

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
OPEN MINUTES MEETING – NOVEMBER 9, 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	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:

Diana Francisco	Township of Andover	Absent
John Dunleavy	Borough of Bloomingdale	Present
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	Present
Denean Probosco	Borough of Chester	Absent
Donald Travisano	Town of Dover	Present
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	Absent
Unappointed	Borough of Hopatcong	
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	Absent
Richard Merkt	Borough of Mendham	Present
Marybeth Zichelli	Township of Mendham	Absent
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	Absent
Laura Harris	Township of Mount Olive	Absent
Richard Sheola	Borough of Mountain Lakes	Present
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	Absent

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
Valerie Egan	Borough of Mountain Lakes	Absent
Andrew Cangiano	Borough of Mt. Arlington	Absent
Christine Stachnik	Township of Mount Olive	Present
Christopher Tietjen	Township of Pequannock	Absent
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	Absent

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 Edward Cooney
Safety Director	J.A. Montgomery Risk Control Brian Maitland
Treasurer	Grace Brennan
Liability Claims Service	Lenape Claims Management, Inc. Janine Leahy
Workers Compensation	Qual-Lynx

Claim Service

Robert Fox

Managed Care

FMCO

Mary Bresadola
Thomas Mooney

Auditor

Nisivoccia LLP

ALSO PRESENT:

Frank Covelli, PIA
Sharon Cooper, Public Entity Advocates
Mark Todisco, The Chadler Group
Dave Sgalia, Cupo Insurance Agency, Inc.
Karen Waters, IMAC Insurance
Stacy Russo, Russo and Associates
Javier Esparra, Qual-Lynx
Dave Vozza, The Vozza Agency
Jaine Testa, PERMA

APPROVAL OF MINUTES –

October 12, 2016 Open & Closed minutes:

MOTION TO APPROVE OPEN MINUTES AND CLOSED MINUTES OF OCTOBER 12, 2016:

Motion:	Commissioner Day
Second:	Commissioner Rheinhardt
Vote:	15 Ayes, 0 Nays, 10 Abstains (Commissioners Shepard, Travisano, Esposito, Gabloff, Levine, Hollberg, Frodella (alt.), Huelbig (alt.), Kohn (alt.), Stachnik (alt.)

CORRESPONDENCE – None

MONTHLY COMMITTEE REPORTS:

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

Finance Committee, Jon Rheinhardt, Chair, Wharton Borough– The committee met on October 12th. Minutes of the meeting were distributed to commissioners. The proposed budget was advertised and mailed to members. The committee met again on November 9th prior to the JIF meeting to review the 2017 budget and member assessments. Assessments were distributed to commissioners prior to the meeting. Chairman Rheinhardt presented the report and said the budget total of \$17,851,258 represents a 3% increase. He said the fluctuations in assessments amongst members is in accordance with the Fund's assessment methodology of equalizing all but the POL/EPL assessment at 1 1/4 % over the budget increase, and then generating a surcharge for members with loss ratios much greater than average and distributing that as credit to members with much better than average in an effort to bring the 'outliers' closer to the average. The committee recommended the budget be approved and assessments certified as presented.

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, Brian McNeilly, Chair, Stanhope Borough – The committee met on November 7th and recommended approval of payment authority requests for 11 workers' compensation claims totaling \$790,009, two property claims totaling \$39,688 and four liability claims totaling \$282,898. In addition, Committee recommended approving one lien compromise request totaling \$6,500.

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.

Due Diligence:

Financial Fast Track: Executive Director said due to some inconsistency in reserving, the actuary has established a more conservative IBNR and the fund is working with the claims administrator to stabilize their reserving practices.

Lost Time Accident and Lost Days Report: Executive Director said the figures in these reports do not reflect high risk job activities, (i.e. managing a water utility) that can result in a higher number of lost time claims.

2017 Budget - Last month, the Fund introduced the 2017 proposed budget. All members were mailed a notice of the public hearing. Budget was also published in the designated newspaper. The proposed budget totals \$17,851,258 and was distributed to members. The property line increase of 19% is due to the increase in the JIFs self-insured retention limit to \$100,000. Executive Director said the MEL will now attach at \$100,000 and excess property carrier Zurich will attach at \$500,000. Budget does not include Mountain Lakes since town is considering alternatives.

In addition, last year the MEL implemented an experience rating and retrospective premium program against their claims fund whereby the MEL billed each JIF 85% of their expected claims assessment. In the 2016 the Morris JIF decided to fully fund this 15% corridor in their budget through the loss fund contingency line. Executive Director said that the decrease of minus (-) 12% in the Loss Fund contingency line of budget for 2017 is due to the fund's improved experience rating factor over prior year.

MOTION TO OPEN THE PUBLIC HEARING ON THE 2017 BUDGET

Motion:	Commissioner Dunleavy
Second:	Commissioner Day
Vote:	unanimous

Commissioner Blakeslee suggested members experiencing a significant increase in their assessment be contacted prior to approval and distribution to discuss factors that contributed to increase.

Commissioner Rheinhardt said the committee reviews assessments 'blind' without identifying specific members. Executive Director said the Fund adopted an assessment methodology; as a result,

the assessments are distributed based upon a formula. Formula equalizes assessments at 1 1/4% over the budget increase - excluding POL/EPL. The commercial carrier, QBE reviews member loss experiences and makes recommendations for POL/EPL assessments. Executive Director agreed to implement a procedure to contact members impacted by loss ratio related surcharges and/or higher POL/EPL assessment increases.

MOTION TO CLOSE THE PUBLIC HEARING

Motion: Commissioner Rheinhardt
Second: Commissioner Mayers
Vote: unanimous

MOTION TO ADOPT 2017 BUDGET

Motion: Commissioner Brewer
Second: Commissioner Levine
Roll call Vote: 25 Yea 1 Nay (Commissioner Blakeslee) 0 Abstentions

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.

MOTION TO CERTIFY THE 2017 ASSESSMENTS AS PRESENTED

Motion: Commissioner Mayer
Second: Commissioner Levine
Roll call Vote: 24 Yea 2 Nays (Commissioners Blakeslee and Lampmann) 0 Abstentions

2017 Membership Renewals –A list of members scheduled to renew fund membership by January 1, 2017 was distributed to members. Membership documents were mailed to those members following the July meeting.

Residual Claims Fund (RCF) The RCF met on October 19, 2016 as a public hearing and adopted the amended Fund Year 2016 budget and adopted the 2017 budget. A copy of Commissioner Close's report was distributed to commissioners.

EJIF – The EJIF met on October 19, 2016 as a public hearing to review the proposed 2017 budget. Following the public hearing the 2017 budget was adopted. A copy of Commissioner Rheinhardt's report was distributed to commissioners.

MEL - The MEL met on October 19, 2016 at the Forsgate Country Club to introduce the 2017 budget. A copy of Commissioner Rheinhardt's report on the meeting – which includes the proposed budget was distributed to commissioners. The public hearing on the MEL 2017 budget will be held on November 16, 2016 at 5:15 PM in the Convention Center in Atlantic City - Room 305.

The MEL adopted a Resolution to support S2663 (Sweeney) and A4234 (Burzichelli) that would allow certain joint insurance funds to invest in bonds of state and federal agencies and to form a joint cash management plan and investment program. The MEL is asking affiliated local JIFs to adopt Resolutions in support of this legislation as well as contact their legislators. Executive Director explained legislation would authorize the funds to join together to create a joint cash management fund which will allow for greater flexibility in the financial instruments it can invest in, namely purchase of government bonds and will allow for greater earnings potential, which are currently less than 1%. Commissioner Rheinhardt noted this is a positive first step since the funds' attempt to create a unitized trust had not been approved by the Department of Community Affairs. He added that a meeting has

been scheduled for November 21st with the Department of Community Affairs and members of the MEL task force.

MOTION TO ADOPT RESOLUTION 24-16 SUPPORTING SENATE BILL 2663 AND ASSEMBLY BILL 4234.

Motion: Commissioner Sheola
Second: Commissioner Gabloff
Vote: Unanimous

Employment Practices Program: Members had 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. A status of checklists received was distributed to commissioners. In response to Commissioner McNeilly Executive Director said that when the MEL managed the EPL program, members were allowed some additional flexibility in timeframe to submit their checklist requirements; however carrier QBE will adhere more strictly.

Elected Officials Training: This year's elected officials training program will focus on "Ethics for Local Government Officials". A session is scheduled at the League of Municipalities Conference for 3:45 pm in Atlantic City on Wednesday, November 16, 2016. The notice that was mailed to commissioners was distributed. In response to Commissioner Sheola, a "lame duck" commissioner is eligible for training credit as are newly elected officials that take office in January.

As in the past, the MEL will reduce each member's 2017 workers' compensation 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 by May 1st 2017. The credit is also extended to the member's CEO (i.e. municipal manager/administrator or authority executive director).

League Magazine: Commissioners were distributed two articles on cyber security that appeared in the October edition of New Jersey Municipalities magazine written by Joseph Hrubash of PERMA and by Marc Pfeiffer of the Bloustein Local Government Research Center at Rutgers University.

Executive Director's Report Made Part of Minutes.

TREASURER:

The following November 2016 bills list was included for approval on the consent motion as Resolution 23-16.

NOVEMBER 2016	
2016	\$134,388.67
TOTAL	\$134,388.67

CLAIMS PAYMENT AND IMPREST TRANSFERS AS OF SEPTEMBER 2016

CLOSED	\$0.00
2012	\$5,646.00
2013	\$125,044.69
2014	\$80,340.01
2015	\$91,628.71

2016	\$303,903.34
TOTAL	\$606,562.75

Treasurer's Report Made Part of Minutes.

ATTORNEY :

Fund Attorney discussed the risks of exposure to member when deploying police officers to another town. He discussed a recent situation where Boonton Town police department deployed its officers to assist Morristown police during its St. Patrick's Day parade. An arrest occurred during the event and both the member town and the joint insurance fund incurred claim costs. He will try to work the NJ State Association of Chiefs of Police and the County Association to voice concerns municipalities have, especially smaller entities and to better understand deployment arrangements and the procedures involved – particularly when town is not provided a choice. Once the discussions are concluded he will send a communication to members.

Fund Attorney next discussed claim filing response timeframes. Members have 60 days to file its response to a complaint in Superior Court. The average time the Fund takes to review the complaint and assign the claim to defense counsel is approximately 10 days. The property and liability claims administrator, Lenape Claims also moves quickly to process claims through their office to outside carrier where the vetting process can take 30 days minimum.

Attorney's Report Made Part of Minutes

UNDERWRITING MANAGER:

CERTIFICATES OF INSURANCE:

List of certificates was included in the agenda. 46 certificates were issued from September 26 through October 25, 2016.

Underwriting Manager said renewal discussions for 2017 policy year have concluded and the results were very favorable particularly in the self-insured retention. He will provide a report in more detail at the December meeting.

Certificates List and Underwriting Managers Report made part of minutes

SAFETY DIRECTOR:

Safety Director's Report Made Part of Minutes.

MANAGED CARE:

Managed care director noted the cost saving as compared to the Usual and Customary charges and said New Jersey is only one of four states that do not utilize a fee schedule for managed care. This allows managed care director to negotiate more favorable rates with providers and direct care to those providers accepting the negotiated rates.

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 Guarino
Vote: Unanimous

MOTION TO RETURN TO OPEN SESSION:

Motion: Commissioner Day
Second: Commissioner Gabloff
Vote: Unanimous

**MOTION TO APPROVE CLAIM AUTHORITY PAYMENTS AS
PRESENTED IN EXECUTIVE SESSION, EXECUTIVE DIRECTOR'S
REPORT; RESOLUTION 23-16 APPROVING THE NOVEMBER
BILLS LIST; RESOLUTION 24-16 SUPPORTING SENATE BILL S-
2663 AND ASSEMBLY BILL A-4234; TREASURER'S REPORTS;
ATTORNEY'S REPORTS; UNDERWRITING MANAGER'S
REPORTS; MONTHLY CERTIFICATES; SAFETY DIRECTOR'S
REPORTS; AND MANAGED CARE PROVIDER'S REPORTS**

Motion: Commissioner Brewer
Second: Commissioner Mayers
Roll Call Vote: unanimous

NEW BUSINESS:

None

OLD BUSINESS:

None

PUBLIC COMMENT:

None

MOTION TO ADJOURN:

Moved: Commissioner Travisano
Second: Commissioner Levine
Vote: Unanimous

Meeting Adjourned:

12:40 PM

Jaine Testa, Assisting Secretary

For William Close, Secretary

Date prepared: December 8, 2016

MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND BILLS LIST

Resolution No. 23-16

NOVEMBER 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>
001119			
001119	FRED SEMRAU ESQ.	LITIGATION MANAGEMENT - 11/2016	16,143.29
			16,143.29
001120			
001120	QUAL-LYNX	CLAIMS ADMIN - 11/2016	20,416.67
			20,416.67
001121-001123			
001121-001123	VOIDED	VOIDED	
001124			
001124	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 11/2016 SS	16,438.15
			16,438.15
001125			
001125	LENAPE CLAIMS MANAGEMENT INC.	CLAIMS ADMIN - 11/2016	18,670.96
			18,670.96
001126			
001126	PERMA RISK MANAGEMENT SERVICES	POSTAGE FEE 10/2016	180.44
001126	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 11/2016	23,304.25
			23,484.69
001127			
001127	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES - 11/2016	3,258.39
			3,258.39
001128			
001128	FRED SEMRAU, ESQUIRE	ATTORNEY FEE 11/2016	2,300.19
			2,300.19
001129			
001129	GRACE BRENNAN	TREASURER FEE 11/2016	2,024.19
			2,024.19
001130			
001130	DAILY RECORD	ACCT: ASB-70026874 10/27/16 '17 PRP BDGT	62.28
			62.28
001131			
001131	CONNER STRONG & BUCKELEW	UNDERWRITING MANAGER FEE 11/2016	943.07
			943.07
001132			
001132	ALLSTATE INFORMATION MANAGEMNT	ACCT: 417 - ACT & STOR 9/30/16	67.55
			67.55

001133			
001133	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 10/16	75.00
			75.00
001134			
001134	SKYLANDS RISK MANANAGEMENT INC	RMC FEE 2ND 2016 INSTALLMENT - STANHOPE	4,662.02
001134	SKYLANDS RISK MANANAGEMENT INC	ADJUST FOR EPL SEMINAR CREDIT	-72.00
001134	SKYLANDS RISK MANANAGEMENT INC	RMC FEE 1ST 2016 INSTALLMENT - STANHOPE	4,662.02
			9,252.04
		Total Payments FY 2016	134,388.67

TOTAL PAYMENTS ALL FUND YEARS \$ 134,388.67

**RESOLUTION NO. 24-16
OF THE
MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
SUPPORTING S-2663 AND A-4234**

WHEREAS: Almost all local units of government and Boards of Education in New Jersey secure insurance through governmental entities known as joint insurance funds (hereinafter JIFs),

WHEREAS: Existing law limits JIFs to investments otherwise authorized for local governmental entities and Boards of Education,

WHEREAS: Insurance mechanisms such as JIFs have different cash flow needs than local government and Boards of Education,

WHEREAS: Existing law greatly limits the potential investment earnings, currently less than 1% on investments of approximately \$1 billion,

WHEREAS: S-2663 and A-4234 would permit JIFs to invest in debt obligations of any governmental entity established under the laws of the State of New Jersey and federal agencies or governmental corporations,

WHEREAS: While the range of investments permitted by S-2663 and A-4234 is still very conservative, it would save the taxpayers at least \$10 million per year,

WHEREAS: S-2663 and A-4234 would also reduce interest expense for local units of government and Boards of Education by creating an additional purchaser of their bonds, and

WHEREAS: S-2663 and A-4234 would also permit JIFs to join together and create a joint investment and cash management program further increasing investment income.

NOW THEREFORE BE IT RESOLVED by the Morris County Municipal Joint Insurance Fund (hereinafter FUND) that:

1. The FUND urges the Legislature to adopt S-2663 and A-4234,
2. The FUND urges its members to adopt the attached resolution
3. A copy of this resolution shall be sent to all area legislators as well as the Governor, Commissioner of the Department of Banking and Insurance and the Commissioner of the Department of Community Affairs.

**MORRIS COUNTY MUNICIPAL
JOINT INSURANCE FUND**