

**SUBURBAN MUNICIPAL JOINT INSURANCE FUND  
OPEN MINUTES  
JUNE 14, 2018  
SCOTCH PLAINS, NJ  
8:00 AM**

Meeting of Fund Commissioners called to order by Chairwoman Judy Sullivan. Open Public Meetings notice read into record.

**PLEDGE OF ALLEGIANCE** – Chairwoman Sullivan led Commissioners in the Pledge of Allegiance.  
**OATH** - Fund Attorney administered the Oath to Bernards Fund Commissioner Sean McCarthy.

**ROLL CALL OF 2018 FUND COMMISSIONERS:**

Judy Sullivan, Chairwoman	Township of Bedminster	Present
Megan Champney, Secretary	City of Summit	Present
Alexander Mirabella	Township of Scotch Plains	Present
Tom Atkins	Borough of Watchung	Present
Sean McCarthy	Township of Bernards	Present
Lorene K. Wright	Township of Harding	Present
James Gildea	Town of Westfield	Present

**EXECUTIVE COMMITTEE ALTERNATES:**

Joseph Carty	Borough of Far Hills	Absent
James Debbie	Borough of Mountainside	Absent
Michael Sullivan	Borough of Bernardsville	Absent

**ALTERNATE FUND COMMISSIONERS:**

Sheila Tweedie	Borough of Far Hills	Present
Pat Monaco	Township of Bernards	Absent
Sandra Jones	Borough of Bernardsville	Absent

**APPOINTED OFFICIALS PRESENT:**

Executive Director/Admin	PERMA Risk Management Services <b>Cathleen Kiernan, Nancy A. Ghani</b>
Attorney	DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer <b>Tim Beck, Esq.</b>
Claims Service	Qual-Lynx <b>Claudia Acosta</b>
Safety Director	J.A. Montgomery <b>Brian Maitland, Matt Gemma</b>
JIF Underwriting Manager	Gallagher Bollinger, Inc. <b>Jack Dibble, Jim Gilmore</b>
Managed Care Provider	FMCO <b>Mary Bresadola</b>
Auditor	Suplee, Clooney & Company <b>Robert Butvilla</b>

**ALSO PRESENT:**

Juanita Perez, Brown & Brown  
Hallee Cramer, Meeker Sharkey & Hurley Agency  
Craig Sutherland, Meeker Sharkey & Hurley Agency  
Amy Pieroni, Acrisure

**MINUTES:** Open and Closed Minutes of May 10, 2018. Commissioner Atkins said he voted in the affirmative regarding the discussion to extend coverage to Middle Brook Regional Health Commission as an Additional Insured under Watchung’s program.

**MOTION TO APPROVE OPEN & CLOSED MINUTES FOR MAY 10, 2018 AS AMENDED:**

Moved: Commissioner Gildea  
Second: Commissioner Mirabella  
Vote: Unanimous

**CORRESPONDENCE:**

NONE

**AUDITOR**

**AUDIT REPORT AND ACTUARY VALUATION REPORT AS OF DECEMBER 31, 2017 –**

Included with the agenda packet was the Audit Report and Actuary’s Valuation Report as of December 31, 2017, as well as, the Group Affidavit to be signed indicating that each member of the Board has read the General Comments Section of the Audit Report.

Fund Auditor, Mr. Robert Butvilla from Suplee, Clooney and Company, provided an overview of the Audit Report as of December 31, 2017. Fund Auditor said the financial records are well maintained by PERMA and Fund Treasurer. Fund Auditor concluded the review by stating the unmodified audit report did not contain any findings or comments. Executive Director said the Actuary’s Valuation Reserve report as of December 31, 2017 reflects the Incurred But Not Reserved figures, which are provided to the Fund Auditor for the audit. Executive Director said both reports will be filed with the State, as well as the Actuary’s certification that the reserves are accurately reflected in the audited financial statements.

**MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION NO. 10-18 AND EXECUTE GROUP AFFIDAVIT INDICATING THAT THE FUND COMMISSIONERS HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT:**

Moved: Commissioner Mirabella  
Second: Commissioner Gildea  
Roll Call Vote: 8 Ayes-0 Nays

**EXECUTIVE DIRECTOR:**

**REPORT:** Monthly report submitted to Fund Commissioners including monthly Fast-track Accident Frequency, Fast-track Financial report, Fixed Income Portfolio Summary, Claim Activity Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage and the Monthly and Annual Regulatory Checklist.

Executive Director reviewed the tracking reports as of April 30, 2018; the Financial Fast Track reflected a statutory surplus of \$3.1 million, the Expected Loss Ratio report showed all fund years except 2018 at or below actuarial loss funding projections and the fund’s Lost Time Accident Frequency (LTAF) was 1.07 while the overall MEL/JIF rate is 1.61.

Executive Director said the Employment Practices Compliance Report reflects members' current EPL/POL deductibles; members will have until October 1<sup>st</sup> to complete compliance requirements, which includes updating Personnel Manuals, Training Managers & Supervisors, Police Command Staff and offering training to non-supervisory personnel.

**RCF REPORT:** The RCF met on June 7, 2018 at the Forsgate Country Club; enclosed in the agenda was Commissioner Gildea's report.

Executive Director reported the RCF Board voted to accept a recommendation to transfer open liabilities from local JIFs at 60 months instead of 54 months, which will allow claims to develop longer and provide greater certainty on reserves. The RCF will take formal action confirming this transfer at their next meeting; local JIFs will be asked to pass a resolution transferring their Fund Year 2014 liabilities at their September/October meetings.

Commissioner Gildea said he also sits on the RCF Claims Review Committee, which reviews open claims whose liabilities have been transferred to closed years. Commissioner Gildea noted this fund does a great job managing claims within its primary level and does not have many claims reviewed at the RCF level. Commissioner Atkins inquired if the Fund professionals were in agreement with extending the transfer; in response Executive Director confirmed they were and said the MEL Actuary provided a supporting exhibit evaluating the impact on reserves with a transfer occurring at year-end.

**EJIF REPORT:** The EJIF met on June 7, 2018 at the Forsgate Country Club; enclosed in the agenda was Commissioner Gildea's report.

**MEL REPORT:** The MEL met on June 7, 2018 at the Forsgate Country Club; enclosed in the agenda was Commissioner Gildea's report.

Executive Director said the MEL issued a legislative alert informing members of three pending bills that would cause major impacts to municipal budgets:

- S-716 is the firefighter cancer presumption bill, which as currently written does not include controls adopted by other states designed to manage costs. The MEL Executive Director testified before the Senate Budget and Appropriations Committee with proposed amendments.
- S-477 would extend the statute of limitations from 2 years to 7 years for suits against public bodies and remove the statute of limitations entirely on actual perpetrators. Executive Director said the MEL supports both of these initiatives; however, opposes the legislation language where officials and volunteers can be sued personally by someone claiming the public body failed to exercise oversight of an employee or volunteer who allegedly committed the sexual abuse.
- S-1766 would change the compensation awarded as part of wrongful death liability claims to include emotional distress; current law allows for collection of actual losses, such as, medical bills, lost income and loss of companionship.

Executive Director said the Investment bill legislation was last reported in April to be on the Governor's desk for signature, which was conditionally vetoed with recommended revisions. Executive Director said the bill was adopted by both houses on June 7th. The bill will expand 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.

Commissioner Atkins asked about the MEL surplus of \$22 million as of December 31, 2017 and how it compares to commercial insurance standards. In response Executive Director said the MEL is not required to hold a surplus as commercial carriers are, but it does fall within an acceptable range if the MEL were considered a captive.

Executive Director said in the next day or so the MEL will be issuing a memorandum on the special Land Use liability policy it created to protect Planning/Zoning Board members from many personal exposures that are currently excluded in commercial policies.

Executive Director said the optional policy covers \$50,000 (defense only subject to policy terms) for each planning/zoning board members subject to participation in MEL training to prevent land use liability claims. Executive Director said the training will be conducted by the local land use or municipal attorney to encourage active dialogue and regional trainings will be scheduled at a later date. Commissioner Gildea noted the MEL training does not replace any regulatory training required by Planning or Zoning Board Members by the State of New Jersey; Executive Director confirmed this and said the MEL training is focused on the liability regarding decisions made by planning/zoning boards. Executive Director noted this will be a claims made policy and is being offered as an optional coverage subject to training.

**PROFESSIONAL AGREEMENT:** Executive Director said in revising the Fund's standard contract, PERMA inadvertently removed one paragraph unique to the Executive Director's contract. The paragraph to reinsert in the contract was highlighted in the agenda packed for information.

**MOTION TO AMEND THE PROFESSIONAL SERVICE AGREEMENT AS RECOMMENDED:**

Moved:	Commissioner Atkins
Second:	Commissioner Gildea
Roll Call Vote:	8 Ayes-0 Nays

**JIF COMMITTEE:** Executive Director said Bruce McArthur served as Chair of the Membership Committee and served on the Contracts Review Committee. Given his retirement, it would be appropriate to consider making appointments to those Committee; Commissioner Atkins volunteered to chair the Membership Committee.

Executive Director said last year the MEL contracted with two firms to serve as Marketing Manager and Marketing Coordinator to assist with rebranding the MEL, as well as, retain membership through renewal periods. Executive Director said a meeting would be scheduled with the Membership Committee and the marketing firms to identify municipalities that may be a good fit within this fund.

**SAFETY EXPO:** The MEL is working with the New Jersey Utility Authorities Joint Insurance Fund (NJUA) to conduct its Annual Safety Expo which includes MEL member town's water & sewer employees. The Safety Expos will be held on June 29<sup>th</sup> at the Middlesex County Fire Academy and September 28<sup>th</sup> at the Camden County Emergency Services Training Center. Registration is through the MEL Safety Institute. A notice was emailed to all members and a copy was enclosed in the agenda.

**LEAGUE MAGAZINE:** Enclosed in the agenda was the latest in the series of "Power of Collaboration" ads to appear in the League of Municipalities magazine.

**2018 COVERAGE DOCUMENTS:** The fund office will begin distributing the 2018 coverage documents to all Fund Commissioners and Risk Managers via email during June.

**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). Deadline to complete program compliance is October 1, 2018.

Executive Director said the Fund Attorney's office will be scheduling the Managers & Supervisory Training Seminars and members were emailed a schedule of Police Command Staff Training sessions. In addition, the video "*We must respect each other in local government*" was added to the MEL Safety Institute to meet training for "non-supervisory" employees.

**RISK MANAGEMENT INFORMATION/OPERATING SYSTEM (RMIS):** Origami hosted three introductory training webinars on May 8<sup>th</sup>, May 10<sup>th</sup> and June 6<sup>th</sup>. Executive Director said members and Risk Managers will receive an email with a link to renewal worksheets to begin the 2019 underwriting renewal during the month of July.

**2018 RISK MANAGEMENT CONSULTANT AGREEMENTS:** Enclosed in the agenda was a listing by member town of the risk management consultant agreements received. Since all agreements have been received, we will prepare the necessary filing with the Departments of Insurance and Community Affairs.

Executive Director's Report Made Part of Minutes.

**TREASURER:**

**VOUCHER LISTS:**

**JUNE 2018 PAYMENTS RESOLUTION 11-18**

Fund Year 2017:	\$212.95
Fund Year 2018:	\$78,402.05
<b>Total:</b>	<b>\$78,615.00</b>

**CONFIRMATION OF CLAIMS PAYMENTS/CERTIFICATION OF CLAIMS' TRANSFERS FOR MONTHS OF APRIL 2018:**

Fund Year 2018	31,329.90
Fund Year 2017	33,350.78
Fund Year 2016	3,062.50
Fund Year 2015	3,245.02
Fund Year 2014	(1,438.25)
Closed	(946.00)
<b>TOTAL</b>	<b>\$68,603.95</b>

**MOTION TO APPROVE PAYMENTS AND TO ADOPT RESOLUTION 11-18 APPROVING JUNE BILLS LIST AND APPROVE CONFIRMATION & CERTIFICATION OF APRIL 2018 CLAIM TRANSFERS AS SUBMITTED:**

Moved: Commissioner Atkins  
Second: Commissioner Gildea  
Roll Call Vote: 8 Ayes-0 Nays  
Voucher List and Treasurer's Report Made Part of Minutes.

**ATTORNEY:**

**REPORT:** Included in the agenda were reports of appellate decisions impacting municipalities.  
Monthly Reports Made Part of Minutes.

**JIF UNDERWRITING MANAGER:**

**REPORT:** Included in the agenda was a report of certificates issued for May 2018.  
Monthly Reports Made Part of Minutes.

**MEL UNDERWRITING MANAGER:**

**REPORT:** Included as part of the report was a List of Certificates issued for the period of 4/22/18 to 5/22/18.

Monthly Reports Made Part of Minutes.

**MANAGED CARE:**

**MONTHLY REPORT:** Included in the agenda were the May 2018 reports submitted by FMCO. As of May 2018, Managed Care Provider said the total provider billed to date amount was \$568,594 and was re-priced to \$260,360 for a total savings of 54% and a PPO penetration of 85%.

Monthly Activity Report Made Part of Minutes.

**SAFETY DIRECTOR:**

**MONTHLY REPORT:** Included in the agenda was the May 2018 reports noting the activities/trainings, MSI classes and Safety Director bulletins distributed during that time.

Commissioner Atkins thanked Brian Maitland and Matt Gemma for their recent consultation regarding a PEOSH inspection at Watchung.

Monthly Report Made Part of the Minutes.

**CLAIMS:**

**REPORT:** Claims Administrator said they have Payment Authority Requests to present during Closed Session.

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

Moved:	Commissioner Mirabella
Second:	Commissioner Atkins
Roll Call Vote:	Unanimous

**PAYMENT AUTHORIZATION REQUESTS:** Executive Committee reviewed payment authorization requests presented by Claims Service in Executive Session.

**MOTION TO RETURN TO OPEN SESSION:**

Moved:	Commissioner Atkins
Second:	Commissioner Mirabella
Roll Call Vote:	Unanimous

**MOTION TO APPROVE PAYMENT AUTHORIZATION REQUEST  
PRESENTED IN EXECUTIVE SESSION BY QUAL-LYNX:**

Moved:	Commissioner Mirabella
Second:	Commissioner Atkins
Roll Call Vote:	8 Ayes - 0 Nays

**OLD BUSINESS:**

NONE

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

NONE

**MOTION TO ADJOURN:**

Moved: Commissioner Atkins  
Second: Commissioner Mirabella  
Vote: Unanimous

**MEETING ADJOURNED: 8:52 am**

**NEXT MEETING: JULY 12, 2018**

**SCOTCH PLAINS - 8:00 AM**

Nancy A. Ghani, Account Manager  
for  
MEGAN CHAMPNEY, SECRETARY

**Resolution of Certification  
Annual Audit Report for Period Ending December 31, 2017**

**WHEREAS**, N.J.S.A. 40A:5-4 requires the governing body of every local unit to have made an annual audit of its books, accounts and financial transactions, and

**WHEREAS**, the Annual Report of Audit for the year 2017 has been filed by the appointed Fund Auditor with the Secretary of the Fund as per the requirements of N.J.S.A. 40A:5-6 and N.J.S.A. 40A:10-36, and a copy has been received by each member of the BOARD OF FUND COMMISSIONERS, and

**WHEREAS**, the Local Finance Board of the State of New Jersey is authorized to prescribe reports pertaining to the local fiscal affairs, as per R.S. 52:27BB-34, and

**WHEREAS**, the Local Finance Board has promulgated a regulation requiring that the BOARD OF FUND COMMISSIONERS of the Fund shall, by resolution, certify to the Local Finance Board of the State of New Jersey that all members of the BOARD OF FUND COMMISSIONERS have reviewed, as a minimum, the sections of the annual audit entitled:

General Comments  
and  
Recommendations

and

**WHEREAS**, the members of the BOARD OF FUND COMMISSIONERS have personally reviewed, as a minimum, the Annual Report of Audit, and specifically the sections of the Annual Audit entitled:

General Comments  
and  
Recommendations

as evidenced by the group affidavit form of the BOARD OF FUND COMMISSIONERS.

**WHEREAS**, such resolution of certification shall be adopted by the BOARD OF FUND COMMISSIONERS no later than forty-five days after the receipt of the annual audit, as per the regulations of the Local Finance Board, and

**WHEREAS**, all members of the BOARD OF FUND COMMISSIONERS have received and have familiarized themselves with, at least, the minimum requirements of the Local Finance Board of the State of New Jersey, as stated aforesaid and have subscribed to the affidavit, as provided by the Local Finance Board, and



**WHEREAS**, failure to comply with the promulgations of the Local Finance Board of the State of New Jersey may subject the members of the **BOARD OF FUND COMMISSIONERS** to the penalty provisions of R.S. 52:27BB-52 - to wit:

R.S. 52:27BB-52 - "A local officer or member of a local governing body who, after a date fixed for compliance, fails or refuses to obey an order of the director (Director of Local Government Services), under the provisions of this Article, shall be guilty of a misdemeanor and, upon conviction, may be fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than one year, or both, in addition shall forfeit his office."

**NOW, THEREFORE, BE IT RESOLVED**, that the **BOARD OF FUND COMMISSIONERS** of the Suburban Municipal Joint Insurance Fund, hereby states that it has complied with the promulgation of the Local Finance Board of the State of New Jersey, dated July 30, 1968, and does hereby submit a certified copy of this resolution and the required affidavit to said Board to show evidence of said compliance.

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE  
RESOLUTION PASSED AT THE MEETING HELD ON JUNE 14, 2018.

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Megan Champney, Fund Secretary

# SUBURBAN MUNICIPAL JOINT INSURANCE FUND BILLS LIST

Resolution No. 11-18

JUNE 2018

**WHEREAS**, the Treasurer has certified that funding is available to pay the following bills:

**BE IT RESOLVED** that the Suburban Joint Insurance Fund's Executive Board, hereby authorizes the Fund treasurer to issue warrants in payment of the following claims; and

**FURTHER**, that this authorization shall be made a permanent part of the records of the Fund.

**Fund Year 2017**

<b>001378</b>			
001378	J.A. MONTGOMERY RISK CONTROL	CERTIFICATE PAPER 2018 AWARDS BREAKFAST	3.05
001378	J.A. MONTGOMERY RISK CONTROL	SLIDE IN PLAQUES 2018 AWARDS BREAKFAST	209.90
			<b>212.95</b>
<b>Total Payments FY</b>		<b>212.95</b>	

**Fund Year 2018**

<b>001379</b>			
001379	FIRST MANAGED CARE OPTION	MANAGED CARE SERVICES 0618	6,590.58
			<b>6,590.58</b>
<b>001380</b>			
001380	QUAL-LYNX	CLAIMS ADJUSTING SERVICES 0618	17,036.55
001380	QUAL-LYNX	PERFORMANCE BONDS 0618	172.00
			<b>17,208.55</b>
<b>001381</b>			
001381	J.A. MONTGOMERY RISK CONTROL	SAFETY DIRECTOR LOSS CONTROL 0618	5,317.00
			<b>5,317.00</b>
<b>001382</b>			
001382	PERMA RISK MANAGEMENT SERVICES	POSTAGE 0518	30.92
001382	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEES 0618	14,720.44
			<b>14,751.36</b>
<b>001383</b>			
001383	THE ACTUARIAL ADVANTAGE	ACTUARIAL SERVICES 0618	2,629.00
			<b>2,629.00</b>
<b>001384</b>			
001384	RALPH A MARESCA, JR	TREASURER 0618	1,534.45
			<b>1,534.45</b>
<b>001385</b>			
001385	ARTHUR J. GALLAGHER	UNDERWRITING FEE 0618	6,269.91
			<b>6,269.91</b>
<b>001386</b>			
001386	NEWTECH SERVICES INC.	WEBSITE MAINTENANCE/HOSTING 0618	75.00
001386	NEWTECH SERVICES INC.	WEBSITE MAINTENANCE/HOSTING 0518	75.00
			<b>150.00</b>
<b>001387</b>			
001387	ALLSTATE INFORMATION MANAGEMNT	ARCHIVE 04/1/2018 - 04/30/2018	27.48
			<b>27.48</b>
<b>001388</b>			
001388	DiFRANCESCO,BATEMAN,COLEY,YOSP	ATTORNEY 0618	2,649.55
			<b>2,649.55</b>
<b>001389</b>			
001389	RUSSO & ASSOCIATES LLC	INTERNAL AUDITOR 0618	5,767.76
			<b>5,767.76</b>

001390

001390

ACRISURE LLC

Q2 RMC FEE CITY OF SUMMIT 0618

15,506.41

15,506.41

Total Payments FY

78,402.05

**GRAND  
TOTAL**

**78,615.00**

\_\_\_\_\_  
Chairperson

Attest:\_\_\_\_\_

Dated:\_\_\_\_\_

I hereby certify the availability of sufficient unencumbered funds in the proper accounts to fully pay the above claims.

\_\_\_\_\_  
Treasurer