

**NEW JERSEY UTILITY AUTHORITIES JOINT INSURANCE FUND  
OPEN MINUTES  
APRIL 24, 2013  
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, Chairman	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	Present
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

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Adm	Perma Risk Management <b>Cathleen Kiernan</b>
Attorney	Berry, Sahradnik, Kotzas & Benson, P.C. <b>Robert Budes</b>
Claims Service	Qual-Lynx <b>Kathy Kissane</b>
Safety Director	JA Montgomery Risk Control <b>Joanne Hall</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:**

Bruce Miller, Raritan Township MUA  
Richard Brand, East Windsor MUA  
James Benson, Musconetcong Sewerage Authority  
Bernard Rutkowski, Toms River MUA

**ALSO PRESENT:**

Ilene Laursen, Conner Strong & Buckelew  
Patti Fahy, NAIMC  
Charles Casagrande, Danskin Insurance Agency, Inc.  
Jeff Stapleton, Otterstedt Insurance Agency  
Kathy Young, Alamo Insurance  
Bradford Stokes, PERMA Risk Management  
Karen A. Read, PERMA Risk Management

**APPROVAL OF MINUTES:** March 25, 2013 Open & Closed Minutes.

**MOTION TO APPROVE MARCH 25, 2013 OPEN & CLOSED MINUTES  
AS AMENDED.**

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

**CORRESPONDENCE:**

**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 through February our statutory surplus stands at \$6.1 million up from \$5.8 at year end. Each Fund Year is in a positive position.

**COVERAGE COMMITTEE** - Committee met, via conference call on Monday, April 22<sup>nd</sup> to review the quote of approximately \$200,000 received by the Underwriting Manager from the commercial market to increase the flood sublimit to bring the limits up to the prior \$50,000,000 from the current \$20,000,000 & \$10,000,000.

Upon renewal, the Fund's flood limits outside the 100 year flood zone were reduced. Once the Fund completed the gathering of GPS information, the Underwriting Manager approached the market for excess limits. Coverage Committee reviewed the quote of \$200,000 and recommended the Fund not purchase at this time – in particular noting most of the Hurricane Claims covered by the JIF were the result of wind damage not flood. Underwriting Manager

reminded Commissioners that the JIF does not provide coverage in the 100 year flood zone. Underwriting Manager will revisit for the 2014 renewal.

In response to Chairman Johnson, Underwriting Manager said the Fund's limits were reduced when the Fund renewed in March - from \$50,000,000 to \$20,000,000. Executive Director said the Risk Management Plan extended last years terms for two months to allow additional marketing. At the February meeting, the Board accepted C.N.A's offer for renewal since it was still the most competitive.

Executive Director said the Coverage Committee also discussed property appraisals. At its October meeting, the Finance Committee had recommended the Fund consider ~~contracted~~ contracting a vendor to begin to conduct property appraisals. However, Executive Director said the funding that would have been available was used to offset the property premium increase.

Executive Director said additional information collected by a property appraiser might increase the carriers that will quote on the account. In addition, members may be overstating property values. In response to suggestions that any member can contract for this service on their own, Executive Director said the expanding the data we can provide to the commercial market will benefit all members. The Fund could consider transferring administrative surplus from Fund year 2012 to begin the first phase of a property appraisal.

In response to Chairman Johnson, Executive Director said there are over 2000 locations scheduled but the Fund would only ask for appraisals on locations with a scheduled value greater than \$150,000.

Commissioner Bigler said his authority had an appraisal performed a few years ago and the values were reduced on most locations.

Executive Director said most of the municipal Joint Insurance Funds have already undertaken this process but noted it was difficult to estimate the cost to NJUA JIF members based on the municipal pricing – since the sewer and water utility structures are more “specialized”. Executive Committee agreed to authorize the release of an RFQ and consider based on submitted responses.

Commissioners suggested included an option for “asset management” and allow individual members to decide to include this procedure at their expense.

**MOTION TO AUTHORIZE AN RFQ FOR PROPERTY APPRAISALS  
FOR NEW JERSEY UTILTIY AUTHORITIES JOINT INSURANCE  
FUND WITH THE OPTION FOR ENTITIES TO BUY IN TO ASSET  
MANAGEMENT**

Moved:	Commissioner Gianforte
Second:	Commissioner Dunn
Vote:	Unanimous

**2013 RISK MANAGEMENT PLAN** – Executive Director distributed revised Risk Management Plan reflecting the change in property flood sub-limits, as accepted at the February meeting. The changes are highlighted on page 7 & 8 of the agenda.

Underwriting Manager said the changes are primarily the flood limits and power generation equipment.

Commissioner Cevetello said he would like to compliment and thank the Underwriting Manager Jon Ziman, who puts a lot of effort into doing what is in the best interest of the Fund and spends a lot of time negotiating rates and does not get anything additional for that.

**MOTION TO APPROVE REVISIONS TO THE 2013 RISK MANAGEMENT PLAN**

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

**LATE PAYMENTS** – At the March meeting, Committee discussed the potential cost of the late fee penalty based on the Fund’s current policy and discussed considering an alternative rate or flat fee. Noting the penalty should be fair and represent more than a loss in the Fund’s investment return; Treasurer has suggested establishing the prime rate as of each November 1 as the penalty for the following year. For the remainder of this year we could use the current prime rate of 3.25%.

Executive Director distributed a memorandum that illustrated the impact of proposed penalty structure as compared to existing. Executive Committee accepted recommendation to adopt revised penalty.

**MOTION TO REVISE LATE PAYMENT PENALTY TO BASED ON PRIME RATE AS ESTABLISHED EACH NOVEMBER:**

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

**ENVIRONMENTAL JIF** – Executive Director said distributed copies of two memorandums concerning the EJIF’s Environmental Engineer Consultant. At its April meeting, the E-JIF invoked its 90 day termination clause and released Requests for Qualifications – returnable for the June EJIF meeting. When Birdsall Services Group temporarily furloughed its employees, the EJIF’s back up plan, referenced in the first memorandum, was implemented. Birdsall temporarily furloughed its employees, the E-JIF implemented its back-up plan.

**ELECTED OFFICIALS SEMINARS** – To supplement live presentations of this year’s Elected Officials seminar, the MEL placed an on-line version on NJMEL.ORG. To date, 45 NJUA

officials have used this option. The deadline is May 31<sup>st</sup>. Instructions to access the training program are posted on the webpage – njmel.org. Executive Director said the 2<sup>nd</sup> Installment bills did reflect the credit for anyone that took the course through March 29<sup>th</sup>.

**FINANCIAL DISCLOSURE FORM** – Enclosed is information on the new Financial Disclosure Filing procedure. The link to the webpage is <http://www.nj.gov/dca/division/dlgs/resources/fds.html>. We are beginning the process of issuing an email to all Fund Commissioners with the link to the on-line filing and will provide the NJUA JIF Local Government Officers (LGO) email address. Note – you must complete a separate form for each entity or agency where you serve. Deadline has been pushed back to May 30<sup>th</sup>. Executive Director said Fund Commissioners were sent an email yesterday with instructions to complete a filing for the NJUA JIF as a local government agency. Once Fund Commissioners complete & submit the form, they must print the receipt, sign it and deliver to the Fund office.

**TREASURER:**

**RESOLUTION 16-13 VOUCHER PAYMENTS (BILL LIST)**

2010	\$ 3,379.69
2011	\$ 727.47
2012	\$ 1,078.07
2013	\$ 310,323.64

**RESOLUTION 17-13 VOUCHER PAYMENTS (BILL LIST)**

CLOSED	\$ 27,967.72
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**CONFIRMATION OF CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF MARCH 2013:**

CLOSED	\$ .00
2009:	\$ 6,772.98
2010:	\$ 20,041.57
2011:	\$ 23,945.68
2012:	\$240,217.55
2013:	\$ 28,856.95
Total:	\$319,834.73

**MOTION TO APPROVE APRIL BILLS LISTS, CONFIRM CLAIMS' PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS DURING MONTH OF MARCH 2013 CLAIMS AND ACCEPT TREASURER'S REPORT:**

Moved:	Commissioner Cevetello
Second:	Commissioner Gianforte
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 QualCare.

Report Made Part of the Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** Monthly report submitted and reviewed by JA Montgomery Risk Control. Joanne Hall reported last month the Safety Delegate meeting was held at Toms River Fire Academy with CNA on infrared testing. The Safety Committee's next meeting is scheduled for May we have moved our next meeting from May 16<sup>th</sup> to May 23<sup>rd</sup>. It will be hosted by Passaic Valley Water Commission and the topic will be technology tools for safety coordinators. Instructions for online learning are included the agenda packet.

Report Made Part of Minutes.

**CLAIMS:**

**MONTHLY REPORT:** Claims Manager report was for closed session.

**OLD BUSINESS:**

NONE

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

NONE

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

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**MOTION TO CLOSE MEETING:**

Moved: Commissioner Gianforte  
Second: Commissioner Dunn  
Vote: Unanimous

**MOTION TO RE-OPEN MEETING:**

Moved: Commissioner Fetherman  
Second: Commissioner Bigler  
Vote: Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUESTS AS SUBMITTED:**

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

**MOTION TO ADJOURN**

Moved: Commissioner Gianforte  
Second: Commissioner Cevetello  
Vote: Unanimous

**MEETING ADJOURNED: 11:13am**  
**NEXT REGULAR MEETING: May 22, 2013**

Karen A. Read, Assisting Secretary  
For

Brian Bigler, SECRETARY  
**Date Prepared: - May 14, 2013**