

**MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
OPEN MINUTES MEETING – OCTOBER 8, 2014
HANOVER TOWNSHIP MUNICIPAL BUILDING
12:00 PM**

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

ROLL CALL OF EXECUTIVE COMMITTEE:

Jonathan Rheinhardt	Borough of Wharton	Absent
William Close, Secretary	Town of Sparta	Absent
Robert Kalafut	Borough of Madison	Present
Ralph Blakeslee	Borough of Netcong	Absent
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	Absent
Eric Maurer	Borough of Hawthorne	Present
Robert Elia	Borough of Hopatcong	Present
Daniel O'Dougherty	Borough of Kinnelon	Present
Perry Mayers	Borough of Lincoln Park	Present
Neil Henry	Township of Long Hill	Absent
To Be Appointed	Borough of Mendham	---
Tim Day	Township of Mendham	Absent
Tim Gordon	Township of Millburn	Absent
Victor Canning	Township of Montville	Present
June Uhrin	Borough of Morris Plains	Absent
Carolyn Rinaldi	Borough of Mount Arlington	Present
Frank Wilpert	Township of Mount Olive	Absent
Robert Tovo	Borough of Mountain Lakes	Absent
Mel Levine	Borough of North Caldwell	Absent
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	Absent
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
Jim Kickham

Attorney/Litigation Management

Dorsey & Semrau, Esq.
Fred Semrau, Esq.

Underwriting Manager

Conner Strong & Buckelew
Joseph Hrubash

Safety Director

J.A. Montgomery Risk Control
John Zengel

Treasurer

Grace Brennan

Liability Claims Service

D&H Alternative Risk Solutions, Inc.
Paul Messerschmidt

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
Patricia Esposito, Marsh USA, Inc.
Jeff Pasek, Dorsey & Semrau
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 -

September 10, 2014 Open & Closed minutes:

MOTION TO APPROVE OPEN & CLOSED MINUTES OF SEPTEMBER 10, 2014

Motion:	Commissioner Hollberg
Second:	Commissioner Mayers
Vote:	13 Ayes, 0 Nays, 6 Abstentions (Commissioners Guarino, Shepard, Lampmann, Elia, V. Canning, Rinaldi)

CORRESPONDENCE – The Townships of Washington and Frelinghuysen submitted correspondence indicating they are considering alternatives as well as the Morris JIF for 2015. Account Manager said the members will not be included in the 2015 budget and will be underwritten separately.

MONTHLY COMMITTEE REPORTS:

Committee Reports:

Membership Committee, Greg Poff, Chair, Rockaway Township No report.

Finance Committee, Robert Kalafut, Chair, Madison Borough –The Committee met on September 10th in Hanover. Minutes from the meeting were distributed to commissioners in Budget Appendix III. A copy of the Committee’s August and September meeting minutes was distributed for information.

The committee also met on October 8 prior to the Board meeting. Chairman Kalafut said the budget is projected based on 40 members; two members are seeking alternatives outside the JIF and are not included in the budget. Proposed budget has an overall increase of 4.23 %. Chairman Kalafut said the four lines driving the increase are Liability, POL/EPL, MEL

Property and Administrative costs. The largest increases are occurring in liability at 16.35% and the POL/EPL line at 16.02%. Further, Chairman Kalafut said the overall POL/EPL premium increase is 21.5% but might be able to be reduced by increasing deductibles. The MEL property increase of 7.6% reflects the cost to increase the flood sub-limit and increases in property values. The Administration line is increasing by 11% as PERMA is currently negotiating an increase to their Administrator contract.

Committee Chairman said the budget increase is closer to 2.5% since there are some members that will be “outliers” in their assessment allocation based on POL/EPL surcharges (based on claim activity) and an adjustment in one member’s assessment to address a long term rating issue. The budget continues to be developed and will likely be amended at the November meeting.

In response to Commissioner Brewer, Executive Director responded that PERMA will be meeting with the “outlier” members. Executive Director said the MEL transferred POL/EPL to XL Insurance when the Fund Actuary was projecting increasing loss funds for all MEL members for POL/EPL to \$21 million from \$13 million. XL Insurance agreed to write the coverage for the expiring \$13 million and held the overall rate for 4 years. For the 2015 renewal, XL Insurance needs an overall 21.5% increase. Executive Director said increases among the JIFs range from 10% to 46% and is based on member experience. Underwriting Manager said that in the commercial market the increase is typically 10-15% due to the volatility of this line of coverage.

In response to Commissioner Maurer, Executive Director said the Rules and Contracts committee will be further reviewing PERMA’s Administrator contract at their next meeting.

MOTION TO INTRODUCE THE 2015 BUDGET IN THE AMOUNT OF \$16,987,975 AND SCHEDULE A PUBLIC HEARING ON WEDNESDAY, NOVEMBER 12, 2014 IN THE HANOVER TOWNSHIP MUNICIPAL BUILDING AT 12:00 PM.

Motion: Commissioner Kalafut
Second: Commissioner Mayers

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

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

Safety Task Force Committee, Chair (vacant) – No report

Contract Review Committee, Ralph Blakeslee, Chair, Borough of Netcong – Commissioner Poff gave the report. Committee met on September 10 in Hanover. Minutes of the meeting were included in Appendix II.

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

Claims Committee, William Close, Chair, Sparta – Commissioner Poff gave the report. Committee met on October 6th at PERMA and approved payment authority requests for 17 Workers’ Compensation Claims totaling \$995,966.47, five property claims totaling Payment Authority Requests of \$ 65,731.33, and one lien compromise request for \$40,000.

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.

Due Diligence Reports:

Financial Fast Track report: The surplus through August 31 of \$4.1 million is down slightly from prior year's end. Executive Director noted the change correlates to the budget increase for the liability claims fund.

Lost Time Accident Frequency Report: The Morris JIF maintains the fifth lowest ratio among all JIFs statewide.

POL/EPL Compliance Status Report: Options to buy-up deductibles will be offered to members before the end of the year.

2015 Budget – Included in Appendix III is a draft 2015 budget. The Finance Committee met the morning of the board meeting to review the budget. Committee Chairman presented the draft budget to the Fund Commissioners earlier in the meeting. Committee's September & August minutes were included in the appendix for information. The townships of Washington & Frelinghuysen are not included in the draft budget.

Contract Review Committee - Contracts Review Committee met on September 10th at 11:00 in Hanover; minutes of that meeting were distributed in Appendix II. Account Manager said the Rules & Contracts Committee will issue a survey – but will rotate Fund Professionals to be surveyed each year. Survey for 2014 will address third party claims administrators and managed care provider.

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. The Borough's of Hopatcong & Stanhope have indicated they will renew their membership for 2015.

RCF Report: The RCF will be meeting 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. *A copy of the report will be included in next month's agenda.*

EJIF Report: The EJIF will be meeting October 15, 2014 at 10:50 AM in the Forsgate Country Club as a public hearing to review the proposed 2015 Budget. *A copy of the report will be included in next month's agenda.*

MEL Report: The MEL will be meeting on October 15, 2014 at 11:15 AM at the Forsgate Country Club to introduce the 2015 Budget. *A copy of the report will be included in next month's agenda.*

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. We anticipate the course to be offered online after January for those not attending the League.

Executive Director's Report Made Part of Minutes.

TREASURER:

The following October 2014 bills list was included for approval on the consent motion as Resolution 22-14.

OCTOBER 2014	
Closed	\$1,087,659
2013	\$14,166.66
2014	\$141,499.91
TOTAL	\$1,243,325.57

CLAIMS PAYMENT AND IMPREST TRANSFERS AS OF AUGUST 2014:

CLOSED	\$0.00
2010	\$13,877.52
2011	\$71,945.82
2012	\$52,122.29
2013	\$32,727.61
2014	\$365,899.25
TOTAL	\$536,572.49

Treasurer's Report Made Part of Minutes.

ATTORNEY:

Attorney said he will be distributing a summary report to administrators in member towns with pending liability cases. Report will summarize claim status and provide information on the claims anticipated progress. Letters will be sent to members as soon as final reports are received from defense attorneys. In response to Ms. Waters, Fund Attorney said he will not be copying Risk Management Consultants but that town can share this information with their RMC.

Attorney discussed a new procedure to be implemented that will require all individuals who are not part of the board of commissioners to sign a confidentiality agreement when they remain present during the executive session portion of the meeting.

A report on guidelines for fund-raising procedures by volunteer fire departments will be distributed in the November agenda.

UNDERWRITING MANAGER:

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

Managed Care Manager provided an explanation on Usual and Customary Fee schedule and explained that amounts billed by providers in the managed care network are further reduced when repriced by FMCO.

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

Motion: Commissioner Guarino
Second: Commissioner Lampmann
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 22-14 APPROVING THE OCTOBER 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 McNeilly
Second: Commissioner Shepard
Vote: Unanimous

NEW BUSINESS:

None

PUBLIC COMMENT:

None

MOTION TO ADJOURN:

Moved: Commissioner Brewer
Second: Commissioner Gabbert
Vote: Unanimous

Meeting Adjourned 12:30 PM

Jaine Testa, Assisting Secretary

For

William Close, Secretary

Date prepared: October 27, 2014

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

Resolution No. 22-14

OCTOBER 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 CLOSED

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000232			
000232	MUNICIPAL EXCESS LIABILITY RCF	2014 RCF ASSESSMENT	1,087,659.00
			1,087,659.00
		Total Payments Closed Year	1,087,659.00

FUND YEAR 2013

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000233			
000233	THE RODGERS GROUP, LLC	POLICE ACCREDITATION - 12TH INSTALLMENT	14,166.66
			14,166.66
		Total Payments FY 2013	14,166.66

FUND YEAR 2014

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000234			
000234	FIRST MCO	MANAGED CARE SERVICE - 09/2014	20,634.85
			20,634.85
000235			
000235	FRED SEMRAU ESQ.	LITIGATION MANAGEMENT - 10/2014	15,518.91
			15,518.91
000236			
000236	QUAL-LYNX	CLAIMS ADMIN - 10/2014	24,093.84
			24,093.84
000237			
000237	J.A. MONTGOMERY RISK CONTROL	LOSS CONTROL SERVICES - 10/2014	16,319.89
			16,319.89
000238			
000238	D & H ALTERNATIVE RISK	CLAIMS ADMIN - 10/2014	18,308.01
			18,308.01
000239			
000239	PERMA	EXECUTIVE DIRECTOR - 10/2014	21,143.32
			21,143.32
000240			
000240	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING FEE 10/2014	3,131.00

			3,131.00
000241			
000241	FRED SEMRAU, ESQUIRE	ATTORNEY FEE 10/2014	2,167.50
			2,167.50
000242			
000242	GRACE BRENNAN	TREASURER FEE 10/2014	1,945.55
			1,945.55
000243			
000243	CONNER STRONG & BUCKELEW	UNDERWRITING MANAGER - 10/2014	906.00
			906.00
000244			
000244	ALLSTATE INFORMATION MANAGEMNT	DEPT: 417 - ACT & STOR 8/31/2014	79.78
			79.78
000245			
000245	NEWTECH SERVICES INC.	MONTHLY WEBSITE MAINTENANCE/HOSTING 9/14	75.00
			75.00
000246			
000246	SKYLANDS RISK MANANAGEMENT INC	RMC FEE 2ND 2014 - STANHOPE	4,249.12
000246	SKYLANDS RISK MANANAGEMENT INC	RMC FEE 2ND 2014 - HOPATCONG	12,927.14
			17,176.26
		Total Payments FY 2014	141,499.91

TOTAL PAYMENTS ALL FUND YEARS \$ 1,243,325.57