

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND  
OPEN MINUTES  
DECEMBER 18, 2013  
TOMS RIVER MUA  
10:30 PM**

Meeting of Executive Committee called to order by David Johnson, Chairman. Open Public Meetings notice read into record.

**PLEDGE OF ALLEGIANCE** – Chairman Johnson led the Commissioners in the Pledge of Allegiance

**ROLL CALL OF 2013 EXECUTIVE COMMITTEE:**

David Johnson, Chairman	Little Egg Harbor MUA	Present
Brian Bigler, Secretary	Secaucus MUA	Present
Tammy Fetherman	Lacey MUA	Present
Richard Cranmer	Readington-Lebanon Sewerage Authority	Present
Jerome Cevetello	Manasquan River Reg'l. Sewerage Authority	Present
Michael Gianforte	Two Rivers Water Reclamation Authority	Present
Robert Fischer	Bayshore Regional SA	Present

**EXECUTIVE COMMITTEE ALTERNATES:**

Robert Burner, Alt #1	Cape May County MUA	Absent
Frank Pastena, Alt #2	North Bergen MUA	Present
Reno Wilkins, Alt #3	Plainfield Municipal Utilities Authority	Present
William Dunn, Alt #4	Mount Holly MUA	Present

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Adm	Perma Risk Management <b>Cathleen Kiernan</b>
Attorney	Berry, Sahradnik, Kotzas & Benson, P.C. <b>Robert Budes</b>
Claims Service	Qual-Lynx <b>Kathy Kissane</b>
Safety Director	JA Montgomery Risk Control <b>Joanne Hall</b>
Managed Care	QualCare <b>Derrick Boyer</b>
Underwriting Manager	Capacity Coverage <b>Jon Ziman</b>
Treasurer	<b>Stuart Neuhof</b>

**FUND COMMISSIONERS AND ALTERNATES PRESENT:**

Joseph Rizzuto, Mount Holly MUA  
Justin Flancbaum, Lakewood MUA  
Richard Brand, East Windsor MUA  
Thomas Horn, Lambertville MUA  
Bernard Rutkowski, Toms River MUA

**ALSO PRESENT:**

Michael Avalone, Conner Strong & Buckelew  
Charles Casagrande, Danskin Insurance Agency, Inc.  
Jeff Stapleton, Otterstedt Insurance Agency  
Patti Fahy, North American Insurance Management  
Craig Josephsen, David M. Hundertmark Agency Inc.  
Bradford Stokes, PERMA Risk Management  
Karen A. Read, PERMA Risk Management

**APPROVAL OF MINUTES:** November 19, 2013 Open & Closed Minutes.

**MOTION TO APPROVE NOVEMBER 19, 2013 OPEN & CLOSED MINUTES.**

Moved:	Commissioner Gianforte
Second:	Commissioner Cranmer
Vote:	8 Ayes, 0 Nays

**CORRESPONDENCE:**

**EXECUTIVE DIRECTOR'S REPORT:** Monthly report submitted to Executive Committee including monthly Fast-track Accident Frequency, Fast-track Financial report, Claim Activity Report, Claims Management Exception Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage and Monthly and Annual Regulatory Checklist. Executive Director said through October 31th, the Fund's statutory surplus stands at \$6.8 million compared to \$5.8 at year-end. Next month the surplus will be down \$1 million because the dividends will be distributed.

Executive Director said Bernard Rutkowski from Toms River MUA delivered a check to the EJIF for \$19,400. Mr. Rutkowski said there was an oil spill in 2009 on the river bank. The Coast Guard came in with the state police and demanded we clean up the spill because it was adjacent to our property and we complied to make sure it was done right and the EJIF helped us out with \$25,000 at the time up front. We applied to the Spill Fund but the Spill Fund does not have money and after two years of fighting with them and DEP they denied us. They suggested that we apply to the Coast Guard's National Pollution Funds Center OPA 90. We were denied the first time and sent additional information showing the tank was not ours and we were

successful in recovering about \$65,000 of the \$71,000 it cost us. Mr. Rutkowski said the \$19,400 that we are giving back to the EJIF represents the difference between what made us whole in the initial \$25,000. Commissioner Cevetello said this is a case where Mr. Rutkowski's tenacity paid off and Commissioner Cevetello thanked him for his efforts.

**COVERAGE COMMITTEE** – Executive Director said the Coverage Committee met prior to the Board meeting to review a proposal from CNA concerning builder's risk coverage program and the status of the property appraisals with AssetWorks. Commissioner Cevetello said Jon Ziman our Underwriter came to us with a proposal from CNA to hopefully save us some money and to put some more control as far as the builder's risk insurance when we go out to bid for a construction project. The Coverage Committee would like to recommend that we offer this coverage as an optional program for the JIF members. There are two ways this could be handled by either direct pay through Jon Ziman to CNA or the JIF would add the premium to our assessment the JIF would pay it to CNA.

Jon Ziman said CNA has offered to put together a master program for builders risk coverage. This coverage is optional and is as needed. It will be through the same company the has the property coverage for all the MUA's so if you have a claim it would be paid one way or the other through the property coverage or the builders risk; as opposed to the contractor's carrier saying it should be paid through your own property policy and go fight them for it. This coverage would tighten up some loose ends on the coverage aspect it should be more competitive on the cost for each of the MUA's and the deductibles should be considerably lower. In response to Commissioner Johnson, Mr. Ziman said this coverage would cover additions to existing buildings, building a new structure or construction projects. It would cover building structures not water and sewer lines. Executive Director said the performance bond a contractor supplies does not cover an insurable event. Commissioner Dunn said an important point is you will participate in the builders risk policy and the administration of it, instead of the contractor running the show and selling you a package that you have no control over.

A discussion ensued on scenarios of how the builders risk policy would cover certain situations. Executive Director said approving this would allow CNA to solicit this coverage to all members. This is optional coverage and members do not have to purchase this coverage. It would be an individual decision made by each member if they would want to purchase this coverage or take other coverage somewhere else. In response to Commissioner Fischer, Executive Director said there is no cost to non participating members.

**MOTION TO ALLOW CNA CURRENT PROPERTY CARRIER TO SOLICIT BUILDERS RISK COVERAGE**

Moved:	Commissioner Gianforte
Second:	Commissioner Fischer
Vote:	8 Ayes, 0 Nays

**MOTION TO APPROVE BUILDERS RISK COVERAGE PREMIUMS TO BE ADDED TO PARTICIPATING MEMBERS ASSESSMENTS**

Moved:	Commissioner Gianforte
Second:	Commissioner Fetherman
Vote:	8 Ayes, 0 Nays

Executive Director said when we first awarded the contract to AssetWorks we said we were doing it on a per building cost and that we were giving them our scheduled locations but that we would expect they would find more out there. Many members will schedule one location but when you go to that location there are multiple structures there and that varies by member. When AssetWorks started visiting locations they found many more structures than they expected. They are about 2/3 of the way through the project and they are finding out of 1,000 locations they are finding 400 more so this project will end up costing us more. We did a contract at \$90 per building so when they are finding buildings that are less than \$150,000 they have offered to do a little less work to assign the value to that and they are offering to do those at \$45. So this project will end up costing us approximately \$50,000 more than we anticipated. Commissioner Cevetello said there are some concerns that AssetWorks may be assigning a value to dumpsters or generators next to a pump station and we do not want to be paying for these types of things. Executive Director said they still have an issue in assigning a value to that and a representative from AssetWorks will be here in January to explain the process.

**2014 EXCESS COVERAGES** – Executive Director said enclosed are Resolutions authorizing the placement of excess coverages, as recommended by the Underwriting Manager and distributed the attached renewal rate summary at the November meeting. Executive Director said the rates are close to the same and were discussed at the budget.

**MOTION TO ADOPT RESOLUTION 33-13 AUTHORIZING PURCHASE OF EXCESS LIABILITY COVERAGE, RESOLUTION 34-13 AUTHORIZING PURCHASE OF EXCESS PROPERTY COVERAGE AND RESOLUTION 35-13 AUTHORIZING PURCHASE OF EXCESS PUBLIC OFFICIALS / EMPLOYMENT PRACTICES LIABILITY COVERAGE**

Moved:	Commissioner Gianforte
Second:	Commissioner Cevetello
Vote:	8 Ayes, 0 Nays

**EMPLOYMENT PRACTICES LIABILITY 2013/2014 PROGRAM** – Every two years, the MEL updates its Employment Practices Compliance Program, including the Model Personnel Manual and training programs. Enclosed is a copy of the notice that was emailed to all members announcing that updates for the 2013/2014 EPL Compliance program have been posted to the MEL's webpage – njmel.org. We are in the process of mailing the letter and the DVD for the non-supervisory personnel which is a Powerpoint presentation called Employee Orientation. If you go online it will track attendance. If you use the DVD it will satisfy the requirements but

will not track attendance. Another component is the Mangers and Supervisors training which we will be working with Attorney Budesca scheduling sessions in January, February and March.

**RCF** – Executive Director said the Residual Claims fund scheduled its 2014 Reorganization meeting for Thursday, January 2, 2014 at 10:30 am in the Forsgate Country Club located in Jamesburg, NJ.

**MOTION TO ELECT BRIAN BIGLER AS THE NEW JERSEY UTILTIY AUTHORITIES JOINT INSURANCE FUND’S 2014 REPRESENTATIVE TO THE RESIDUAL CLAIMS JOINT INSURANCE FUND**

Moved:	Commissioner Cevetello
Second:	Commissioner Gianforte
Vote:	8 Ayes, 0 Nays

**EJIF** – The EJIF Board of Fund Commissioners met on November 20<sup>th</sup> at the Sheraton Hotel in Atlantic City. Enclosed is a copy of Commissioner Cevetello’s report on the meeting.

The EJIF’s 2014 Reorganization meeting is scheduled for 10:50 am on Thursday, January 2, 2014 in the Forsgate Country Club located in Jamesburg, NJ. Commissioner Cevetello said a reminder that we awarded the contract for the environmental engineer assignments and our Fund has Richard Erickson from First Environmental and his contact is on page 13 of the agenda packet. Executive Director said the EJIF is restricting some of their services including seminars because of the costs involved with providing these services so we will most likely receive a bill for the December training.

The Fund should elect its representative to the Environmental Joint Insurance Fund for the 2014 Fund Year.

**MOTION TO ELECT JEROME CEVETELLO AS THE NEW JERSEY UTILTIY AUTHORITIES JOINT INSURANCE FUND’S 2014 REPRESENTATIVE TO THE ENVIRONMENTAL JOINT INSURANCE FUND**

Moved:	Commissioner Bigler
Second:	Commissioner Cranmer
Vote:	8 Ayes, 0 Nays

**MEL** – The MEL Board of Fund Commissioners conducted its public hearing on the 2014 budget on November 20<sup>th</sup> in the Atlantic City Convention Center. Enclosed is a copy of Commissioner Cevetello’s report on the meeting – with adopted budget attached.

The 2014 Reorganization meeting for the MEL is scheduled for Thursday, January 2, 2014 at 11:15 am at the Forsgate Country Club located in Jamesburg, NJ.

The Fund should elect its representative to the Municipal Excess Liability Joint Insurance Fund for the 2014 Fund Year. Commissioner Cevetello said to make sure your board members go out

for the Elected Officials Training. Commissioner Cevetello said the training at the League of Municipalities conducted by Dave Grubb was very good. It was interactive and very enjoyable.

**MOTION TO ELECT JEROME CEVETELLO AS THE NEW JERSEY UTILTIY  
AUTHORITIES JOINT INSURANCE FUND'S 2014 REPRESENTATIVE TO  
THE MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND**

Moved:	Commissioner Gianforte
Second:	Commissioner Bigler
Vote:	8 Ayes, 0 Nays

In response to Commissioner Dunn, Executive Director said an alternate was not appointed last year since Commissioner Bigler and Cevetello both attended the meetings they were each others alternate. Executive Director said we can keep it the same way this year or appoint an alternate.

**2014 BUDGET** – Executive Director said in accordance with the regulations, the budget adopted by the Fund has been advertised in the Fund's official newspaper. In addition, PERMA mailed the budget to member authorities and is in the process of filing with the state.

**2014 BILLINGS** – Executive Director said in accordance with the Fund's bylaws bills have been mailed to member authorities and are due and payable by January 15, 2013. Any payments not received by February 1 will be subject to a late penalty retroactive to the due date.

**NOMINATING COMMITTEE** – Executive Director said the Nominating Committee met in November and recommends the enclosed slate for Chairman, Secretary and Executive Committee in 2014. Following the December meeting, we will distribute ballots to Fund Commissioners.

**MOTION TO ACCEPT NOMINATING COMMITTEE REPORT AND  
AUTHORIZE DISTRIBUTION OF BALLOTS FOR FUND  
COMMISSIONERS**

Moved:	Commissioner Gianforte
Second:	Commissioner Fetherman
Vote:	8 Ayes, 0 Nays

**2014 FUND REORGANIZATION** – Executive Director said the Fund's Reorganization Meeting has been scheduled for January 22, 2014 at 10:30 am in the Toms River MUA.

**TREASURER:**

**RESOLUTION 36-13 VOUCHER PAYMENTS (BILL LIST)**

2013:	\$306,968.15
Total:	\$306,968.15

**RESOLUTION 37-13 VOUCHER PAYMENTS (BILL LIST)**

CLOSED:	\$441,367.02
Total:	\$441,367.02

**CONFIRMATION OF CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF NOVEMBER 2013:**

CLOSED	\$ .00
2009:	\$ .00
2010:	\$ 2,995.60
2011:	\$ 48,435.78
2012:	\$ 3,885.54
2013:	\$ 74,517.05
Total:	\$129,833.97

**MOTION TO APPROVE NOVEMBER BILLS LISTS, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF NOVEMBER 2013 CLAIMS AND ACCEPT TREASURER'S REPORT:**

Moved:	Commissioner Gianforte
Second:	Commissioner Fetherman
Roll Call Vote:	8 Ayes, 0 Nays

Treasurer's Report Attached & Made Part of Minutes.

Discussion ensued regarding dividend checks issued to dissolved members. Executive Director said a dividend decision can only be made once a year. This matter can be discussed next year at budget time and could possibly make a decision to close out the balance.

**ATTORNEY:** NONE

**MANAGED CARE:**

**MONTHLY REPORT:** Report submitted and reviewed by QualCare.

Report Made Part of the Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** Safety Director reported the outline of the Safety Fast Track classes that are being offered in 2014. These classes were very successful in 2013 so we are carrying forward in 2014. The online training is also included in the agenda packet with special note of the HazCom and Bloodborne Pathogens. Tomorrow the Safety Committee meeting will be held at Evesham MUA for the EJIF update with Rich Erickson and in January the Safety Committee will meet at Hillsborough with Dave Grubb conducting a Managers and Supervisors training. Executive Director said this training will count towards your requirement for the EPL.

Report Made Part of Minutes.

**CLAIMS:**

**MONTHLY REPORT:** Claims Manager report was for closed session.

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

**MOTION TO CLOSE MEETING:**

Moved: Commissioner Gianforte  
Second: Commissioner Fetherman  
Vote: Unanimous

**MOTION TO RE-OPEN MEETING:**

Moved: Commissioner Cevetello  
Second: Commissioner Bigler  
Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS AS  
SUBMITTED:**

Moved: Commissioner Fischer  
Second: Commissioner Bigler  
Roll Call Vote: 8 Ayes, 0 Nays



**OLD BUSINESS:** Executive Director said that as previously reported Cumberland County MUA was scheduled to renew their membership and they did write to us to say they were considering their options. They are still considering their options but it does not look like they are going to renew. They are looking to be part of the Cumberland County Insurance Commission but we have not received final word on that yet. They need to let us know by December 31<sup>st</sup>. If they do not renew their membership we will submit a revised the budget in January.

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

NONE

**MOTION TO ADJOURN**

Moved:	Commissioner Bigler
Second:	Commissioner Cevetello
Vote:	Unanimous

**MEETING ADJOURNED: 11:58am**  
**NEXT REGULAR MEETING: January 22, 2014**

Karen A. Read, Assisting Secretary  
For

Brian Bigler, SECRETARY  
**Date Prepared: - January 14, 2014**