

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND  
OPEN MINUTES MEETING – NOVEMBER 12, 2014  
HANOVER TOWNSHIP MUNICIPAL BUILDING  
12:00 PM**

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

**ROLL CALL OF EXECUTIVE COMMITTEE:**

Jonathan Rheinhardt	Borough of Wharton	Present
William Close, Secretary	Township of Sparta	Present
Robert Kalafut	Borough of Madison	Present
Ralph Blakeslee	Borough of Netcong	Present
Michael Guarino	Township of Denville	Present
Greg Poff	Rockaway Township	Present
Brian McNeilly	Borough of Stanhope	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	Present
James Lampmann	Borough of Butler	Present
Thomas Ciccarone	Township of Chatham	Absent
Robert Falzarano	Borough of Chatham	Absent
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
David Boynton	Township of Frelinghuysen	Absent
Kelli Schanz	Township of Hanover	Present
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
To Be Appointed	Borough of Mendham	---
Amev Upchurch	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
Frank Wilpert	Township of Mount Olive	Present
Robert Tovo	Borough of Mountain Lakes	Absent
Mel Levine	Borough of North Caldwell	Present
David Hollberg	Township of Pequannock	Absent
Darren Maloney	Township of Randolph	Absent
Scott Heck	Borough of Ringwood	Absent
Sheila Seifert	Borough of Rockaway	Absent
Terri Lyons	Township of Washington	Present
Adam Brewer	Township of West Caldwell	Present
Kenneth Gabbert	Township of West Milford	Present

**2014 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
Michael Mariniello	Borough of Chatham	Absent
Steven Ward	Township of Denville	Absent
Kelley Toohey	Dover Town	Absent
Kenneth Huelbig	East Hanover Township	Absent
Patricia Visco	Borough of Florham Park	Absent
Joseph Giorgio	Township of Hanover	Absent
Jennifer Scully	Borough of Hawthorne	Absent
Donna Mollineaux	Borough of Kinnelon	Absent
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
Sean Canning	Township of Mount Olive	Absent
William Marsala	Borough of Ringwood	Absent
John Doherty	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  
**Cathleen Kiernan**

Attorney/Litigation Management

Dorsey & Semrau, Esq.  
**Fred Semrau, Esq.**

Underwriting Manager

Conner Strong & Buckelew  
**Joseph Hrubash**  
**Edward Scioli**

Safety Director

J.A. Montgomery Risk Control  
**John Zengel**

Treasurer

**Grace Brennan**

Liability Claims Service

D&H Alternative Risk Solutions, Inc.  
**Janine Leahy**

Workers Compensation  
Claim Service

Qual-Lynx  
**Robert Fox**

Managed Care

FMCO  
**Thea Isabella**

Auditor

Nisivoccia LLP

**ALSO PRESENT:**

Sharon Cooper, Public Entity Advocates  
Frank Covelli, PIA  
Jeff Pasek, Dorsey & Semrau  
Steve Reichman, ADP Statewide  
John Serapiglia, Polaris Galaxy Insurance Group  
Mark Todisco, The Chadler Group  
Karen Waters, IMAC Insurance Agency, LLC  
John Whitley, Skylands Risk Management  
Dave Vozza, The Vozza Agency  
Cate Kiernan, PERMA  
Jaine Testa, PERMA

**APPROVAL OF MINUTES -**

October 8, 2014 Open & Closed minutes:

**MOTION TO APPROVE OPEN & CLOSED MINUTES OF OCTOBER 8, 2014**

Motion:	Commissioner Wilpert
Second:	Commissioner Levine
Vote:	15 Ayes, 0 Nays, 8 Abstentions (Commissioners Rheinhardt, Close, Blakeslee, Schanz, Upchurch, Wilpert, Levine and Lyons)

**CORRESPONDENCE – None**

**MONTHLY COMMITTEE REPORTS:**

**Committee Reports:**

**Membership Committee, Greg Poff, Chair, Rockaway Township** Committee held a conference call on November 3<sup>rd</sup> to review new membership application of Roxbury Township. The committee reviewed the township's submission and score. Roxbury did not achieve the 100 points required as part of the membership criteria for membership; therefore, committee did not recommend for membership at this time. Minutes of the meeting were distributed to the committee.

**Finance Committee, Robert Kalafut, Chair, Madison Borough** –Finance Committee met on October 8<sup>th</sup> prior to the Board meeting. The Committee met again on November 12 prior to the

Board meeting to review 2015 member assessments. Committee Chairman Kalafut gave the report and noted the budget total of \$16,980,245 represents a 4.17% increase. The changes from the proposed budget introduced in October occurred in three lines: EPL/POL line increase is 21.34% (an increase of 10% for all members and 8 members with surcharge increases: Madison, Rockaway Township, Mendham Township, Millburn, Hawthorne, Sparta, West Milford and Randolph. Committee Chairman Kalafut noted that POL/EPL assessments are not included in the “equalization” process. Other changes since introduction: Worker’s compensation decreased by 1.54%, and Administration which includes PERMA’s fee was reduced from \$27,000 to \$12,529. Minutes of the meeting were distributed to the commissioners.

Rules & Contracts Committee: Committee Chairman Blakeslee addressed Perma’s fee request. Budget introduction had Perma’s fee at a 2% increase plus an additional \$38,000 each year for the next 3 years or 10.81% increase for 2015. The Rules and Contracts committee met again in October and recommended reducing the increase to \$12,500 or 5.3%. Committee recommends increase request be reviewed each year.

Account Manager said Perma reviews its fee structure every three years – in conjunction with three year RFQs issued by the majority of other JIFs. Three years ago, Perma recognized that its fees were not keeping pace but did not address at that time – in view of the economic conditions. At this time, Perma is addressing its fees as well as the inequities that have developed over time amongst the various JIFs. Presently, Perma’s fee represents 1.4% of the Morris Budget – compared to other JIF’s average 2.5%. At 1.4%, that is the lowest of all the JIFs administered by Perma. In addition, only three JIFs pay fees less than the Morris JIF; all three JIFs have less than 15 members. Ms. Kiernan said, over the last three years, Perma has added 2 senior level staff members, one CPA and 2 administrative assistants. As a point of comparison, Ms. Kiernan said the Morris JIF membership stood at 29 in 1996 and Perma’s fee was equal to 2.9% of the budget. Administrator fees for Joint Insurance Funds not administered by Perma ranges from 3.5% to as high as 7% and average 5%. Of note, the JIFs where the Administrator receives an amount equal to 3.5% contract with Perma to provide the general ledger, lost time accident reports and generating member policy documents.

In response to Commissioner Gordon, Ms. Kiernan agreed that setting the fee at a percentage of the budget could be a disincentive to control budget increases, but added that Perma is using it as a measurement – along with claim volume and membership.

At the request of the Rules and Contract committee, Executive Director will prepare a memo outlining PERMA’s services to the fund by the January 2015 reorganization meeting. Chairman Rheinhardt noted the Morris JIF operates heavily on a committee structure and its membership is composed mainly of professional staff and are therefore more actively involved in these committees. Committee Chairman Blakeslee noted the fund’s committee structure, while it makes the fund a leader in member programs compared to other funds, the fund might have to consider in the future the cost effect on third party professional contracts. Account Manager said that while considering the cost of the committee structure, it should be noted that these efforts also have the effect of reducing the cost of claims

In response to Commissioner Gordon of Millburn, Executive Director said that professional appointments are not made until the January Reorganization meeting. Commissioner Gordon asked if he could still submit his objections in writing. Chairman Rheinhardt said he had until the January meeting to submit his comments in writing.

**Coverage Committee, Michael Guarino, Chair, Denville Township-** No report

**Safety Committee, Frank Wilpert, Chair, Mt. Olive Twp. –** No report

**Safety Task Force Committee, William Huyler, Florham Park; Chief Jason Kohn, Morris Plains Co-chairs – No report**

**Contract Review Committee, Ralph Blakeslee, Chair, Borough of Netcong –** Committee met on October 28th. Minutes of the meeting were distributed to commissioners. As a follow up to the Fund's Internal Audit Study in 2010, members will be asked to participate in a survey on the performance of the fund's third party professionals and managed care provider. Rules & Contracts Committee is recommended rotating the professionals to be surveyed each year. Commissioners will receive an email from Chairman Blakeslee with a link to the forms posted on the fund's website. Members that have had experience with these professionals are encouraged to participate. Results will be returned to Chairman Blakeslee for review and tabulation and will be presented to the committee.

**Legal Review Committee, William Close, Chair, Sparta—** The committee will meet in early December to review the appointments to the 2015 panel. Case assignments and performance will be evaluated by the committee along with the fund attorney.

**Claims Committee, William Close, Chair, Sparta –** Committee met on November 10<sup>th</sup> and recommended payment authority requests for 13 workers' compensation claims totaling \$754,620.90, three property claims totaling payment authority requests of \$97,500.00, three liability claims totaling payment authority requests of \$200,240.35, one workers' compensation lien compromise request for \$2,634.74 and two property claim lien compromise requests totaling \$4,963.78. Claims Manager discussed a compromise to a claim with Millburn township administrator and recommended accepting compromise as presented.

**EXECUTIVE DIRECTOR/ADMINISTRATOR:**

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.

**2015 Budget** - Last month, the fund introduced the 2015 proposed budget. All members were mailed a notice of the public hearing. Budget was also published in the designated newspaper. The proposed budget totals \$16,980,245 representing a 4.17% increase and was distributed to members and adopted.

**MOTION TO OPEN THE PUBLIC HEARING ON THE 2015 BUDGET**

Motion:	Commissioner Blakeslee
Second:	Commissioner Guarino
Vote:	unanimous

Assessments – The assessments were presented to the Finance Committee prior to the meeting for review and approval. A copy of the assessments was distributed to all commissioners prior to the meeting to be certified as presented.

In accordance with the policies established by the Morris JIF, assessments are equalized so that no member increase is greater than 1.25% above the overall budget increase; 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. Assessments for Public Officials/Employment Practices Liability coverage are removed before equalization and

then added back once the equalization is performed. As reported in October, eight members had increases to their POLEPL coverages higher than the overall average increase, based on experience. In addition, based on its loss experience, Town of Dover is outside of the equalization process and will be on a “retrospective premium basis” – which means if their losses exceed the loss fund portion of their assessment, they will have an additional assessment.

In response to Commissioner Brewer, Executive Director said risk management consultant fees are then added for those towns that opt to process these fees through their JIF billing.

In response to Commissioner Maurer, Perma will correct their records to reflect Hawthorne’s assessment will be billed net of the risk management fee as member pays the fee directly.

In response to Commissioner Lyons, Washington Township, who is seeking outside quotes, is not included in the equalization and is rated as a standalone based on their own loss experience. The renewal quote will be delivered to member by December 1<sup>st</sup>.

### **MOTION TO CLOSE THE PUBLIC HEARING**

Motion: Commissioner Dunleavy  
Second: Commissioner Wilpert  
Vote: unanimous

### **MOTION TO ADOPT 2015 BUDGET**

Motion: Commissioner Tempesta  
Second: Commissioner Brewer  
Roll call Vote: 23 Ayes

### **MOTION TO CERTIFY THE 2015 ASSESSMENTS AS PRESENTED**

Motion: Commissioner Maurer  
Second: Commissioner Levine  
Roll call Vote: 23 Ayes

**New Membership** - The Membership Committee met on November 3<sup>rd</sup> to review submissions for Roxbury – as noted during the Membership Committee report. Minutes were distributed to commissioners.

**Contract Review Committee** - Contracts Review Committee met on October 28 at Perma. Report discussed earlier in the meeting. Minutes were distributed to commissioners.

**Membership Renewals** –A list of members scheduled to renew fund membership by January 1, 2015 was distributed to commissioners. Membership documents have been mailed to renewing members. The townships of Washington & Frelinghuysen are considering alternatives to the JIF.

**Elected Officials Training:** This year’s elected officials training program will focus on Employment Practices. A session is scheduled at the League of Municipalities Conference for 3:45 pm in Atlantic City on Wednesday, November 19, 2014. Pre-registration is not required but encouraged. A registration form was distributed to commissioners. Also the New Jersey Safety

Institute would also be offering seminar sessions conducted by Marc Pfeiffer, Assistant Director, Rutgers University. By early 2015 the seminar is expected to be available again online and the Morris JIF will offer an on-site session during the year.

**RCF Report:** The RCF met on October 15, 2014 at 10:30 AM in the Forsgate Country Club as a public hearing to review the amended 2014 Budget and the proposed 2015 Budget; Commissioner Close’s report was distributed to commissioners.

**EJIF Report:** The EJIF met on October 15, 2014 at 10:50 AM in the Forsgate Country Club as a public hearing to review the proposed 2015 Budget; Commissioner Wilpert’s report on the meeting was distributed to commissioners.

**MEL Report:** The MEL met on October 15, 2014 at 11:15 AM at the Forsgate Country Club to introduce the 2015 Budget; enclosed is Commissioner Rheinhardt’s report on the meeting. The public hearing on the MEL 2015 budget will be held on November 19, 2014 at 5:00 PM in the Convention Center in Atlantic City - Room 305. Chairman Rheinhardt’s report on the meeting was distributed to commissioners.

**State Examination** - The Department of Banking & Insurance will be examining the Joint Insurance Funds administered by Perma. Examiners are expected to begin the process in January of 2015. The MEL budget includes a line item to cover the cost of an examiner, past fees have been as high as \$50,000 since regulations were amended several years ago to require the state to use its own personnel when examining a Joint Insurance Fund.

Executive Director’s Report Made Part of Minutes.

**TREASURER:**

With the adoption of the 2015 budget, the first Assessment invoices will be mailed the first week in December and payment is due by January 15<sup>th</sup>, 2015.

The following November 2014 bills list was included for approval on the consent motion as Resolution 23-14.

<b>NOVEMBER 2014</b>	
2014	\$202,717.42
<b>TOTAL</b>	<b>\$202,717.42</b>

**CLAIMS PAYMENT AND IMPREST TRANSFERS AS OF SEPTEMBER 2014:**

<b>CLOSED</b>	\$(29,979.58)
<b>2010</b>	\$36,292.15
<b>2011</b>	\$141,182.68
<b>2012</b>	\$100,513.62
<b>2013</b>	\$39,651.42
<b>2014</b>	\$359,148.33
<b>TOTAL</b>	<b>\$646,808.62</b>

Treasurer's Report Made Part of Minutes.

**ATTORNEY:**

Attorney said the status summary letters have been mailed to member towns with pending liability cases.

Fund Attorney said public official/employment practices claims are submitted to D&H Alternative Risk Solution for initial review. If allegations are all public officials/employment practices, D&H then issues a denial. At the same time, the claim is forwarded to Summit Risk. Summit Risk is the TPA for XL Insurance. Fund Attorney said he will work with D&H to update the letter so it more fully describes coverages denied. The first part of the claims reporting process requires that all claims be first filed through Claims Administrator D&H for review to determine if claim can be covered by the Morris JIF. Claim is then forwarded from D&H to XL if it is POL/EPL matter.

Attorney announced the implementation of a new procedure for executive session requiring risk managers or non-commissioners to sign an understanding of confidentiality agreement before each session to indicate whom they are representing at the session if they remain present during executive session discussions.

Lastly, Fund Attorney said he will prepare the year-end analysis for the Legal Review Committee and will report on an arbitration matter concerning the fund.

**UNDERWRITING MANAGER:**

Underwriting manager Joseph Hrubash said that he is transitioning to a management position within Perma effective immediately and introduced Edward Scioli as the new Deputy Underwriting Manager for the Morris and MEL JIFs. Mr. Scioli gave the underwriting report.

**CERTIFICATES OF INSURANCE:** List of certificates was included in the agenda. 55 certificates were issued during September.

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 Lampmann  
Second: Commissioner Brewer  
Vote: Unanimous

**MOTION TO RETURN TO OPEN SESSION:**

Motion: Commissioner Guarino  
Second: Commissioner Tempesta  
Vote: Unanimous

**MOTION TO APPROVE CLAIM AUTHORITY PAYMENTS AS PRESENTED IN EXECUTIVE SESSION, EXECUTIVE DIRECTOR'S REPORT, RESOLUTION 23-14 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 Lampmann  
Second: Commissioner Brewer  
Vote: Unanimous

**NEW BUSINESS:**

Chairman Rheinhardt discussed yearly rotation of the officers and the fund's executive committee. There will be a nominating committee formed at the December meeting to introduce nominations for 2015. He encouraged anyone who is interested in becoming an officer to contact him.

**PUBLIC COMMENT:**

None

**MOTION TO ADJOURN:**

Moved: Commissioner Levine  
Second: Commissioner Kalafut  
Vote: Unanimous

Meeting Adjourned 12:45 PM

Jaine Testa, Assisting Secretary

For

William Close, Secretary

Date prepared: November 20, 2014

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

**Resolution No. 23-14**

**NOVEMBER 2014**

**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>000247</b>			
000247	FIRST MCO	MANAGED CARE SERVICES FEE 10/2014	20,634.85
			<b>20,634.85</b>
<b>000248</b>			
000248	FRED SEMRAU ESQ.	LITIGATION MANAGEMENT - 11/2014	15,518.91
			<b>15,518.91</b>
<b>000249</b>			
000249	QUAL-LYNX	CLAIMS ADMIN - 11/2014	24,093.84
			<b>24,093.84</b>
<b>000250</b>			
000250	VALLEY MEDICAL GROUP	DOT TESTING, TRNG & MRO 3RD QTR 2014	10,101.72
			<b>10,101.72</b>
<b>000251</b>			
000251	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 11/2014	16,319.89
			<b>16,319.89</b>
<b>000252</b>			
000252	D & H ALTERNATIVE RISK	CLAIMS ADMIN - 11/2014	18,308.01
			<b>18,308.01</b>
<b>000253</b>			
000253	PERMA	POSTAGE FEE 10/2014	108.28
000253	PERMA	EXECUTIVE DIRECTOR FEE 11/2014	21,143.32
000253	PERMA	POSTAGE FEE 09/2014	145.57
			<b>21,397.17</b>
<b>000254</b>			
000254	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING FEE 11/2014	3,131.00
			<b>3,131.00</b>
<b>000255</b>			
000255	FRED SEMRAU, ESQUIRE	ATTORNEY FEE 11/2014	2,167.50
			<b>2,167.50</b>
<b>000256</b>			
000256	GRACE BRENNAN	TREASURER FEE 11/2014	1,945.55
			<b>1,945.55</b>
<b>000257</b>			
000257	THE RODGERS GROUP, LLC	SPECIALIZED SERVICES - 11/3/14 - 2 OF 2	14,166.66
000257	THE RODGERS GROUP, LLC	SPECIALIZED SERVICES - 10/1/14 - 1 OF 2	14,166.66
000257	THE RODGERS GROUP, LLC	POLICE ACCREDITATION MAINTENANCE 11/14	3,000.00
			<b>31,333.32</b>
<b>000258</b>			
000258	POWER DMS INC	LONG HILL POLICE DEPT - 09/24/14	8,600.00
000258	POWER DMS INC	PEQUANNOCK POLICE DEPT - 09/23/14	8,600.00
000258	POWER DMS INC	LINCOLN PARK POLICE DEPT - 5/22/15	2,755.00
000258	POWER DMS INC	CHESTER POLICE DEPT - 09/23/14	6,750.00

000258	POWER DMS INC	BOONTON POLICE DEPT - 09/23/14	8,600.00
			<b>35,305.00</b>
<b>000259</b>			
000259	DAILY RECORD	ACCT NO ASB-187377 - 10/23/14 PUBLIC NOT	57.00
			<b>57.00</b>
<b>000260</b>			
000260	CONNER STRONG & BUCKELEW	UNDERWRITING MANAGER FEE 11/2014	906.00
			<b>906.00</b>
<b>000261</b>			
000261	ALLSTATE INFORMATION MANAGEMNT	DEPT: 417 - ACT & STOR 09/30/2014	55.92
			<b>55.92</b>
<b>000262</b>			
000262	VITALE'S DELI	MEETING - 10/8/2014	645.87
000262	VITALE'S DELI	MEETING - 9/10/2014	645.87
			<b>1,291.74</b>
<b>000263</b>			
000263	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 11/14	75.00
000263	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTNG 10/14	75.00
			<b>150.00</b>

Total Payments FY 2014 202,717.42

**TOTAL PAYMENTS ALL FUND YEARS \$ 202,717.42**