

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

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

**PLEDGE OF ALLEGIANCE** – Commissioner Bigler led Commissioners in the Pledge of Allegiance

**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
Michael Gianforte	Two Rivers Water Reclamation Authority	Present
Robert Fischer	Bayshore Regional SA	Absent
Robert Burner	Cape May County MUA	Present
Frank Pastena	North Bergen MUA	Present

**EXECUTIVE COMMITTEE ALTERNATES:**

Reno Wilkins, Alt #1	Plainfield Municipal Utilities Authority	Present
Bernard Rutkowski, Alt #2	Toms River MUA	Present

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Adm	Perma Risk Management <b>Cathleen Kiernan</b>
Attorney	Berry, Sahradnik, Kotzas & Benson, P.C. <b>Robert Budesa</b>
Claims Service	Qual-Lynx <b>Don Kellerman</b>
Safety Director	JA Montgomery Risk Control <b>Dave McHale</b>
Managed Care	QualCare <b>Donna Setzer</b>
Underwriting Manager	Capacity Coverage <b>Jon Ziman</b>
Treasurer	<b>Stuart Neuhof</b>

**FUND COMMISSIONERS AND ALTERNATES PRESENT:**

Justin Flancbaum, Lakewood MUA  
Thomas Horn, Lambertville MUA  
Bruce Miller, Raritan Township MUA  
Jill Plesnarski, Readington Lebanon Sewerage Authority

**ALSO PRESENT:**

Ilene Laursen, Conner Strong & Buckelew  
Patti Fahy, NAIMC  
Mary Ann Costabile, Rue Insurance  
Charles Casagrande, Danskin Insurance Agency  
Bradford Stokes, PERMA Risk Management  
Karen A. Read, PERMA Risk Management

**APPROVAL OF MINUTES:** SEPTEMBER 24, 2014 Open & Closed Minutes.

**MOTION TO APPROVE SEPTEMBER 24, 2014 OPEN & CLOSED MINUTES**

Moved:	Commissioner Burner
Second:	Commissioner Pestana
Vote:	Unanimous

**CORRESPONDENCE:** NONE

**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 statutory surplus as of August 31st stands at \$6.5 million - all years but the current year is at a positive position. Executive Director reviewed the Claims Expected Loss Ratio Report and said in all but 2014, the Fund's incurred is less than where the actuary projects for this time. Fund year 2014 reflects the impact of the harsh winter – and a few larger claims. Executive Director said the Fund's Lost Time Accident Frequency is 2.87, compared to 1.30 this time last year.

**2014 BUDGET** – Executive Director said the main business of this month's meeting is the introduction of the 2014 budget. The Finance Committee met on October 9th at the Two Rivers Water Reclamation Authority to review the draft budget which is enclosed in Appendix III along with the minutes of the meeting. Executive Director said the 2015 Budget totaling \$10,110,026 represents a 1.81% increase for Fund Year 2015.

Executive Director said the loss funds are developed by the Fund's Actuary. The next section of the budget is premiums which are generated by the MEL, and the commercial market for property, excess liability, primary and excess public officials/employment practices liability.

In reviewing the premiums component of the budget, Executive Director said the biggest increase is in POL/EPL, which is at a 22% increase. When we transferred this to the commercial market in 2011 XL agreed to write the coverage at the MEL's expiring premium. The MEL Actuary had projected a loss fund for 2011 in the amount of \$21 million. XL Insurance held the overall program flat since 2011. Based on the overall loss ratio for 2011 through 2014 XL is asking for a 21.5% increase and has rated each local fund on their experience based on the past 3 years. Executive Director said increases by JIF range from 10% to 46%. Beginning in 2015, XL is experience rating members. Executive Director said each member's assessment will increase by 10%; members with experience will also have a surcharge. The result of that is a 22% increase for this JIF. NJUA JIF experience in the MEL was very good; while the Fund's experience since 2011 was not as good.

Executive Director said the property line item of the budget could change due to the fact that all of the property appraisals from AssetWorks are not in yet. Since we do not have all the reports at this time, the budget includes a "cushion".

Executive Director said the Fund has received the results from the Request for Qualifications for Fund Professionals. Budget reflects a 2% increase for all Fund professionals with the exception of Perma. Perma is asking for an unusual fee adjustment. Cost of living increases haven't kept up with growth. Executive Director said Administrator fees for other companies throughout the state are iaverage 5% of the budget. Executive Director said Perma is asking for a 2% increase plus an additional \$28,000 each year for the next 3 years. Executive Director said Perma's initial fee structure was a "percentage of the budget" to adjust to membership growth in the first few years of the fund. Fee was then converted to a "flat fee" with annual cost of living adjustments. However, membership has continued to grow and the flat fee amount has not kept pace. Commissioner Gianforte said at this time we are putting the increase in the budget but it does not authorize the new number. Executive Director said an RFQ was submitted and the appointments are not made until January.

**MOTION TO INTRODUCE THE 2015 BUDGET TOTALING \$10,110,026 AS PRESENTED AND TO SCHEDULE A PUBLIC HEARING ON NOVEMBER 18, 2014 AT 2:30 PM IN THE GOLDEN NUGGET, ATLANTIC CITY**

Moved:	Commissioner Gianforte
Second:	Commissioner Wilkins
Vote:	7 Ayes, 0 Nays,

**DIVIDEND** - Executive Director said the Finance Committee reviewed the Fund's available dividend at its meeting. Enclosed with the budget is a copy of the available dividend

calculations. Committee recommends a dividend in the amount of \$1,100,000. Resolution 27-14 was enclosed in the agenda authorizing the release of a dividend.

In response to Commissioner Cevetello, Executive Director said the dividend allocation numbers should be ready for by early next week and that information will be sent to all fund commissioners and risk managers.

**MOTION TO ADOPT RESOLUTION 27-14 AUTHORIZING THE RELEASE OF A DIVIDEND IN THE AMOUNT OF \$1,100,000**

Moved:	Commissioner Gianforte
Second:	Commissioner Pestana
Vote:	7 Ayes, 0 Nays

**MEL REPORT** - The MEL met on October 15, 2014 at 11:15 AM at the Forsgate Country Club to introduce the 2015 Budget. A copy of Commissioner Cevetello's report on the meeting was enclosed in the agenda. Commissioner Cevetello said the MEL will also be holding an Elected Officials training seminar on Wednesday, November 19<sup>th</sup> at the Convention Center Room 302 at 3:45 pm. Executive Director said at some time during 2015 we will put the version online as well. There will also be four classes at the League of Municipalities on Cyber Liability conducted by Mark Pfeiffer at the Convention Center. Commissioner Cevetello said the MEL adopted a pamphlet outlining the procedures members should follow when hiring a contractor to respond to property damage, particularly during emergencies. Executive Director said this information will be posted on the MEL webpage when it is completed.

**EJIF REPORT** - the EJIF met on 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 Commissioner Cevetello's report on the meeting was enclosed in the agenda.

**RCF REPORT** - Executive Director said the RCF met on October 15, 2014 at the Forsgate Country Club and held its public hearing to adopt the amended 2014 Budget and the 2015 Budget. A copy of Chairman Bigler's report on the meeting was enclosed in the agenda.

**2015 FUND PROFESSIONALS** - Executive Director said requests for qualifications were released following the September meeting and were due in the Fund office on October 16<sup>th</sup>. A summary of responses was distributed at the meeting. Committee Director said multiple responses were received for Fund Actuary, Fund Attorney, Fund Auditor, Claims Administration and Managed Care. Executive Director said this JIF does not ask for pricing in the RFQ but this process will be discussed in closed session.

**MEMBERSHIP RENEWALS** - Executive Director said attached is a list of the 34 members scheduled to renew fund membership by January 1, 2015. Membership documents were distributed to members in August. Executive Director said the Fund Office did not receive any letters from members that would be considering their options so everyone is in the budget. Executive Director said members are required to notify the Fund in writing by October if they are considering alternatives.

**SAFETY EXPO** - The NJUA is holding its 22<sup>nd</sup> Safety Expo. This year the first Expo was held on September 26<sup>th</sup> at the Camden County Emergency Services Training Center. The second Expo is set for November 7<sup>th</sup> at the Middlesex County Fire Academy. To date 125 have registered to attend the November 7<sup>th</sup> Expo. Registrations are still being accepted. Executive Director said we did confirm the licensing of our MEL Safety Institute was really only geared to the Safety Expo but we do have capability if people put in their license numbers in once a year we will download our file to the state.

**TREASURER:**

**RESOLUTION 26-14 VOUCHER PAYMENTS (BILL LIST)**

CLOSED	\$243,302.00
2014	\$132,200.95

**CONFIRMATION OF CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF SEPTEMBER 2014:**

CLOSED	\$ .00
2010:	\$ 3,012.00
2011:	\$ 16,457.71
2012:	\$ 82,911.38
2013:	\$ 48,227.58
2014:	\$209,403.55
Total:	\$360,012.22

**MOTION TO APPROVE OCTOBER BILLS LISTS, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF SEPTEMBER 2014 CLAIMS AND ACCEPT TREASURER'S REPORT:**

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

Treasurer's Report Attached & Made Part of Minutes.

**MANAGED CARE:**

**MONTHLY REPORT:** Report submitted and reviewed by Donna Setzer of QualCare.

Report Made Part of the Minutes.

## **SAFETY DIRECTOR:**

**MONTHLY REPORT:** Monthly report submitted and reviewed by Dave McHale.

Safety Director said Safety Expo was held in September at the Camden County Regional Training Center. The Expo was well attended and Safety Director thanked everyone for their participation and support - especially the Donna Setzer from Qual Lynx and Karen Read. The Middlesex Expo is scheduled for November 7<sup>th</sup>. The next Safety Committee Meeting will be held on December 18, 2014 and notices will be sent.

In response to Commissioner Gianforte, Executive Director said the MSI does not do first aid or CPR training. Executive Director said she thought the reasoning was that this training was more readily available than other types of training. Safety Director agreed and said there are usually a lot of local resources. Commissioner Gianforte said he would be happy to hold a regional training and open it up to other members if this could be offered through the JIF. Executive Director said we can check with the MSI to see if they would consider offering this training and this JIF does have funds in contingency that we could consider putting a few classes throughout next year. Commissioner Rutkowski said the CPR and first aid training is not required through OSHA.

Report Made Part of Minutes.

**CLAIMS:** The claims report was for closed session.

## **OLD BUSINESS:**

## **NEW BUSINESS:**

**PUBLIC COMMENT:** Commissioners discussed the results of the AssetWorks property appraisals, in particular the fact that the values were decreased for many members. Underwriting Manager said the Fund's property policy provides "Replacement Cost Coverage". Risk Manager Charles Casagrande raised a question on demolition costs. Executive Director said the numbers are netting out to being close to flat.

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

## **MOTION TO CLOSE MEETING:**

Moved: Commissioner Gianforte  
Second: Commissioner Pestana  
Vote: Unanimous

**MOTION TO RE-OPEN MEETING:**

Moved: Commissioner Gianforte  
Second: Commissioner Fetherman  
Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS SUBJECT TO FURTHER EXPLANATION OF LOSS FOR TOWNSHIP OF MIDDLETOWN CLAIM**

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

**2015 DEFENSE PANEL REQUEST FOR QUALIFICATIONS** - Executive Director said a motion would be in order to advertise for defense panel for a second time.

**MOTION TO RE-ADVERTISE FOR REQUEST FOR QUALIFICATION FOR DEFENSE PANEL**

Moved: Commissioner Gianforte  
Second: Commissioner Pestana  
Vote: Unanimous

**NOMINATING COMMITTEE** - Commissioner Cevetello said the Nominating Committee met to discuss adding a 3<sup>rd</sup> Alternate Fund Commissioner since David Johnson retired last month. The Nominating Committee is recommending the appointment of Justin Flancbaum of Lakewood MUA as the 3<sup>rd</sup> Alternate Fund Commissioner of the NJUA JIF. Executive Director said the Bylaws the Executive Committee to appoint or vote for the vacancy.

**MOTION TO ELECT COMMISSIONER FLANCAUM TO FILL THE ALTERNATE EXECUTIVE COMMITTEE VACANCY:**

Moved: Commissioner Cevetello  
Second: Commissioner Fetherman  
Vote: Unanimous

**MOTION TO ADJOURN:**

Moved:	Commissioner Cevetello
Second:	Commissioner Gianforte
Vote:	Unanimous

**MEETING ADJOURNED: 11:35am**  
**NEXT REGULAR MEETING: November 18, 2014**

Karen A. Read, Assisting Secretary  
For

Jerome Cevetello, SECRETARY  
**Date Prepared: - October 9, 2014**