

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND  
OPEN MINUTES  
APRIL 27, 2016  
TOMS RIVER MUA  
10:30 AM**

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

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

**ROLL CALL OF 2016 EXECUTIVE COMMITTEE:**

Michael Gianforte, Chairman	Two Rivers Water Reclamation Authority	Present
Robert Fischer, Secretary	Bayshore Regional SA	Present
Brian Bigler	Secaucus MUA	Present
Tammy Fetherman	Lacey MUA	Present
Robert Burner	Cape May County MUA	Present
Frank Pestana	North Bergen MUA	Present
Bernie Rutkowski	Toms River MUA	Present

**EXECUTIVE COMMITTEE ALTERNATES:**

Justin Flancbaum, Alt #1	Lakewood MUA	Present
Thomas Horn, Alt #2	Lambertville MUA	Present
Richard Brand, Alt #3	East Windsor MUA	Absent
Jill Plesnarski, Alt #4	Readington-Lebanon SA	Present

**APPOINTED OFFICIALS PRESENT:**

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

**FUND COMMISSIONERS AND ALTERNATES PRESENT:**

Ray Nierstedt, Middletown Sewerage Authority  
Ivy Robinson, Plainfield MUA  
Gary Vaccaro, Brick Township MUA

**ALSO PRESENT:**

Michael Avalone, Conner Strong & Buckelew  
Charles Casagrande, Danskin Insurance Agency  
Amy Pieroni, NAIMC  
Ed Buecker, Fairview Insurance.  
George Crosby, Business Governmental Insurance Agency  
Jeffrey Kurtz, Governmental Risk Management Asso  
Danielle Matheson, Brown & Brown Metro  
Mary Ann Costabile, Rue Insurance  
Kathy Young, Alamo Insurance  
Art Caughlan, Nelson-Patterson Agency  
Donna Reale-Waters, Riverside – Sloan Insurance Agency  
Bradford Stokes, PERMA Risk Management  
Karen A. Read, PERMA Risk Management

**APPROVAL OF MINUTES:** March 23, 2016 Open Minutes.

**MOTION TO APPROVE MARCH 23, 2016 OPEN MINUTES.**

Moved:	Commissioner Pestana
Second:	Commissioner Fetherman
Roll Call Vote:	7 Ayes, 0 Nays

**REPORTS:**

**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 the Financial Fast Track for February shows a statutory surplus of \$4.9 million All Fund Years are in a positive position. The Expected Loss Ratios shows all of our incurred are less than where the actuarial targets- with the exception of 2016. Claims Management Report shows the Fund had a net increase of 18 in open claims as of March 31, 2016. Executive Director said the Lost Time Accident Frequency report shows the Fund's frequency is at 1.45 up from 1.06 this time last year.

**COVERAGE** – The Coverage Committee met just prior to the board’s meeting to continue its review of the Fund’s auto liability policy concerning pollution coverage for members when an authority hauls sludge (in response to member’s consideration of assuming this operation in-house). Executive Director said it has been determined this is not covered in our existing documents so the NJUA JIF Coverage Committee, the MEL Coverage Committee and the EJIF have began to consider the exposure and whether or not the EJIF should cover this or if we should add it to the Fund’s business auto policy. Executive Director said the process is still underway and added that coverage for material carried over the road in a sewer jet is still being reviewed against the policies. The MEL coverage committee met and they are considering the same item because the language in their policy also would not cover it and if the EJIF does not cover it they would not have the coverage as well. They have asked their technical writer to take a look our language to see if they can redefine the definition of pollution which may cover waste. Executive Director said the EJIF may still consider it so today we just had a status report. Mr. Jon Ziman sent an email to all members asking if they do haul sludge and it looks as though three or four members do. Executive Director said this is an ongoing issue and it will take a little time before we come to any conclusions. In response to Chairman Gianforte, it probably would not hurt to speak with your risk manager to consider getting additional coverage on your own because right now you are not covered.

**MEMBERSHIP:** Linden Roselle Sewerage Authority elected not to accept the Fund’s offer for membership.

**2016 CASH MANAGEMENT PLAN:** The MEL approved changes to its cash management plan in an effort to explore options to develop a new investment plan – in an effort to increase its yield. The whole JIF system has approximately \$100 million case reserves, IBNR and surplus to invest and is struggling to earn 1%. Prior efforts such as forming a unitized trust were not successful and the MEL Investment Committee recommended retaining a financial consultant to review options. The consultant was asked to review regulations and look at ways to expand maturity dates and bond purchases. The result is the revised Cash Management Plan, adopted by the MEL and the RCF and filed with the state and will be considered approved at the end of March, unless we hear otherwise. Executive Director recommended the local JIFs adopt the revisions. Attached is a copy of this Fund’s cash management plan with proposed changes highlighted for reference. The revisions allows the JIFs to take investments out from 5 years to 10 years. In addition, revisions allow the JIFs to purchase bonds issued by its members. Revisions also includes restrictions on the amount of the portfolio that can be in long term investments and the amount that can be used to purchase member debt.

**MOTION TO APPROVE THE PROPOSED CHANGES TO THE CASH MANAGEMENT PLAN**

Moved:	Commissioner Pestana
Second:	Commissioner Fischer
Roll Call Vote:	7 Ayes, 0 Nays

**ASSET MANAGER CONTRACT:** The NJUA JIF elected to participate in the Banking

Services & Asset Management program that was bid by the MEL/RCF & EJIF. Attached is a copy of the MEL Fund Attorney's memorandum on the result of his negotiations with Wilmington Trust on the contract language. A copy has been sent to the Fund Attorney to review the changes. The complete contract is included Appendix II with the revised clauses underlined.

Executive Director said the MEL's Fund Attorney worked with Wilmington Trust over a three month period and they came to the agreement on the contract language. A memo from the Attorney outlining the negotiations and changes was enclosed on page 6 of the agenda and in the Appendix there was a marked up version of the agreement which reflects the changes in grey. The agreement was forwarded to the Fund Attorney for his review. Fund Attorney Budesca said the negotiated agreements represent a fair and balanced agreement. Executive Director said a motion would be in order to accept the changes to the contract language.

**MOTION TO AUTHORIZE THE CHANGE TO THE FUND'S  
STANDARD CONTRACT FOR ASSET MANAGEMENT SERVICES**

Moved:	Commissioner Fischer
Second:	Commissioner Fetherman
Roll Call Vote:	7 Ayes, 0 Nays

**RISK MANAGEMENT CONSULTANTS:** At the March meeting, it was noted that there are member authorities that do not appoint a Risk Management Consultant. For further discussion, attached is the excerpt from the Fund's bylaws concerning Risk Management Consultants as well as the model Risk Management Consultant agreement developed by a MEL sub-committee – which identifies the services provided by RMCs. Executive Director said there are currently three member authorities that do not have a Risk Manager. Hanover Sewerage authority does not execute the same type of contract for risk management but they do work with an Insurance Consultant. Executive Director added that Mount Holly MUA does not have a Risk Manager but has sought the services of an insurance consultant for specific items. In response to Commissioner Gianforte, Executive Director said the member authority faces the exposure. In particular, Risk Managers review contracts awarded by the authority as well as those entered into by the authority. Having the proper indemnifications and insurance requirements in place protects the authority. It can impact the JIF if the authority does not secure the property indemnifications and is sued based on the actions of a third party and have to defend themselves (through its coverages with the JIF) – where a property indemnification might have required the vendor to provide the defense. The NJUA JIF does not provide flood coverage in the 100 year flood zone. Risk Managers generally review that exposure with members and assist in placing this coverage in the federal program. If that is not done, the member will not be insured for flood. Executive Director said the Fund did institute a “surcharge” program in its assessment allocation methodology which would, to a degree, address irregular costs borne by members. Executive Director said any monies are returned to the authority if they do not have a risk manager since this is automatically collected in their assessments. To change that it would require a By-Law amendment.

**ELECTED OFFICIALS TRAINING SEMINARS:** As a reminder, to supplement live presentations of this year's Elected Officials seminar, the MEL posted an online version on [www.njmel.org](http://www.njmel.org). The deadline to complete the training is May 1, 2016. Enclosed is another copy of instructions to access the program.

A \$250 credit will be earned for local elected officials, the municipal manager/administrator, authority commissioners and authority executive directors that participate in an online or instructor led session. The maximum credit is 25% of a member's liability claims fund assessment.

**EMPLOYMENT PRACTICES PROGRAM:** As a reminder changes to the 2017 POL/EPL Program are posted on the MEL's webpage – [www.njmel.org](http://www.njmel.org) which details changes to the MEL's Model Personnel Manual and information on training program requirements. Members have until October 1<sup>st</sup> 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.

Attached is another of the Manager & Supervisor Trainings that have been scheduled by the Fund Attorney's office.

Lastly, the MEL Fund Attorney issued a memorandum clarifying changes to the "Open Public Meetings Act – Procedures Concerning Personnel Matters", which was distributed via email and is also attached.

**LEAGUE MAGAZINE:** Enclosed is the next in a series of MEL advertisements to appear in the League magazine. Each advertisement in the "Power to Collaboration" series will be different and will highlight activities of the MEL and JIFs as well as people who have rendered significant service.

**2016 FINANCIAL DISCLOSURE FORMS** – The Fund office has provided all Fund Commissioners and Professionals with the login information they need to complete their Financial Disclosure filing for the NJUA JIF. The email included links to the instructions and the DLGS webpage to file your disclosure; filing deadline is April 30<sup>th</sup>. A list enclosed showing all fund commissioners and the status of their filing as of April 21, 2016. Executive Director said an update listing was distributed to members as of April 26, 2016.

**TREASURER:**

**VOUCHER PAYMENTS (BILL LIST)**

CLOSED	\$	1,987.96
2012	\$	5,382.87
2013	\$	361.61
2014	\$	8,826.46
2015	\$	14,872.29
2016	\$	609,092.29

**CONFIRMATION OF CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF MARCH 2016:**

Closed:	\$ .00
2012:	\$ 4,203.81
2013:	\$ 35,694.72
2014:	\$ 10,795.56
2015:	\$728,794.17
2016	\$ 78,813.17
Total:	\$858,301.43

**MOTION TO APPROVE APRIL BILLS LIST, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF MARCH 2016 CLAIMS AND ACCEPT TREASURER'S REPORT:**

Moved:	Commissioner Fetherman
Second:	Commissioner Pestana
Roll Call Vote:	7 Ayes, 0 Nays

Treasurer's Report Attached & Made Part of Minutes.

**ATTORNEY:** None

**MANAGED CARE:**

**MONTHLY REPORT:** Report submitted and reviewed by Ms. Kissane of Qual-Lynx.

Report Made Part of the Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** The Safety Director Joanne Hall reviewed report included in the agenda packet. Ms. Hall last week we held the Executive Safety Meeting at Rockaway Valley Regional SA with a topic on Cyber Security which provided lots of great handouts and information. The planning is going very well for the Safety Expo June 24<sup>th</sup> at Middlesex Fire Academy. The Save the Date Notice will be going out very shortly. There will not be a Safety Meeting in May the training that was scheduled will be held here at Toms River MUA in August.

Report Made Part of Minutes.

**CLAIMS:** Report in Executive Session.

**OLD BUSINESS:**

NONE

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

NONE

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

**MOTION TO CLOSE MEETING:**

Moved: Commissioner Bigler  
Second: Commissioner Fetherman  
Vote: Unanimous

**MOTION TO RE-OPEN MEETING:**

Moved: Commissioner Pestana  
Second: Commissioner Fetherman  
Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS AS  
PRESENTED**

Moved: Commissioner Pestana  
Second: Commissioner Rutkowski  
Roll Call Vote: 7 Ayes, 0 Nays

**MOTION TO ADJOURN:**

Moved: Commissioner Pestana  
Second: Commissioner Fetherman  
Vote: Unanimous

**MEETING ADJOURNED: 11:13 am**  
**NEXT REGULAR MEETING: May 25, 2016**  
Karen A. Read, Assisting Secretary

For  
Robert Fischer, SECRETARY  
**Date Prepared: - May 12, 2016**