office will report back to the committee.

Committee discussed the procedures created earlier this year for members to use in appealing claims handling. The committee recommended revisiting the standards of the renewal process in order to explore creating standards for renewal of incumbent members, currently standards are set for new members only. The committee agreed to recommend renewing Millburn's membership for additional three years; however attorney emphasized that a member's renewal does not bind decision of the Fund's commercial carriers for any particular line of coverage. Executive Director provided clarification and said a member may have to go outside the JIF for coverage if any of the Fund's commercial carriers are not willing to offer a renewal to an individual member. Fund Attorney thanked the committee and Millburn for their cooperation.

Finance Committee, Jon Rheinhardt, Chair, Wharton Borough— The committee met on August 25 to review a draft of the 2017 budget. Minutes of the meeting were distributed to commissioners in Appendix II. Commissioner Rheinhardt noted committee reviewed fund balance and its implication on Police Accreditation program which was suspend last year when the statutory surplus decreased to less than \$4 million. Committee Chairman Rheinhardt said the Fund needs to monitor its statutory surplus but should also review it in conjunction with the Audit Report Statement of Net Position which decreased from \$9.6 million to \$8.6 million as of December 2015 and continues to trend downward. The Finance Committee is looking at areas where it can 'bolster' the funds surplus balance which funded the Police Accreditation program and eventually restore the program.

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

Contracts and Rules Committee, Ralph Blakeslee, Chair, Netcong Borough— The committee met on July 13th prior to the JIF meeting at Hanover. Minutes of the meeting were distributed to commissioners as Appendix III. We are working to schedule a meeting to review the responses received to the Fund's RFQ for Fund Attorney, Auditor, Safety Director and CDL Drug Testing. Commissioner Blakeslee noted that all respondents were incumbents with the exception of one respondent for Fund Attorney whose submission was incomplete. Since all respondents were incumbents the fees requested do not affect the fund's budget process.

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

Claims Review Committee, Brian McNeilly, Chair, Stanhope Borough – The committee met on September 12th. The committee recommended approving 17 Workers' Compensation Claims totaling Payment Authority Requests of \$1,120,018.80, 1 Property Claim totaling Payment Authority Requests of \$14,097, 10 Liability Claim totaling Payment Authority Requests of \$722,762.65

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.

Financial Fast Track: Executive Director noted deficits shown in Fund years 2014 and 2015 and said, if reserves don't improve when these years are transferred to the "Residual Claims Fund", surplus earned in prior years is used to offset that transaction. Recommendations of the Finance Committee to suspend dividend distributions makes that possible. Commissioner Rheinhardt also noted the fund has never issued a retroactive assessment and this is an important factor in the fund's marketing efforts.

Crossing Guard Training – The Annual Crossing Guard Training Seminar took place on August 17th at the Morris County Public Safety Training Academy. There were 85 guards attending representing 12 member towns.

2017 Membership Renewals – A list of members scheduled to renew fund membership by January 1, 2017 was distributed to commissioners. Members were reminded that documents are due in the fund office by October 1st.

2017 Renewal Online Underwriting Database: Members were asked to update their underwriting data in the online underwriting database for the 2017 budget. The deadline to complete review and submit schedules was August 15, 2016; the fund office will be following up with members to complete the process.

RCF Report: The RCF met on September 7, 2016; Commissioner Close gave the report. The fund introduced a budget amendment for 2016 of \$23 million to accept the transfer of local JIFs' Fund year 2012. The 2017 budget was introduced and will be adopted at public hearing on October 19th.

EJIF Report: The EJIF met on September 7, 2016 Commissioner Rheinhardt gave the report. Commissioner Rheinhardt said the fund recommended a dividend of \$550,000. He said that members who have or may acquired property can now utilize a helpline to contact their environmental engineer, First Environment for assistance regarding a property screen on newly acquired properties whether acquired by choice or through other means (i.e. foreclosure) which will help to identify ownership and possible risk. This is in conjunction with Phase I and II.

MEL Report: The MEL met on September 7, 2016. Commissioner Rheinhardt gave the report. The board reviewed the 2017 preliminary budget which is increasing 0.6%. He compared the MEL's declining return on its financial investments as similar to the JIFs and said the fund is meeting with the state legislature to discuss legislative initiatives to improve investments options for the funds.

He next discussed the MEL's formation of a task force to address issues centered on POL EPL policy language arising out of land use claims. He also said the commercial carrier is reviewing the renewal terms for two members. The task force will be meeting with coverage attorney from QBE and also Conner Strong and Buckelew's general counsel to review policy language and federal statutes and will create a draft of revised policy language by January 1, 2017.

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.

An additional class for Police Chiefs has been scheduled for September 16 in the Forsgate Country Club. We have provided this information to any member that hadn't completed this training.

An additional Managers and Supervisors training session has been scheduled for September 16th at 9:30 a.m. in Hanover Municipal Building. A notice was distributed to members. To date, 20 have registered to attend.

Executive Director's Report Made Part of Minutes.

TREASURER:

Treasurer reported that all second installment assessments were received on time.

Payments for August were authorized at the July 13 meeting by Resolution 19-16

| | |
|--------------------|---------------------|
| AUGUST 2016 | |
| 2016 | \$202,454.82 |
| TOTAL | \$202,454.82 |

The following September 2016 bills list was included for approval on the consent motion as Resolution 21-16.

| | |
|-----------------------|---------------------|
| SEPTEMBER 2016 | |
| CLOSED | 1,320,697.35 |
| 2016 | 105,845.46 |
| TOTAL | 1,426,542.81 |

CLAIMS PAYMENT AND IMPREST TRANSFERS AS OF JULY 2016

| | |
|---------------|---------------------|
| CLOSED | \$0 |
| 2012 | \$70,595.07 |
| 2013 | \$82,941.44 |
| 2014 | \$144,720.10 |
| 2015 | \$64,336.66 |
| 2016 | \$221,318.42 |
| TOTAL | \$583,911.69 |

Treasurer's Report Made Part of Minutes.

ATTORNEY :

Fund Attorney said his office will be mailing members a quarterly report updating members on claims being handled through his office.

Attorney's Report Made Part of Minutes

UNDERWRITING MANAGER:

CERTIFICATES OF INSURANCE:

List of certificates was included in the agenda. 69 certificates were issued from June 22, 2016 through July 24, 2016. 50 certificates were issued from July 25, 2016 through August 25, 2016.

Certificates List made part of minutes

SAFETY DIRECTOR:

Safety Director's Report Made Part of Minutes.

MANAGED CARE:

Managed Care Director noted that 1 in 4 or 25% of claims were reported more than two days after injury and encouraged members to look for ways to report earlier.

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 Blakeslee
Second: Commissioner Day
Vote: Unanimous

MOTION TO RETURN TO OPEN SESSION:

Motion: Commissioner McNeilly
Second: Commissioner Levine
Vote: Unanimous

MOTION TO APPROVE CLAIM AUTHORITY PAYMENTS AS PRESENTED IN EXECUTIVE SESSION, EXECUTIVE DIRECTOR'S REPORT; RESOLUTION 21-16 APPROVING THE SEPTEMBER 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 Merk
Second: Commissioner Day
Roll Call Vote: unanimous

NEW BUSINESS:

MOTION TO PROCESS PAYMENT TO LENAPE CLAIMS MANAGEMENT FOR SEPTEMBER CLAIMS ADMINISTRATION FEE IN

**THE AMOUNT OF \$18,670.96 . PAYMENT WAS OMITTED FROM
SEPTEMBER BILLS LIST.**

Motion: Commissioner Rheinhardt
Second: Commissioner Lampmann
Vote: Unanimous

OLD BUSINESS:

None

PUBLIC COMMENT:

MOTION TO ADJOURN:

Moved: Commissioner Rheinhardt
Second: Commissioner Mayers
Vote: Unanimous

Meeting Adjourned:
12:40 PM
Jaine Testa, Assisting Secretary
For William Close, Secretary

Date prepared: October 5, 2016

MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND BILLS LIST

Resolution No. 21-16

SEPTEMBER 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 CLOSED

| <u>Check Number</u> | <u>Vendor Name</u> | <u>Comment</u> | <u>Invoice Amount</u> |
|---------------------|--------------------------------|--|-----------------------|
| 001082 | | | |
| 001082 | MUNICIPAL EXCESS LIABILITY RCF | 2016 RCF ASSESSMENT - CLOSUER OF FY 2012 | 1,320,967.35 |
| | | | 1,320,967.35 |
| | | Total Payments Closed Year | 1,320,967.35 |

FUND YEAR 2016

| <u>Check Number</u> | <u>Vendor Name</u> | <u>Comment</u> | <u>Invoice Amount</u> |
|---------------------|--------------------------------|--|-----------------------|
| 001083 | | | |
| 001083 | FRED SEMRAU ESQ. | LITIGATION MANAGEMENT - 09/2016 | 16,143.29 |
| | | | 16,143.29 |
| 001084 | | | |
| 001084 | QUAL-LYNX | CLAIMS ADMIN - 09/2016 | 20,416.67 |
| | | | 20,416.67 |
| 001085 | | | |
| 001085 | J.A. MONTGOMERY RISK CONTROL | LOSS CONTROL SERVICES - 09/2016 | 16,438.15 |
| | | | 16,438.15 |
| 001086 | | | |
| 001086 | PERMA | POSTAGE FEE 08/2016 | 23.54 |
| 001086 | PERMA | EXECUTIVE DIRECTOR FEE 09/2016 | 23,304.25 |
| | | | 23,327.79 |
| 001087 | | | |
| 001087 | THE ACTUARIAL ADVANTAGE | ACTUARIAL CONSULTING SERVICES - 09/2016 | 3,258.39 |
| | | | 3,258.39 |
| 001088 | | | |
| 001088 | FRED SEMRAU, ESQUIRE | ATTORNEY FEE 09/2016 | 2,300.19 |
| | | | 2,300.19 |
| 001089 | | | |
| 001089 | GRACE BRENNAN | TREASURER FEE 09/2016 | 2,024.19 |
| | | | 2,024.19 |
| 001090 | | | |
| 001090 | DAILY RECORD | ACCT: ASB-70026874 - 8/17/16 MTG 8/22/16 | 42.48 |
| | | | 42.48 |
| 001091 | | | |
| 001091 | CONNER STRONG & BUCKELEW | UNDERWRITING MANAGER FEE 09/2016 | 943.07 |
| | | | 943.07 |
| 001092 | | | |
| 001092 | ALLSTATE INFORMATION MANAGEMNT | ACCT: 417 - ACT & STOR - 7/31/2016 | 67.55 |
| | | | 67.55 |

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|---------------|------------------------|---|------------------|
| 001093 | | | |
| 001093 | ANTHONY & SONS BAKERY | BREAKFAST & LUNCH EXPENSE 8/17/16 | 1,329.05 |
| | | | 1,329.05 |
| 001094 | | | |
| 001094 | PETER A. RICCIARDI | CROSSING GUARD TRAINING - 8/17/16 | 650.00 |
| | | | 650.00 |
| 001095 | | | |
| 001095 | NEWTECH SERVICES INC. | MONTHLY WEBSITE MAINTENANCE/HOSTNG 9/16 | 75.00 |
| | | | 75.00 |
| 001096 | | | |
| 001096 | WELLS FARGO BANK, N.A. | ASSET MANAGEMENT FEE APR - MAY 12 | 2,491.82 |
| | | | 2,491.82 |
| 001097 | | | |
| 001097 | BOONTON TOWN | RMC FEE 2ND 2016 - BOONTON TOWN | 10,667.35 |
| 001097 | BOONTON TOWN | LESS EPL SEMINAR CREDIT ADJ. | -75.00 |
| | | | 10,592.35 |
| 001098 | | | |
| 001098 | MOUNTAIN LAKES BOROUGH | RMC FEE 2ND 2016 - MOUNTAIN LAKES BORO | 5,790.47 |
| 001098 | MOUNTAIN LAKES BOROUGH | LESS EPL SEMINAR CREDIT ADJ | -45.00 |
| | | | 5,745.47 |
| | | Total Payments FY 2016 | 105,845.46 |

TOTAL PAYMENTS ALL FUND YEARS \$ 1,426,812.81