

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND  
OPEN MINUTES  
JUNE 27, 2018  
TOMS RIVER MUA  
10:30 AM**

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

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

**ROLL CALL OF 2018 EXECUTIVE COMMITTEE:**

|                          |  |         |
|--------------------------|--|---------|
| Robert Fischer, Chairman | Bayshore Regional SA                   | Absent  |
| Robert Burner, Secretary | Cape May County MUA                    | Absent  |
| Brian Bigler             | Secaucus MUA                           | Present |
| Michael Gianforte        | Two Rivers Water Reclamation Authority | Present |
| Frank Pestana            | North Bergen MUA                       | Present |
| Bernard Rutkowski        | Toms River MUA                         | Present |
| 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 MUA             | Present |

**APPOINTED OFFICIALS PRESENT:**

|                        |   |
|------------------------|---|
| Executive Director/Adm | Perma Risk Management<br><b>Cathleen Kiernan</b>                |
| Attorney               | Berry, Sahradnik, Kotzas & Benson, P.C.<br><b>Robert Budesa</b> |
| Auditor                | Nisivoccia<br><b>Bud Jones</b>                                  |
| Claims Service         | Qual-Lynx<br><b>Chris Roselli</b>                               |
| Safety Director        | JA Montgomery Risk Control<br><b>Brian Maitland</b>             |
| Managed Care           | QualCare<br><b>Donna Setzer</b>                                 |
| Underwriting Manager   | Capacity Coverage<br><b>Jon Ziman</b>                           |

MEL Underwriting Manager

Conner Strong & Buckelew  
**Edward Cooney**

Treasurer

**Stuart Neuhof**

**FUND COMMISSIONERS AND ALTERNATES PRESENT:**

Ivy Robinson, Plainfield MUA  
Maria Brush, Rockaway Valley Regl. SA

**ALSO PRESENT:**

Katie Osborne, Conner Strong & Buckelew  
Chuck Casagrande, Danskin Insurance  
Brian Monaghan, TC Irons  
George Crosby, BGIA  
Kathy Young, Alamo Insurance  
Amy Pieroni, Reliance Insurance Group  
Michael McLoughlin, Marsh & McClellan  
Brad Stokes, PERMA Risk Management  
Rachel Chwastek, PERMA Risk Management

**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 reviewed the Financial Fast Track Reports. As of April 30, 2018 the statutory surplus stands at \$4.7 which is down slightly ~~down about \$100,000~~ since year end at \$4.8; the change is coming mostly in the 2017 year. ~~and~~ On page 32 comparing the third and fourth columns every year but the 2018 is less than where the actuarial target is and that is pretty typical in the first couple months of an active fund year. ~~was not as good but you can see improvement when reverses go down or we receive recoveries and there is room to improve with the IBNR.~~ Executive Director said on page 34 and 35 is our Lost Time Frequency thru April there have been five claims with lost days and our frequency is at .74 which is almost exactly where we were last year at .75. On page 36 you will find the Lost Time Accident Frequency for all JIFs with the average MEL JIFs statewide at 1.61 and our JIF is has the lowest frequency of all members. In 2018 you will see the total JIF wide average is still less than 2.00 and 2017 is still standing less than 2.00. The EPL POL Compliance report appears on pages 39 and 40 and this is where you want to maintain these numbers. In order to maintain these levels you will have to complete the updates and training requirements by October 1st. Please review the RMC Agreement Report and submit your agreement if we have not received it yet.

**AUDITOR REPORT & ACTUARY VALUATION REPORT AS OF DECEMBER 31, 2018-** Enclosed with your agenda booklet is the Auditor's Report as of December 31, 2017 and the Actuary's Valuation Report. A representative from Nisivoccia LLP will be present at the

meeting to review the final audit report. Following the presentation the enclosed Resolution and Group Affidavit must be executed.

Executive Director said Bud Jones the Auditor is here today to review the 2017 Audit Report. Mr. Jones reviewed the Comprehensive Annual Financial Report and the Auditor's Management Report. Mr. Jones said the Fund is in excellent financial shape with an increase in net position of \$782,209 and a total net position for year end 2017 in the amount of \$6,540,539. There were no recommendations in the Auditor's Management Report. Mr. Jones said there were a few suggestions but nothing that required any corrective action.

With no questions or comments being heard the Executive Director said a motion to approve the year-end financials, adopt resolution 19-18 and execute the group affidavit as well as approve the actuarial report that was distributed.

**MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION #19-18 AND EXECUTE GROUP AFFIDAVIT INDICATING THAT THE FUND COMMISSIONERS HAVE READ THE GENERAL COMMENTS SECTION AND AUDIT REPORT AND THE ACTUARIAL REPORT.**

|                 |                        |
|-----------------|------------------------|
| Moved:          | Commissioner Flancbaum |
| Second:         | Commissioner Pestana   |
| Roll Call Vote: | 7 Ayes, 0 Nays         |

The Fund office will file the financial reports with the state by June 30<sup>th</sup> deadline.

**2018/2019 EMPLOYMENT PRACTICES PROGRAM** – Correspondence was mailed to Fund Commissioners and Risk Management Consultants concerning updates to member Employment Practices Programs. Updated Model Personnel Manuals have been posted to the MEL's webpage [www.njmel.org](http://www.njmel.org) and information on training program requirements. Members have until October 1<sup>st</sup> to submit the 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.

~~We are working~~ Managers & Supervisory Training have been scheduled in various authorities during June, July and August. We are still looking to host a few more sessions. "We must respect each other in local government" video has been added to the MEL Safety Institute to meet training for "non-supervisory" employees.

**RESIDUAL CLAIMS FUND** – The RCF met on June 7, 2018 at the Forsgate Country Club in Jamesburg, NJ. Commissioner Bigler's report on the meeting is enclosed. Executive Director said the Board did decide to extend the time period for which it will accept transfers at local JIFs. We normally would do it about 4 ½ years after the inception of that year and we asked the actuary to take a look at options on changing that or extending that. The Board at this time has decided to extend it six more months so December 31<sup>st</sup> in when we will transfer and that will allow development at the local level a little more. We are finding that once we transfer to the residual claims fund the MEL claims which really take a lot longer to develop are developing

worse and the JIFs at the local level are developing better so this will give you an opportunity to close out more of your claims before you transfer it.

**EJIF** – The EJIF met on June 7, 2018 at the Forsgate Country Club in Jamesburg, NJ. Commissioner Rutkowski’s report on the meeting is enclosed.

**MEL JIF** – The MEL met on June 7, 2018 at the Forsgate Country Club in Jamesburg, NJ. Commissioner Rutkowski’s report on the meeting is enclosed. Commissioner Rutkowski said just a note on the amount of time spent on the Firefighter Bill and Dave Grubb did put a lot of time and effort into it and it is an important Bill. Executive Director said we do have another item on that in the agenda.

Executive Director said another item that the MEL has been working on for some time was the opportunity to expand our investments we started off a number of years ago with what we were calling a unitized trust which would allow all the JIFs affiliated with the MEL to share their liquidity needs. So we would not have to tie our investment strategy so closely to the amount of cash we need to pay claims because we would be able to share that liquidity plus other things would could invest in. Executive Director said that Bill did pass initially the governor vetoed it with some conditions and the legislator did pass it with those conditions. The biggest piece of which is that they are going to take six months to promulgate regulations to set parameters on how long your investments would be and how much of your portfolio would be used for certain types of investments. Which is always what the MEL’s intent was that the first form of business would be to set those parameters in place, instead the State is going to be doing that. There will be a review in about one year after that.

**LEGISLATION** - The Legislature voted to adopt the Investment bill legislation with Governor Murphy’s recommendation revisions and the Governor has now signed. Bill expands the JIF and MEL’s investment opportunities by authorizing certain joint insurance funds to invest in certain bonds, notes and other obligations of State and Federal agencies and to form joint cash management and investment programs as a means to broaden the types of securities joint insurance funds may invest in and to reduce the amount of assets that must be held in short-term investments to cover the cash flow needs of the funds.

One of the main revisions of the governor was for the Departments of Banking & Insurance and Community Affairs to have six months to promulgate rules and regulations determining parameters for the portfolio.

**LEGISLATE ALERT** – During the month, we distributed a Legislative Alert on three bills pending action – that will cause major increases in municipal insurance costs. We asked members to adopt resolutions in support of amendments to those bills. We have enclosed a copy of the Alert, along with Resolution #20-18 for the NJUA JIF to adopt. Two of the 3 bills don’t impact utility authorities but will impact the cost of workers’ compensation in general.

**MOTION TO ADOPT RESOLUTION #20-18 URGING THE LEGISLATURE TO AMEND S-716; S-477 AND S-1766**

Moved:

Commissioner Gianforte

Second:  
Roll Call Vote:

Commissioner Flancbaum  
7 Ayes, 0 Nays

**2018 COVERAGE DOCUMENTS** - The Fund office will begin distributing the 2018 coverage documents to all Fund Commissioners and Risk Managers via email in late June.

**SAFETY EXPO** – The Expo Committee is in the final stages of setting the schedule for the Safety Expos, scheduled for June 29<sup>th</sup> and September 28<sup>th</sup>. To date, almost 100 employees have registered to attend, representing 20 authorities and one town.

**ELECTED/APPOINTED OFFICIALS TRAINING** – The Elected/Appointed Officials training course is now available online through the MEL Safety Institute. Attached please find a notice with access instructions.

This year’s Elected/Appointed Officials on-line training (Elected Officials – Land Use Liability) course is a video entirely focused on Land-Use. Member Utility/Sewer Authorities can access that course in order to qualify for the \$250 credit. We recognized that his video doesn’t impact housing or utility authorities. Therefore, we also committed the instructor lead version of this year’s course (Elected/Appointed Officials – Utility/Sewer & Housing Authorities) to a webinar. This version also focuses on land-use but it also addresses technology risks.

For housing and utility authorities, we have extended the deadline to complete either course to July 31, 2018.

**RISK MANAGEMENT INFORMATION/OPERATING SYSTEM (RMIS)** – The online underwriting database through Origami was launched mid-March; Fund Commissioners and Risk Management Consultants were provided login information, as well as, links to short training videos. Training webinars were held on May 8<sup>th</sup> and 10<sup>th</sup>. We are working with Origami for another training date and will email once scheduled.

Members and Risk Managers will receive an email with a link to renewal worksheets – to begin the 2019 underwriting renewal – which is expected to begin in early June.

Executive Director said we hope to begin the renewal process in the first week of July. We want to make sure all of the JIFs data are in there and there are three JIFs have not migrated over yet and it is taking a little longer than expected. Members will receive an email and then you can use that to forward it to other members in your organization if you want to share the process. Executive Director said the payroll information will be completed by the payroll auditor.

**TREASURER:** Treasurer Neuhof reviewed the Treasurer’s reports. Executive Director asked if we could amend the Bills list to include payment to Secaucus MUA reimbursing RMC Fee in the amount of \$7,628.78

**VOUCHER PAYMENTS (BILL LIST) JUNE 2018 AS AMENDED**

|      |              |
|------|--------------|
| 2017 | \$ 1,275.59  |
| 2018 | \$334,588.41 |

**CONFIRMATION OF CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF MAY 2018:**

|         |    |            |
|---------|----|------------|
| Closed: | \$ | .00        |
| 2014:   | \$ | 11,764.28  |
| 2015:   | \$ | 8,222.22   |
| 2016:   | \$ | 104,784.45 |
| 2017:   | \$ | 59,891.02  |
| 2018:   | \$ | 72,935.85  |
| Total:  | \$ | 257,597.82 |

**MOTION TO APPROVE JUNE BILLS LISTS AS AMENDED, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF MAY 2018 CLAIMS AND ACCEPT TREASURER'S REPORT:**

|                 |                        |
|-----------------|------------------------|
| Moved:          | Commissioner Gianforte |
| Second:         | Commissioner Flancbaum |
| 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. Setzer QualCare.

Report Made Part of the Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** Monthly report submitted and reviewed by Safety Director Brian Maitland of JA Montgomery Risk Control. Brian Maitland said the Safety Expo is scheduled for this Friday and it is shaping up to be a good turnout. The Executive Safety Committee will be hosting General Industry OSHA Training which is a 2 day course for 10 hours you must attend both days to receive your OSHA card. Brian Maitland said he has been working on the website update with the web developer and Karen Read. The web developer has updated the structure and now we are going through the process of making sure all the links are valid and pretty soon we should be able to launch it.

Executive Director said one thing to add to the Managers and Supervisor training is that at the request of Brad Stokes we are now offering TCHs for attending the Manager & Supervisor training.

Report Made Part of Minutes.

**JIF/MEL UNDERWRITING MANAGER:** Executive Director said the MEL Underwriting Manager Edward Cooney submitted a memo on the Water Quality Accountability Act and Ed Cooney is here today to report on that. Underwriting Manager Ed Cooney said this was enacted in July, 2017 and basically it expands what the board of Board of Public Utilities acted in 2016 but there is one requirement that cyber security plans being in place for public utilities and water. It talks about very generally having a cyber security in place and also have the utility join the NJCCIC New Jersey Cybersecurity and Communications Integration Cell. It is pretty vague and the NJCCIC has not put out any more details about it at least what we can find but we wanted to at least open up a discussion to see if have started on that working on it at all.

Commissioner Vaccaro said they have started working on it and there is not portal yet they kind of got the regulation but have not been able to administer the BPU Guidance. Commissioner Vaccaro said they put together generically with the BPU Guidance and if there is information missing once they tell everyone to submit it then we can add the information needed. At a minimum you can join the association.

Commissioner Gianforte said they had a meeting yesterday with the water sector of Homeland Security which has BPU, Homeland Security, NJCCIC and the DEP are working on a guidance document, checklist and they indicated they are looking at September so if you have to meet it you should make an effort to show you started something.

In response to Commissioner Gianforte, Underwriting Manager said we have some experts you can talk to and we can help point you in the right direction. In response to Executive Director, Underwriting Manager said the Cyber materials we put together in order to reduce your deductible would be a good start but what we did with MEL focuses more on operations and administratively and there are other requirements that would need to be incorporated.

**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**

**MOTION TO CLOSE MEETING:**

Moved: Commissioner Gianforte  
Second: Commissioner Flancbaum  
Vote: Unanimous

**MOTION TO RE-OPEN MEETING:**

Moved: Commissioner Gianforte  
Second: Commissioner Flancbaum  
Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS AND TO AMEND THE TWO RIVERS WATER RECLAMATION AUTHORITY CLAIM TOTAL PAYEMNT AUTHORITY TO \$32,000.00**

Moved: Commissioner Gianforte  
Second: Commissioner Flancbaum  
Roll Call Vote: 7 Ayes, 0 Nays, 1 Abstain – Commissioner Gianforte on the Two Rivers Water Reclamation Authority claim.

**APPROVAL OF MINUTES:** May 23, 2018 Open and Closed Minutes.

**MOTION TO APPROVE THE OPEN AND AMEND THE CLOSED MINUTES FOR MAY TO REFLECT ROBERT FISCHER AS CHAIRMAN AND ROBERT BURNER AS SECRETARY**

Moved: Commissioner Gianforte  
Second: Commissioner Flancbaum  
Vote: Unanimous

**MOTION TO ADJOURN:**

Moved: Commissioner Gianforte  
Second: Commissioner Pestana  
Vote: Unanimous

**MEETING ADJOURNED: 11:37 am**  
**NEXT REGULAR MEETING: July 25, 2018**  
Karen A. Read, Assisting Secretary

For

Robert Burner, SECRETARY  
**Date Prepared: - July 16, 2018**