

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND
OPEN MINUTES
JANUARY 22, 2014
TOMS RIVER MUA
10:30 AM**

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

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

ROLL CALL OF 2013 EXECUTIVE COMMITTEE:

David Johnson, Chairperson	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	Mt. Holly MUA	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/Adm	Perma Risk Management Cathleen Kiernan
Attorney	Berry, Sahradnik, Kotzas & Benson, P.C. Mary Jane Lidaka
Claims Service	Qual-Lynx Tracy Loreaux
Safety Director	JA Montgomery Risk Control Joanne Hall
Managed Care	QualCare Derrick Boyer
Underwriting Manager	Capacity Coverage Jon Ziman
Treasurer	Stuart Neuhof

FUND COMMISSIONERS AND ALTERNATES PRESENT:

Justin Flancbaum, Lakewood MUA
Bernard Rutkowski, Toms River MUA
Richard Brand, East Windsor MUA
James Diaz, Jackson Township MUA
Nancy Elmeaze, Riverside Sewerage Authority
Bruce Miller, Raritan Township MUA
Joseph Rizzuto, Mount Holly MUA
Brian Blair, Berkeley Township MUA
Thomas Horn, Lambertville MUA

ALSO PRESENT:

Michael Avalone, Conner Strong & Buckelew
Patti Fahy, NAIMC
Joseph Henry, Hardenbergh Insurance
Donna Reale-Waters, Barclay Group
Chris Krier, Assetworks Appraisal
Mel Ngayan, Assetworks Appraisal
Bradford Stokes, PERMA Risk Management
Karen A. Read, PERMA Risk Management

APPROVAL OF MINUTES: December 18, 2013 Open & Closed Minutes.

MOTION TO APPROVE December 18, 2013 OPEN & CLOSED MINUTES.

Moved:	Commissioner Fetherman
Second:	Commissioner Bigler
Vote:	7 Ayes, 0 Nays

CORRESPONDENCE: None

MOTION TO ADJOURN SINE DIE MEETING:

Moved:	Commissioner Johnson
Second:	Commissioner Gianforte
Vote:	Unanimous

Sine Die meeting adjourned - chairs vacated and Executive Director to conduct meeting.

Executive Director said a quorum of the Fund Commissioners was not present. As a result, election conducted using the ballots issued to members following the Nominating Committee's report in December. The fund office received a sufficient amount of ballots to confirm quorum and proceed with election. In accordance with Fund bylaws, a quorum is 23.

ELECTION OF 2014 CHAIRPERSON, SECRETARY, 5-MEMBER EXECUTIVE COMMITTEE AND 4 ALTERNATES: The Nominating Committee presented its recommended slate at the December meeting and shortly thereafter ballots were mailed to Fund Commissioners.

Brian Bigler, Chairman	Secaucus MUA
Jerome Cevetello, Secretary	Manasquan River Regional SA
Tammy Fetherman	Lacey MUA
David Johnson	Little Egg Harbor MUA
Richard Cranmer	Readington-Lebanon SA
Michael Gianforte	Two Rivers Water Reclamation Authority
Robert Fischer	Bayshore Regional SA
Alt #1 Robert Burner	Cape May County MUA
Alt #2 Frank Pastena	North Bergen MUA
Alt #3 Reno Wilkins	Plainfield Municipal Utilities Authority
Alt #4 William Dunn	Mount Holly MUA

ROLL CALL OF 2014 EXECUTIVE COMMITTEE:

Brian Bigler, Chairman	Secaucus MUA	Present
Jerome Cevetello, Secretary	Manasquan River Reg'l Sewerage Authority	Present
Tammy Fetherman	Lacey MUA	Present
David Johnson	Little Egg Harbor MUA	Present
Richard Cranmer	Readington-Lebanon 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

OATH OF OFFICE: Oath of Office Administered by the Fund Attorney.

REORGANIZATION RESOLUTIONS - Resolution 1-14 and 2-14 submitted to confirm ballots received for Chairperson, Secretary, 5-member Executive Committee and 4 alternates.

MOTION TO ADOPT RESOLUTIONS 1-14 AND 2-14 CERTIFYING THE BALLOTS ELECTING THE 2014 CHAIRPERSON AND SECRETARY AND THE 2014 FIVE-MEMBER EXECUTIVE COMMITTEE AND FOUR ALTERNATES:

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

RESOLUTION 3-14 FUND PROFESSIONAL APPOINTMENTS AND SERVICE ORGANIZATIONS – The board resolved to award professional service agreements in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. Seq. for Fund Year 2014. Requests for Qualifications were advertised in October and reviewed in November. During the budget process, board established fee increases at 1.50%.

Executive Director	Perma Risk Management Services
Attorney	John Sahradnik & Robert Budesza, Esquire
Treasurer	Stuart Neuhof
Actuary	Actuarial Advantage
Auditor	Bud Jones, Nisivoccia LLP
Safety Director	JA Montgomery Risk Control Services
Claims Administrator	Qual-Lynx
Asset Manager	TD Bank
Underwriting Manager	Capacity Coverage Company
Managed Care Provider	Qualcare
Payroll Auditor	NEIS

MOTION TO APPROVE RESOLUTION 3-14

Moved:	Commissioner Cevetello
Second:	Commissioner Johnson
Roll Call Vote:	7 Ayes, 0 Nays

RESOLUTION 4-14 ESTABLISHING A FISCAL MANAGEMENT PLAN: Resolution submitted designating Official Depositories and approving a Cash Management Plan; authorizing Signatories on Administrative Accounts; and authorizing Signatories on Claim Accounts; establishing a rate of interest for delinquent assessments; and certifying Approval Officer for all Fund expenses. In addition to Chairperson, Secretary and Treasurer, Commissioner Fetherman was added as additional signatory.

RESOLUTION 5-14 ESTABLISHING PUBLIC MEETING PROCEDURES: Resolution presented establishing 2014 Meeting Dates as the fourth Wednesday of every month at 10:30 a.m. in the in the Toms River Municipal Utilities Authority, Toms River, NJ including the fourth Wednesday in January 2015. There are THREE exceptions to this meeting schedule. The first exception is the February meeting, which will be combined with the annual Safety Breakfast on February 26th at 9:00 a.m. at the Clarion Hotel, Toms River, NJ. The second exception is the November meeting, which is scheduled for 2:30 p.m. on November 18th in Atlantic City at the Taj Mahal in conjunction with the AEA. The third exception is the December meeting, which is scheduled for December 17th at 10:30 am at the Toms River MUA.

RESOLUTION 6-14 ESTABLISHING FUND RECORDS PROGRAM: Resolution presented establishing a formal records retention program for Fund year 2014.

RESOLUTION 7-14 EXECUTIVE COMMITTEE COMPENSATION: Resolution authorizing compensation to Executive Committee and alternates at \$150 per meeting attended.

RESOLUTION 8-14: EXCESS LIABILITY, AUTO-PHYSICAL DAMAGE, PROPERTY AND EXCESS POL/EPL LIABILITY: Resolution ratifying the purchase of Excess Liability, Excess Auto-physical Damage and Property and Excess Public Officials/Employment Practices Liability by the Munich Re American and Continental Casualty.

RESOLUTION 9-14: ESTABLISHING A RISK MANAGEMENT PLAN: An updated Risk Management Plan for 2014 was included in the agenda, with changes highlighted.

MOTION TO ADOPT RESOLUTIONS 4-14 THROUGH 9-14:

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

COMMITTEE APPOINTMENTS - The Fund has four standing committees. Below is a list of the committees and a brief description of their charges.

- Coverage - This committee is charged with evaluating potential exposures and determining whether coverage or policy decision be made by the Fund. Commissioner Pastena has been added to the Committee
- Finance Committee - This committee is charged with meeting at least once a year, with a mandatory meeting to review professional services and make recommendations on fees, providers and the budget. Commissioner Gianforte was named Chairperson of this Committee and Frank Pastena has been added to the Committee.
- Safety Committee - This committee is charged with coordinating the activities of the Safety Director and the relationship of same with member authorities; evaluating, analyzing, and reviewing the Fund's safety programs and making the recommendations to the Fund; and monitoring the Fund's Safety Incentive Program. In addition, Commissioner Wilkins will be the north Executive Committee representative to the Safety Committee
- Nominating - (Fund Commissioners Only) This committee is charged with meeting at least once a year, usually in December, to propose an Executive Committee slate for the following Fund year.

MOTION TO APPOINT WILLIAM DUNN TO THE SAFETY COMMITTEE

Moved:	Commissioner Gianforte
Second:	Commissioner Fetherman
Vote:	Unanimous

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. As of December 31, 2013, the NJUA JIF has the third lowest Lost Time Accident Frequency rate. Financial Fast Track shows a Statutory Surplus of \$6.8 million representing an increase of approximately \$1 million from the year before– the dividend that was released will be reflected in next month's report.

ASSESSMENTS – Executive Director said first installment payments were due by January 15th. The Fund has a grace period to February 1st. Any authority assessment received after that date will have an interest penalty imposed from the January 15th due date. Executive Director said the Fund received a request for Jackson Township MUA to waive the interest penalty for the January 15 assessment due date since their meeting was cancelled to approve the bill payment due to inclement weather. The meeting has been rescheduled and payment will be issued on January 30th. Since other members also indicated they experienced trouble with meeting cancellations, the Committee agreed to extend the due date to February 28, 2014 for the 2014 1st installment payments.

**MOTION TO EXTEND DUE DATE ON 2014 1ST INSTALLMENT
ASSESSMENT BILLS TO FEBRUARY 28, 2014**

Moved:	Commissioner Fetherman
Second:	Commissioner Gianforte
Vote:	Unanimous

PROPERTY APPRAISALS – Executive Director said in December, the board discussed Asset Works findings of many more structures at locations than had been separately scheduled by members. A copy of one member's property appraisal report distributed to the Board to illustrate the matter. Mel Nguyen and Chris Krier attended the meeting to review the matter with the board. Mr. Nguyen said a structure is defined as "separate" if the structures don't share a wall – even if the separate structures operate together. In response to questions raised by the Board, Mr. Nguyen said that he has to follow the industry standard protocols. Commissioners reviewed various structures on the sample report, in particular – page 28 of Appendix II. Commissioners felt the "bypass valve pit" should be considered part of the lift station and not have to have a separate appraisal. Mr. Nguyen said one could view the picture & assume the structure shared a wall but it does not. When Mr. Nguyen appraises the lift station, the Fund still needs to have a value for the bypass valve pit – even though its value is below the Fund's \$150,000 threshold to appraise a value.

Mr. Krier said Asset Works proposed a reduced fee of \$45 per location for these structures that now has to be appraised – but have a value less than \$150,000. Executive Director said the Fund provided all RFQ responders with the list of scheduled locations with a combined building and content value of \$150,000 or greater. At the time the Board awarded a contract, Executive Director had said she expected that Property Appraiser would find additional structures that members had scheduled at one location – but AssetWorks found a greater number than expected. Additional cost might be \$30,000 to \$50,000.

Underwriting Manager said that without more information on each location – such as flood zone designations - the commercial market rates the program on the assumption to all locations are not in the flood zone. The Fund does not provide flood coverage for locations within the 100 year flood zone, - so for the Fund to be rated as if all locations are outside the flood zone means the market will rate based on a greater exposure for covered flood losses. So – it is a benefit to the Fund to have these structures unbundled. Mr. Avalone (Risk Management Consultant) concurred – in particular referencing his recent experience working with excess carriers adjusting “sandy-related” claims for municipalities.

RCF 2014 REORGANIZATION MEETING - The Residual Claims Fund held its 2014 re-organizational on January 2, 2014 at 10:30 am at the Forsgate Country Club. A copy of Commissioner Bigler’s report distributed to the Board for information.

MEL 2014 REORGANIZATION MEETING - The MEL held its 2014 re-organizational meeting on January 2, 2014 at 11:15 am at the Forsgate Country Club. A copy of Commissioner Cevetllo’s report distributed to the Board for information.

EJIF 2014 REORGANIZATION MEETING – The EJIF held its 2014 re-organizational meeting on January 2, 2014 at 10:50 am at the Forsgate Country Club. A copy of Commissioner Cevetllo’s report distributed to the Board for information. Commissioner Cevetllo highlighted the Environmental Alert included with his report - which deals with the hidden costs and potential exposures of acquiring properties through foreclosure and/or donations. The E_JIF has increased its budget to provide these services to member’s upon request.

GENDER EQUITY NOTICE - Executive Director said enclosed in the agenda you will find information recently published from the NJ Department of Labor outlining “Right to be Free of Gender Inequity or Bias in Pay, Compensation, Benefits or Other Terms and Conditions of Employment:

ELECTED OFFICIALS SEMINAR – Executive Director said the MEL is in the process of finalizing an online version of this year’s Elected Officials Seminar. Once the program is completed, we will email and announcement with instructions to access the program through the MEL’s Learning Management System.

CYBER LIABILITY RENEWAL –HIGHER PREMIUMS PROPOSALS – Executive Director the Underwriter reports that there will be not increase in premiums for the renewal of cyber coverage for 2014. XL is offering higher Limits per a Memorandum from the Underwriter.

Executive Director said XL has offered alternate quotes at higher limit and deductible options. Option 1- offers limit of liability of \$3 million each claim and \$6 million annual aggregate, deductible of \$10,000 each claim, policy sub-limits \$1 million, with an expiring premium of \$600 per member entity which is \$100 increase from current premium. Option 2 - offers limit of liability of \$5 million each claim and \$8 million annual aggregate, deductible of \$25,000 per claim, policy sub-limits of \$1.5 million, with an expiring premium of \$675, which is a \$175 increase from current premium.

The Committee discussed the options and decided it would be in their best interest to go with the higher limit and deductible Option #1. Executive Director said that is the option most other JIFs selected.

MOTION TO APPROVE PURCHASE OF HIGHER CYBER LIABILITY LIMITS OPTION #1 FOR 2014 RENEWAL

Moved: Commissioner Cevetello
Second: Commissioner Cranmer
Vote: 7 Ayes, 0 Nays

INCLEMENT WEATHER PROCEDURE - Executive Director said as a reminder, Perma has instituted a procedure for Commissioners to confirm whether or not a meeting has been canceled. The Executive director will discuss with the Fund Chairperson if the meeting should be canceled. In the event of an early morning or evening meetings, Perma will provide a recorded message indicating the status of the meeting. The recorded message can be obtained by calling the Fund's main number (201) 881-7632 at any time of the day or night. For meetings that occur during the course of normal business hours, meeting status can be obtained by utilizing the same number.

TREASURER:

VOUCHER PAYMENTS (BILL LIST)

2013	\$ 18,473.29
2014	\$2,959,109.15

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

Closed:	\$.00
2009:	\$.00
2010:	\$ 4,069.24
2011:	\$ 27,399.14
2012:	\$ 8,771.27
2013	\$103,395.13
Total:	\$143,634.78

MOTION TO APPROVE JANUARY BILLS LIST, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF DECEMBER 2013 CLAIMS AND ACCEPT TREASURER'S REPORT:

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

Treasurer's Report Attached & Made Part of Minutes.

ATTORNEY: Fund Attorney distributed the 2014 Defense Panel. The Fund issued Requests for Qualifications in September and November. List reflects firms responding to RFQs. In response to Commissioner Gianforte, Fund Attorney said the Fund does not expect to advertise for Defense Panel again until 2015.

MANAGED CARE:

MONTHLY REPORT: Report submitted and reviewed by QualCare. Mr. Boyer thanked the Committee for the reappointment.

Report Made Part of the Minutes.

SAFETY DIRECTOR:

MONTHLY REPORT: Monthly report submitted and reviewed by JA Montgomery Risk Control. Joanne Hall reported the Safety Breakfast will be held at the Clarion Hotel on February 26, 2014.

Report Made Part of Minutes.

CLAIMS: Report in Executive Session.

OLD BUSINESS:

NONE

NEW BUSINESS:

INDEMNIFICATION CLAUSES: Commissioner Flancbaum said the Lakewood MUA was getting resistance from vendors in accepting their standard indemnification language added that there were few, if any, other vendors available that would accept the language. The authority worked with their attorney and the risk management consultant to revise their language and vendor was agreeable to accept a “mutual indemnification” clause – where initially, they were asking the authority to completely indemnify them.

Commissioner Flancbaum suggested the Fund issue a bulletin to other member authorities concerning this matter and offered to share Lakewood MUA’s contract language as a sample.

Executive Director’s office will work to get a bulletin and sample language posted to webpage.

MARKOUTS – Additional discussion held on requests to provide “mark-outs” for areas still under the control of developers. Fund to consider developing suggested guidelines.

PUBLIC COMMENT:

NONE

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

MOTION TO CLOSE MEETING:

Moved: Commissioner Johnson
Second: Commissioner Fetherman
Vote: Unanimous

MOTION TO RE-OPEN MEETING:

Moved: Commissioner Gianforte
Second: Commissioner Fetherman
Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS AS
SUBMITTED AND RATIFY THE DECEMBER PAYMENT AUTHORIZATION
REQUESTS:**

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

MOTION TO ADJOURN:

Moved: Commissioner Fischer
Second: Commissioner Fetherman
Vote: Unanimous

MEETING ADJOURNED: 11:33am
NEXT REGULAR MEETING: February 26, 2014
Karen A. Read, Assisting Secretary

For
Jerome Cevetello, SECRETARY
Date Prepared: - February 18, 2014