



Steven Sacco, Perma  
Brad Stokes, Perma  
Jason Thorpe, Perma  
Nancy Ghani, Perma

**APPROVAL OF MINUTES:** March 2, 2016 Open Session

**MOTION TO APPROVE MARCH 2, 2016 MINUTES:**

Moved: Commissioner Cottman  
Second: Commissioner Wolk  
Roll Call: Unanimous

**COORESPONDANCE:**

NONE

**TREASURER:**

**CONFIRMING APRIL 2016 VOUCHER PAYMENTS (BILLS LIST):**

<b>2009</b>	36.80
<b>2012</b>	423.25
<b>2013</b>	404.86
<b>2014</b>	1016.48
<b>2016</b>	45479.98
<b>TOTAL</b>	<b>\$47,361.37</b>

**CONFIRMING MAY 2016 VOUCHER PAYMENTS (BILLS LIST):**

<b>2012</b>	2300.26
<b>2013</b>	552.07
<b>2014</b>	1504.65
<b>2016</b>	31101.27
<b>TOTAL</b>	<b>\$35,458.25</b>

**RESOLUTION 8-16, CONFIRMING JUNE 2016 VOUCHER PAYMENTS (BILLS LIST):**

<b>2015</b>	2261826.46
<b>2016</b>	31082.05
<b>TOTAL</b>	<b>\$2,292,908.51</b>

**MOTION TO CONFIRM APRIL 2016 AND MAY 2016 PAYMENTS AND TO ADOPT RESOLUTION 8-16 APPROVING VOUCHER LIST FOR JUNE 2016, AS SUBMITTED**

Moved: Commissioner Shives  
Second: Commissioner Law  
Roll Call Vote: 15 Ayes – 0 Nays

**EXECUTIVE DIRECTOR:**

**AUDITOR AND ACTUARY YEAR-END REPORTS:** Enclosed separately from the agenda booklet was the Audit Report as of December 31, 2015, as well as, the Actuarial Analysis and Loss Adjustment Expense Reserves Report as of December 31, 2015. Also enclosed in the agenda was Resolution 9-16 and the Group Affidavit to be executed.

Fund Auditor referred to the Comparative Statement of Revenues, Expenses and Changes in Net Position (Exhibit B) of the audit and noted that 2014 has been restated to reflect a change in accounting methodology of discounting reserves at 1.79% as permissible by Governmental Auditing Standards. Fund Auditor said this resulted in a restatement of the 2014 net position to \$4.2 million. Fund Auditor said using the same methodology the net position of 2015 is \$2.8 million.

Fund Auditor said corrective action was taken by management after the 12/31/14 audit finding and recommendation that a Residual Legacy Account be formed.

Fund Auditor said there are two audit findings:

1) The Residual Legacy Account (Fund Years 1995-2004) and specific fund years for workers' compensation, liability, property, and faithful performance bond experienced a deficit caused by paid claims and loss reserves in excess of the projected amounts used to establish the budget. Fund Auditor said this is an annual finding since the lines of coverage that experience deficits vary as reserves are liquidated. Fund Auditor noted that the RCF has not assessed members for these deficits and the corrective action from management is to instead monitor fund position and reserve changes quarterly.

Executive Director reported that the confidence level of claims transfers will be increased from 60% to 70% in an effort to reduce the potential for deficits in future closed years that will be transferred to the RCF. Executive Director also said the change in the cash management plan to allow for anticipated higher yields will help offset the discounting of reserves. Lastly, Executive Director reported the MEL is expected to change the audit universe schedule so the Claims Audit is completed next to help identify claim reserving adequacy and trends.

2) There exists a deficit in fund year 2015 Loss Contingency Fund of \$366 that should be eliminated. Fund Auditor said the corrective action plan is to make a transfer from the General and Administrative Fund to the Loss Contingency Fund to cover the deficit.

Fund Actuary reviewed the Actuarial Analysis and Loss Adjustment Reserves as of December 31, 2015 and reported the total reserves stand at \$82 million with \$11 million in Incurred But Not Reserved (IBNR). No action was necessary as this report was provided for information.

**MOTION TO APPROVE YEAR-END FINANCIALS, ADOPT RESOLUTION 9-16 AND EXECUTE GROUP AFFIDAVIT INDICATING THAT MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT:**

Moved:	Commissioner Catenaro
Second:	Commissioner Cook
Roll Call Vote:	15 Ayes – 0 Nays

**TRANSFER OF FUNDS:** Executive Director said the audit report as of 12/31/15 noted a comment that a small deficit of \$366 exists in Fund Year 2015 Loss Contingency Fund and should be eliminated. Executive Director said management's response is to approve a transfer from the General and Administrative Fund to cover the deficit. Enclosed in the agenda was Resolution 9-16 approving and authorizing the transfer.

**MOTION TO ADOPT RESOLUTION 10-16 APPROVING AND AUTHORIZING THE TRANSFER OF FUNDS TO ELIMINATE DEFICITS AS NOTED IN THE AUDIT REPORT AS OF 12/31/15:**

Moved:	Commissioner Nolan
Second:	Commissioner Wolk
Roll Call Vote:	15 Ayes – 0 Nays

**CLAIM TRANSFERS:** Executive Director said all members of the RCF Fund will be asked to adopt resolutions at their June/July meetings to transfer their 2012 claim liabilities to the RCF. Assessments to local JIFs will be determined by the valuation as of June 30, 2016.

**MOTION TO AUTHORIZE THE LOCAL JIF MEMBERS TO TRANSFER THEIR FUND YEAR 2012 CLAIM LIABILITIES TO THE RCF:**

Moved:	Commissioner Nolan
Second:	Commissioner Catenaro
Roll Call Vote:	15 Ayes – 0 Nays

**INFORMATIONAL**

**RCF CASH MANAGEMENT PLAN:** As previously reported, the MEL and RCF jointly explored options to develop a new investment plan for consideration by DCA and DOBI that would allow for higher rates of return. In April the fund revised its cash management plan and filed the change with the State on 3/22/16; a formal response has not been received as of yet. Executive Director reported that no response was received from DCA or DOBI since the filing was made and as per the regulations the amendment to the cash management stands.

**2016 FINANCIAL DISCLOSURE FORMS:** Executive Director said all Commissioners & Fund Professionals completed their filings by the April 30<sup>th</sup> deadline.

**CLAIMS COMMITTEE:** The Claims Review Committee met in March, May and the morning of the Commissioner's meeting. The next Claims Review Committee meetings are scheduled for July 6, 2016 at 9:00AM in Marlton via video-conference and September 7, 2016 at 9:00AM at the Forsgate Country Club.

**NEXT MEETING:** The next meeting of the RCF is scheduled for **Wednesday September 7, 2016** at 10:30AM the Forsgate CC, Jamesburg, NJ.

**ATTORNEY:**

**REPORT:** Fund Attorney said he worked with both Investors Bank and Wilmington Trust on their respective agreements to negotiate certain changes in contractual language. After several discussions, Wilmington Trust agreed to the recommended changes. Fund Attorney said action by the board is not required at this time and this is being presented for information only.

**ASSET MANAGER:**

**REPORT:** Representatives from Wilmington Trust were not able to attend the meeting. Chairman Matchett said the MEL Management Committee met yesterday and discussed investment strategies with Wilmington Trust to increase yields of the current portfolio. Executive Director said Fernando Garip of Wilmington Trust said the estimated changes to the cash management plan could increase the yield to 1.25% of the current portfolio. Fund Treasurer said the banking and investment program was put together with the advantage of having a DDA base investment return of 65 basis points. Fund Treasurer said the Funds did not have this in place previously; however, an increase to portfolio is anticipated depending on the financial market.

**OLD BUSINESS:**

NONE

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

June 1, 2016

NONE

**MOTION TO ADJOURN:**

Moved:	Commissioner Cottman
Second:	Commissioner Wolk
Vote:	Unanimous

**MEETING ADJOURNED: 10:42 am**

Nancy A. Ghani, Assisting Secretary

for

William Close, SECRETARY

# MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND BILLS LIST

**Resolution No. 8-16**

**JUNE 2016**

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

**BE IT RESOLVED** that the Municipal Excess Liability Residual Claim 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 2015**

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
<b>000536</b>			
000536	BURLINGTON COUNTY JIF	CLAIMS PAID BY JIFS - 2015	2,686.27 <b>2,686.27</b>
<b>000537</b>			
000537	NJ PUBLIC HOUSING AUTH JIF	CLAIMS PAID BY JIFS - 2015	15,322.12 <b>15,322.12</b>
<b>000538</b>			
000538	ATLANTIC COUNTY MUNICIPAL JIF	CLAIMS PAID BY JIFS - 2015	207,411.66 <b>207,411.66</b>
<b>000539</b>			
000539	BERGEN COUNTY MUNICIPAL JIF	CLAIMS PAID BY JIFS - 2015	39,235.43 <b>39,235.43</b>
<b>000540</b>			
000540	CAMDEN COUNTY MUNICIPAL JIF	CLAIMS PAID BY JIFS - 2015	112,096.38 <b>112,096.38</b>
<b>000541</b>			
000541	CENTRAL JERSEY JIF	CLAIMS PAID BY JIFS - 2015	115,045.11 <b>115,045.11</b>
<b>000542</b>			
000542	MUNICIPAL EXCESS LIAIBILITY JIF	CLAIMS PAID BY JIFS - 2015	1,542,376.37 <b>1,542,376.37</b>
<b>000543</b>			
000543	MONMOUTH COUNTY MUNICIPAL JIF	CLAIMS PAID BY JIFS - 2015	38,240.20 <b>38,240.20</b>
<b>000544</b>			
000544	MORRIS COUNTY MUNICIPAL JIF	CLAIMS PAID BY JIFS - 2015	15,493.88 <b>15,493.88</b>
<b>000545</b>			
000545	OCEAN COUNTY MUNICIPAL JIF	CLAIMS PAID BY JIFS - 2015	31,769.06 <b>31,769.06</b>
<b>000546</b>			
000546	PROFESSIONAL MUN MNGMNT JIF	CLAIMS PAID BY JIFS - 2015	6,429.01 <b>6,429.01</b>
<b>000547</b>			
000547	SOUTH BERGEN JIF	CLAIMS PAID BY JIFS - 2015	64,440.84 <b>64,440.84</b>
<b>000548</b>			
000548	SUBURBAN ESSEX JIF	CLAIMS PAID BY JIFS - 2015	24,043.40 <b>24,043.40</b>
<b>000549</b>			
000549	TRICO	CLAIMS PAID BY JIFS - 2015	25,829.73

<b>000550</b>			<b>25,829.73</b>
000550	FERRAIOLI, WIELKOTZ, CERULLO &	AUDITOR FEE 05/19/16 - FY 2015	21,407.00
			<b>21,407.00</b>

Total Payments FY 2015 2,261,826.46

**FUND YEAR 2016**

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
<b>000551</b>			
000551	PERMA	EXECUTIVE DIRECTOR FEE 06/2016	14,139.45
			<b>14,139.45</b>
<b>000552</b>			
000552	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES - 06/2016	3,248.42
			<b>3,248.42</b>
<b>000553</b>			
000553	CHARLES CUCCIA	TREASURER FEE 06/2016	3,080.25
			<b>3,080.25</b>
<b>000554</b>			
000554	MUNICIPAL EXCESS LIABILITY JIF	REIMBURSE MEL 1-3 MTG COST FROM 1/6/16	1,045.67
			<b>1,045.67</b>
<b>000555</b>			
000555	CB CLAIMS, LLC	CLAIMS ADMIN - 05/2016	4,742.67
			<b>4,742.67</b>
<b>000556</b>			
000556	ALLSTATE INFORMATION MANAGEMNT	ACCT: 809 - ACT & STOR - 04/30/2016	20.83
			<b>20.83</b>
<b>000557</b>			
000557	ARTHUR J. GALLAGHER RISK MSI	DEPUTY ADMIN/EXEC DIR - 06/2016	4,804.76
			<b>4,804.76</b>
		Total Payments FY 2016	31,082.05

**TOTAL PAYMENTS ALL FUND YEARS \$ 2,292,908.51**

\_\_\_\_\_  
Chairperson

Attest:

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

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

\_\_\_\_\_  
Treasurer

**Resolution No. 9-16**

**Resolution of Certification  
Annual Audit Report for Period Ending December 31, 2015**

**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 2015 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 Executive Committee, 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 Executive Committee of the Fund shall, by resolution, certify to the Local Finance Board of the State of New Jersey that all members of the Executive Committee have reviewed, as a minimum, the sections of the annual audit entitled:

General Comments  
and  
Recommendations

and

**WHEREAS**, the members of the Executive Committee 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 Executive Committee.

**WHEREAS**, such resolution of certification shall be adopted by the Executive Committee 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 Executive Committee 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 Executive Committee 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 Executive Committee of the Municipal Excess Liability Residual Claims 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 1, 2016.

---

Fund Secretary

**RESOLUTION NO. 10-16**

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND  
AUTHORIZING THE TRANSFER OF FUNDS  
TO COVER DEFICIT IN FUND YEAR 2015**

**WHEREAS**, the audit report as of December 31, 2015 noted a comment that a deficit exists in the fund year 2015 Loss Contingency Fund that should be eliminated and;

**WHEREAS**, the deficit in fund year 2015 is \$366 and;

**WHEREAS**, Management's response to the comment in the audit report as of December 31, 2015 is to transfer available surplus from the General and Administrative lines for fund years 2015 and eliminate the deficit.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Fund Commissioners that:

- 1.) \$366 to be transferred from the 2015 General and Administrative Fund to the 2015 Contingency Fund.

**MUNICIPAL EXCESS LIABILITY  
RESIDUAL CLAIMS FUND**

\_\_\_\_\_  
**Chairman**

\_\_\_\_\_  
**Secretary**

\_\_\_\_\_  
**Date**