

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND
OPEN MINUTES
DECEMBER 21, 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
Robert Burner	Cape May County MUA	Absent
Frank Pestana	North Bergen MUA	Present
Bernie Rutkowski	Toms River MUA	Absent
Justin Flancbaum	Lakewood MUA	Present

EXECUTIVE COMMITTEE ALTERNATES:

Thomas Horn, Alt #1	Lambertville MUA	Present
Richard Brand, Alt #2	East Windsor MUA	Present
Jill Plesnarski, Alt #3	Readington-Lebanon SA	Present
Gary Vaccaro, Alt #4	Brick Township MUA	Present

APPOINTED OFFICIALS PRESENT:

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

FUND COMMISSIONERS AND ALTERNATES PRESENT:

Michael Pucilowski, Washington MUA (Morris)

ALSO PRESENT:

Brian Monaghan, Insurance Agency Management
Mike Avalone, Conner Strong & Buckelew
Art Caughlan, Nelson-Patterson Agency
John C. Cassagrande, Danskin Insurance Agency
Amy Pieroni, Reliance Insurance Group
Mary Ann Costabile, Rue Insurance
Kathy Young, Alamo Insurance
Craig Josephsen, David M. Hudertmark Agency, Inc.
George Crosby, BGIA
Dom Cinelli, Brown & Brown
Bradford Stokes, PERMA Risk Management
Karen A. Read, PERMA Risk Management

OATH OF OFFICE: Oath of Office was Administered to Gary Vaccaro by the Fund Attorney

APPROVAL OF MINUTES: November 15, 2016 Open Minutes.

MOTION TO APPROVE NOVEMBER 15, 2016 OPEN MINUTES

Moved:	Commissioner Flancbaum
Second:	Commissioner Pestana
Vote:	Unanimous

CORRESPONDENCE: NONE

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 through October 31st shows a statutory surplus of \$4.7 million which is down \$500,000 from last year mostly the result from 2016. Executive Director said the Expected Loss Ratio report indicates in the General Liability line we are at 60% and the actuary target is at 49% and it is not the severity of the claims it is frequency, noting there are a lot of claims under \$10,000. The Lost Time Accident Frequency report thru November 30th shows the Fund's frequency is at 2.20 which is less than this time last year

Executive Director also highlighted the EPL Compliance report identifying each members EPL Compliance, deductible and co-pay.

RCF: The Residual Claims Fund scheduled its 2017 Reorganization meeting for Wednesday, January 4, 2017 at 10:30 am in the Forsgate Country Club located in Jamesburg, NJ.

The Fund should elect its representative to the Residual Claims Fund for the 2017 Fund Year.

MOTION TO ELECT BRIAN BIGLER AS THE NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND'S 2017 REPRESENTATIVE TO THE RESIDUAL CLAIMS JOINT INSURANCE FUND AND BERNARD RUTKOWSI TO SERVE AS THE 2017 ALTERNATE REPRESENTATIVE

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

EJIF: The EJIF Board of Fund Commissioners met on November 16th at the Sheraton Hotel in Atlantic City. Enclosed is a copy of Commissioner Rutkowski's report on the meeting.

The EJIF's 2017 Reorganization meeting is scheduled for 10:50 am on Wednesday, January 4, 2017 in the Forsgate Country Club located in Jamesburg, NJ.

Executive Director said the EJIF is beginning the process of perhaps revising the policy for underground storage tanks which has not been modified since 1995. In response to Chairman Gianforte, Executive Director said the EJIF has processed many claims, including some from NJUA JIF members.

The Fund should elect its representative to the Environmental Joint Insurance Fund for the 2017 Fund Year.

MOTION TO ELECT BERNARD RUTKOWSKI AS THE NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND'S 2017 REPRESENTATIVE TO THE RESIDUAL CLAIMS JOINT INSURANCE FUND AND BRIAN BIGLER TO SERVE AS THE 2017 ALTERNATE REPRESENTATIVE

Moved:	Commissioner Fischer
Second:	Commissioner Flancbaum
Vote:	Unanimous

MEL: The MEL Board of Fund Commissioners conducted its public hearing on the 2017 Budget on November 16th at the Atlantic City Convention Center. Enclosed is a copy of Commissioner Rutkowski's report on the meeting – with adopted budget attached.

The 2017 Reorganization meeting for the MEL is scheduled for Wednesday, January 4, 2017 at 11:15am at the Forsgate Country Club located in Jamesburg, NJ.

The Fund should elect its representative to the MEL Excess Liability Joint Insurance Fund for the 2017 Fund Year.

MOTION TO ELECT BERNARD RUTKOWSKI AS THE NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND'S 2017 REPRESENTATIVE TO THE MEL EXCESS LIABILITY JOINT INSURANCE FUND AND BRIAN BIGLER AS THE 2017 ALTERNATE REPRESENTATIVE

Moved: Commissioner Fischer
Second: Commissioner Flancbaum
Vote: Unanimous

POL/EPL COVERAGE CHANGE: Enclosed is a copy of the MEL Underwriting Manager's memorandum on coverage changes to the POL/EPL policy effective January 1, 2017. We scheduled a conference call on November 30th but did not achieve a quorum.

Executive Director said this resolution is to accept the change. Executive Director said this change affects the towns more than it does the Utility Authorities. It is more of a clarification in the language excluding land use and putting it back in as an endorsement with a sub-limit of \$150,000. QBE did not expect to see these types of claims and found that the language was being challenged. In response to this claims experience, QBE indicated they would exclude land-use claims. The MEL's POLEPL Task Force worked with QBE on this compromise. The task force reviewed the MEL's claim data and determined the claims that had been expected to be covered fall within that sub-limit. QBE has indicated they will offer on an individual basis, members the opportunity to buy up to a \$1 million excess but it will be underwritten individually. In response to Commissioner Fischer, Executive Director said the coverage in question is for mostly claims arising out of planning and zoning boards but added the NJUA JIF is not without the risk but \$150,000 based on a claims experience should be adequate. There is no change in the renewal premium but it would have increased if the language wasn't modified.

Attached is Resolution 29-16 acknowledging policy change to POL/EPL policy for land use claims.

MOTION TO ADOPT RESOLUTION 29-16 ACKNOWLEDGING POLICY CHANGE TO POL/EPL POLICY FOR LAND USE CLAIMS

Moved: Commissioner Pastena
Second: Commissioner Bigler
Roll Call Vote: 7 Ayes, 0 Nays

EMPLOYMENT PRACTICES PROGRAM: Members were asked to submit checklist to qualify and/or maintain deductible and co-pay incentives for POL/EPL by October 1st. Compliance includes updating Personnel Manuals, Training Managers & Supervisors, Police Command Staff and offering training to non-supervisory personnel. Attached is a status list of checklists; and we are pretty much complete based on last years level.

2017 BUDGET: In accordance with 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.

2017 BILLINGS: In accordance with the Fund's bylaws, bills have been mailed to member authorities and are due and payable by January 15, 2017. Any payments not received by

February 1, will be subject to a late penalty retroactive to the due date. Executive Director said bills were mailed out late. In addition, since the Fund sends bills out “certified mail” – it does take longer. As a result, some members received the bills after their meeting date & will not be able to process payment until after the grace period has expired. The Fund received correspondence from at least one member asking for consideration to waive the penalty. The Committee agreed to extend the late penalty retroactive date to February 15th.

NOMINATING COMMITTEE: The Nominating Committee met in November and recommends the enclosed slate for Chairman, Secretary and Executive Committee in 2017. Following the December meeting, Perma will distribute ballots to Fund Commissioners.

CHAIRMAN:

Michael Gianforte, Two Rivers Water Reclamation Authority

SECRETARY:

Robert Fisher, Bayshore Regional Sewerage Authority

EXECUTIVE COMMITTEE:

Brian Bigler, Secaucus MUA
Robert Burner, Cape May County MUA
Frank Pestana, North Bergen MUA
Bernie Rutkowski, Toms River MUA
Justin Flancbaum, Lakewood MUA

EXECUTIVE COMMITTEE ALTERNATES:

Thomas Horn, Alt #1, Lambertville MUA
Richard Brand, Alt #2, East Windsor MUA
Jill Plesnarski, Atl #3, Readington-Lebanon SA
Gary Vaccaro, Alt #4, Brick Township MUA

**MOTION TO APPROVE NOMINATING COMMITTEE SLATE AND
AUTHORIZE EXECUTIVE DIRECTOR TO DISTRIBUTE BALLOTS FOR 2017
EXECUTIVE COMMITTEE**

Moved:	Commissioner Bigler
Second:	Commissioner Flancbaum
Roll Call Vote:	7 Ayes, 0 Nays

2017 FUND REORGANIZATION: The Fund’s Reorganization Meeting has been scheduled for January 25, 2017 at 10:30 am in the Toms River MUA.

2017 FUND PROFESSIONALS: In October, Executive Committee reviewed the results of the Fund’s Requests for Qualifications. Since the Fund received multiple responses for Fund Attorney, Third Party Administrator and Managed Care, we have provided loss information to the responders and asking for a fee proposal. Executive Director said we have information to review on pricing which will be discussed in Executive Session.

MEMBERSHIP RENEWALS: Attached is a list of members scheduled to renew Fund membership by January 1, 2017. Executive Director said the Fund has since received Passaic Valley Water Commission.

NEW MEMBER: Jersey City MUA submitted an application to the JIF. Executive Director distributed a New Member Review for review in Executive Session.

TREASURER:

VOUCHER PAYMENTS (BILL LIST)

2016 \$ 316,840.08

DIVIDEND PAYMENTS (DIVIDEND LIST)

2016 \$ 472,697.65

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

Closed:	\$.00
2012:	\$.00
2013:	\$ 6,026.07
2014:	\$ 44,527.90
2015:	\$ 52,808.02
2016:	\$ 119,740.55
Total:	\$ 223,102.54

In response to Commissioner Flancaum, Treasurer said a negative net investment income occurs when you have fixed income items in your portfolio and interest rates go up the market value of those investments go down. Executive Director said the Fund did not lose the money since the Fund holds its investments to maturity.

MOTION TO APPROVE DECEMBER BILLS LISTS, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF NOVEMBER 2016 CLAIMS AND ACCEPT TREASURER'S REPORT:

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

Treasurer's Report Attached & Made Part of Minutes.

ATTORNEY: Attorney Budesa said he had no formal report and wished everyone a Merry Christmas and Happy New Year and for those that do not celebrate Christmas Happy Holidays.

MANAGED CARE:

MONTHLY REPORT: Report submitted and reviewed by Lisa Gallo 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 said the Executive Safety Committee Slate of officer will continue again for a second year. The officers planned the topics for next year and the Safety Expo. The Safety Incentive Program has a requirement of a mail in status report as of January 15th. As soon as we get those we will be able to determine how many qualify for safety incentive this year. The officers need a for new blood in the Committee and we would ask the Board to support and encourage others to get involved in the safety committee. On December 15, 2016 there was a safety committee meeting at Evesham MUA with Rick Erickson from the EJIF who did a presentation on EJIF Issues and Emerging Environmental Issues with 48 people in attendance. Ms. Hall said the Safety Breakfast will be held on February 22, 2017 at the Clarion Hotel and Conference Center.

Report Made Part of Minutes.

CLAIMS: Claims Manager said no report for open session and there are four PARs to be discussed in closed session.

OLD BUSINESS:

NONE

NEW BUSINESS: Executive Director said Bayonne MUA has dissolved effective 1/1/2017 they will no longer be a member of the Fund.

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 Flancbaum
Vote: Unanimous

MOTION TO RE-OPEN MEETING:

Moved: Commissioner Bigler
Second: Commissioner Pastena
Vote: Unanimous

MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS AS PRESENTED

Moved: Commissioner Pestana
Second: Commissioner Bigler
Roll Call Vote: 7 Ayes, 0 Nays, (Commissioner Flancbaum voted Nay on Claim #000908404)

MOTION TO OFFER MEMBERSHIP TO JERSEY CITY MUA WITH AN ANNUAL ASSESSMENT OF \$752,000 LIMITED TO THEIR CURRENT INSURED PROPERTY

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

MOTION TO ADJOURN:

Moved: Commissioner Fischer
Second: Commissioner Bigler
Vote: Unanimous

MEETING ADJOURNED: 11:38 AM
NEXT REGULAR MEETING: January 25, 2017
Karen A. Read, Assisting Secretary

For
Robert Fischer, SECRETARY
Date Prepared: - January 12, 2017