

**MUNICIPAL EXCESS RESIDUAL CLAIMS LIABILITY FUND  
MINUTES  
JANUARY 3, 2018- REORGANIZATION  
FORSGATE COUNTRY CLUB, JAMESBURG, NJ  
10:30 AM**

Meeting of Executive Committee called to order by Chairman David Matchett.

**ROLL CALL OF 2017 EXECUTIVE COMMITTEE/FUND COMMISSIONERS:**

DAVID MATCHETT	Chairman	Burlco	Present
BRIAN BIGLER	Secretary	NJUA	Present
TOM NOLAN	Executive Committee	Monmouth	Present
MADELINE COOK	Executive Committee	PHA	Present
JOSEPH WOLK	Executive Committee	Camden	Present
PAUL SHIVES	Executive Committee	Ocean	Present
JOSEPH CATENARO	Executive Committee	Sub Essex	Present
JAMES GILDEA	Alt #1	Sub Muni	Present
RICHARD HIRSCH	Alt #2	Atlantic	Present
ROBERT LANDOLFI	Alt#3	Central	Present
ROBERT LAW	Alt#4	Trico	Present
GREGORY FRANZ	Alt #5	South Bergen	Present
PAUL TOMASKO	Alt #6	Bergen	Present
JON RHEINHARDT	Alt #7	Morris	Present
JOHN CLARKE	Alt #8	MEL	Present
TOM CZERNIECKI	Alt#9	PMM	Absent

Executive Director PERMA Risk Management Services  
**Joseph Hrubash, Cathleen Kiernan**

Deputy Executive Director Arthur J. Gallagher RMS, Inc.  
**Paul Miola, Paul Forlenza**

Attorney Dorsey & Semrau  
**Fred Semrau, Esq.**

Treasurer **Charles Cuccia**

Claims Supervisor CB Claims  
**Christopher Botta, Georganne Jussel**

Actuary The Actuarial Advantage  
**Dennis Henry, Eric Bause  
Michael Solomon**

**ALSO PRESENT:**

Kathleen Kissane, Qual-Lynx

Joe Liscianori, Qual-Lynx

Michael Avalone, Conner Strong & Buckelew

Alison Kelly, Danskin Insurance Agency

Charles Casagrande, Danskin Insurance Agency

John Casagrande, Danskin Insurance Agency

Dave Vozza, The Vozza Agency  
Pauline Kontomanolis, PERMA  
Nancy Ghani, PERMA  
Joeen Ciannella, PERMA

**APPROVAL OF MINUTES:** October 18, 2017 Open Session

**MOTION TO APPROVE OCTOBER 18, 2017 OPEN MINUTES:**

Moved:	Commissioner Rheinhardt
Second:	Commissioner Wolk
Vote:	Unanimous

**CORRESPONDENCE:**

NONE

**SINE DIE MEETING ADJOURNED AND EXECUTIVE DIRECTOR ASKED TO RUN MEETING**

Executive Director said the MEL Audit Committee made a recommendation from a Best Practices standpoint that the RCF Chair & Secretary positions be rotated in order to build a knowledge-base of the RCF and its critical operations. Although the RCF conducts its meetings as a Board of Commissioners, regulations require the election of an Executive Committee.

Recommendation included the formation of an RCF Nomination Committee; Chairman Matchett appointed Committee Chair Commissioner Richard Hirsch, Commissioner James Gildea and Commissioner Jon Rheinhardt to serve.

The proposed terms for both RCF Chair and Secretary as well as RCF Claims Chair would be for a 2-year term at which point the Secretary would then assume the Chair position. The RCF Chair would also serve as the RCF Claims Chair.

Included in the agenda was a proposed 2018 slate submitted by the Nomination Committee; a revised slate was distributed reflecting a change to the Central JIF Representative.

**ELECTION OF 2018 CHAIRMAN, SECRETARY, 5-MEMBER EXECUTIVE COMMITTEE AND 9 ALTERNATES.**

**THE 2018 PROPOSED SLATE WAS PRESENTED:**

<b>Officers</b>	<b>JIF</b>
<b>Chair</b> – Robert Law	Trico
<b>Secretary</b> – Gregory Franz	South Bergen
<b>5 Member Executive Committee</b>	
1. Paul Tomasko	Bergen
2. James Gildea	Suburban Municipal
3. John Clarke	MEL
4. Tom Nolan	Monmouth
5. Joseph Wolk	Camden
<b>Alternates</b>	
1. David Matchett	Burlco
2. Brian Bigler	NJUA
3. Joseph Catenaro	Suburban Essex
4. Richard Hirsch	Atlantic

- |                       |         |
|-----------------------|---------|
| 5. Jon Rheinhardt     | Morris  |
| 6. Tom Czerniecki     | PMM     |
| 7. Sherry Sims        | NJPHA   |
| 8. Veronica Laureigh  | Ocean   |
| 9. William Northgrave | Central |

**THE 2018 PROPOSED SLATE FOR CLAIMS COMMITTEE PRESENTED:**

**Chairman** – Robert Law

**Commissioners**

Greg Franz  
David Matchett  
Sherry Sims  
James Gildea  
Jon Rheinhardt

Moved:	Commissioner Hirsch
Second:	Commissioner Rheinhardt
Vote:	Unanimous

*Hearing no other nominations...*

**MOTION TO CLOSE NOMINATIONS AND CONFIRM ELECTIONS AS PRESENTED:**

Moved:	Commissioner Hirsch
Second:	Commissioner Rheinhardt
Vote:	13 Ayes – 0 Nays

**ATTORNEY ADMINISTERED OATH OF OFFICE TO OFFICERS, EXECUTIVE COMMITTEE AND ALTERNATES.**

**SPECIAL PRESENTATION – ACKNOWLEDGMENT OF SERVICE:**

Chairman Law thanked Commissioner David Matchett for leading the RCF from January 2007 to January 2018, as well as, chairing the Claims Review committee from July 1996 to January 2018 and presented Commissioner Matchett with a token of appreciation.

Commissioner Cook was presented with a bouquet for her years of service on the RCF Board and the RCF Claims Committee; the Board wished her best of luck on her retirement.

Commissioner Shives was thanked for his years of service on the RCF; the MEL would be making a presentation honoring him.

Commissioner Landolfi was thanked for his years of service on the RCF; the MEL would be making a presentation honoring him and congratulating his retirement.

**2018 REORGANIZATION**

**RESOLUTION 1-18 FUND PROFESSIONAL APPOINTMENT AND PROFESSIONAL SERVICE AGREEMENTS:** The RCF board resolved to award professional service agreements in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. seq. for fund years 2018, 2019 and 2020. In October, the Board accepted a recommendation reflecting professional

compensation for Fund Year 2018. A revised Resolution 1-18 was distributed, which reflected the annual amounts and estimated 3-year contracts amounts as per Local Finance Notice 2017-10.

Executive Director	PERMA Risk Management Services
Deputy Executive Director	Arthur J. Gallagher Risk Management Service
Actuary	The Actuarial Advantage
Attorney	Fred Semrau, Esq. - Dorsey & Semrau
Claims Agent	Christopher Botta, Esq. - CB Claims LLC
Treasurer	Charles Cuccia
Asset Manager	Wilmington Trust
Banking Services	Investors Bank
Auditor	Ferriaioli, Wielkocz, Cerulla & Cuva
Claims Data Consultant	Qual-Lynx

**MOTION TO ADOPT RESOLUTIONS 1-18 AS REVISED:**

Moved:	Commissioner Rheinhardt
Second:	Commissioner Gildea
Roll Call Vote:	13 Ayes – 0 Nays

**RESOLUTION 2-18 ESTABLISHING A FISCAL MANAGEMENT PLAN:** Resolution submitted designating Official Depositories and approving a Cash Management Plan; authorizing Signatories on Administrative Accounts; and authorizing Signatories on Claim Accounts; establishing a rate of interest for delinquent assessments; and certifying Approval Officer for all Fund expenses. The Chairman, Secretary, Treasurer and Commissioner James Gildea were authorized as check signers.

**RESOLUTION 3-18 ESTABLISHING PUBLIC MEETING PROCEDURES:** Resolution presented establishing 2018 Meeting Dates and official newspaper:

That the FUND shall hold public meetings during the year 2018 at 10:30AM on March 7, 2018 at the Princeton Forrestal Center, Princeton, NJ. Meetings for June 7, 2018, September 5, 2018 and October 17, 2018 will be held in the Forsgate Country Club, Jamesburg NJ. The 2019 Reorganization will be scheduled for Wednesday January 2, 2019 at 10:30AM in the Forsgate Country Club, Jamesburg NJ.

The RCF Claims Committee will meet on the same day as the Executive Committee at the above listed locations at 9:00AM before the Fund meeting. In addition to the above, the RCF Claims Committee will meet via teleconference at 9:00AM on May 2, 2018, July 18, 2018 and December 5, 2018; Teleconference will be initiated from the fund office located at 9 Campus Drive – Suite 216, Parsippany, NJ.

The following is hereby designated the official newspaper (s) of the Fund:  
The Star Ledger, Newark, New Jersey 08102 and the MEL web site,  
[www.NJMEL.org](http://www.NJMEL.org)

Executive Director said the March 7<sup>th</sup> meeting date should be corrected to meet at 9AM to coincide with the MEL Annual Retreat.

**RESOLUTION 4-18 ESTABLISHING FUND RECORDS PROGRAM:** Commissioner Gregory Franz, Fund Secretary was designated as custodian of the FUND and the Account Manager for PERMA Risk Management Services, was designated as Assistant Fund Secretary.

**RESOLUTION NO. 5-18 ESTABLISHING THE 2018 PLAN OF RISK MANAGEMENT:**  
Resolution enclosed noting Member Fund Coverages, Fund Years, Limits, Reserves.

**MOTION TO ADOPT RESOLUTIONS 2-18 THROUGH 5-18 WITH  
CORRECTION TO 3-18 AS NOTED:**

Moved: Commissioner Rheinhardt  
Second: Commissioner Nolan  
Roll Call Vote: 13 Ayes – 0 Nays

Resolutions Made Part of the Minutes.

**COMMITTEE APPOINTMENTS:** Chairman Law encouraged Fund Commissioners to serve on committees and to contact the Fund office.

**TREASURER:**

**CONFIRMING NOVEMBER 2017 VOUCHER PAYMENTS (BILLS LIST):**

<b>2007</b>	168.93
<b>2011</b>	150.16
<b>2012</b>	581.87
<b>2013</b>	37.54
<b>2014</b>	187.70
<b>2015</b>	279.32
<b>2017</b>	43,348.79
<b>TOTAL</b>	<b>\$44,754.31</b>

**CONFIRMING DECEMBER 2017 VOUCHER PAYMENTS (BILLS LIST):**

<b>2007</b>	93.85
<b>2012</b>	469.25
<b>2014</b>	206.47
<b>2015</b>	851.24
<b>2017</b>	34,108.47
<b>TOTAL</b>	<b>\$35,729.28</b>

**RESOLUTION 6-18, CONFIRMING JANUARY 2018 VOUCHER PAYMENTS  
(BILLS LIST):**

<b>2018</b>	43,197.64
<b>TOTAL</b>	<b>\$43,197.64</b>

**MOTION TO CONFIRM NOVEMBER 2017, DECEMBER 2017 AND TO ADOPT  
RESOLUTION 6-18 APPROVING THE JANUARY 2017 VOUCHER LIST, AS  
SUBMITTED**

Moved: Commissioner Hirsch  
Second: Commissioner Wolk  
Roll Call Vote: 13 Ayes – 0 Nays

*Commissioner Laureigh arrived at 10:39AM and was noted as Present for the duration of the meeting.*

**EXECUTIVE DIRECTOR:**

**JIF INVESTMENT LEGISLATION:** Executive Director reported the JIF investment legislation has been voted out of the Assembly Financial Institutions Committee with amendments. It now has to get scheduled in the Assembly. If successful, it will go back to the Senate (where it already passed) to address the amendments.

**CLAIMS COMMITTEE:** The Claims Review Committee met on November 29, 2018 and is scheduled to meet at 9:00 AM on the day of the Commissioner's meeting. Minutes of the November meeting were enclosed under separate cover.

**NEXT MEETING:** Please note the MEL will be scheduling its annual retreat in conjunction with their March 7, 2018 fund meeting to be held in the Princeton Forrestal Marriott. The RCF Claims will meet at 9:00AM and the Board will at 10:30AM prior to the MEL at the same location.

**INCLEMENT WEATHER PROCEDURE:** A procedure has been instituted for Commissioners to confirm whether a meeting has been cancelled. The Executive Director will contact the Chairman to determine if a meeting should be cancelled. In the case of an early morning or evening meeting, PERMA will leave a message which can be obtained by dialing the Fund's main number (201) 881-7632. For meetings that occur during normal business hours, meeting status can also be obtained by dialing the Fund office.

**ATTORNEY:**

**REPORT:** The Fund Attorney reported there are 6 EPL/POL claims - down from 300 - left to be settled since that line of coverage was transferred out of the MEL.

**OLD BUSINESS:**

NONE

**NEW BUSINESS:**

NONE

**PUBLIC COMMENT:**

NONE

**MOTION TO ADJOURN:**

Moved:	Commissioner Rheinhardt
Second:	Commissioner Gildea
Vote:	Unanimous

**MEETING ADJOURNED: 10:42 am**

Nancy A. Ghani, Assisting Secretary  
for  
Gregory Franz, SECRETARY

**RESOLUTION NO. 1-18  
OF THE  
MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND**

**APPOINTING CERTAIN PROFESSIONALS AND SERVICE ORGANIZATIONS**

**WHEREAS**, The Municipal Excess Liability Residual Claims Fund (hereinafter the Fund) found it necessary and appropriate to obtain certain professional services and other extraordinary and other unspecifiable services, as defined in the Local Public Contracts Law, (N.J.S.A. 40A-12 et. seq.) for the 2018, 2019 & 2020 Fund years; and,

**WHEREAS**, NJSA 40a11-15 (6) allows for a contract duration of three (3) years; and,

**WHEREAS**, the Fund resolved to award Professional Service Agreements commencing January 1, 2018 in accordance with a fair and open process pursuant to NJSA 19:44A-20.4 et. seq.; and,

**WHEREAS**, a notice soliciting proposals was published in the Star Ledger 2017 issue of the June 30<sup>th</sup> edition and posted on the MEL website [www.njmel.org](http://www.njmel.org); and,

**WHEREAS**, responses were received from professional service providers and service organizations as listed below on July 21, 2017 at 2 pm; and,

**WHEREAS**, the Board of Fund Commissioners recommended the award of contracts to the below listed Professional Service Providers and service organizations based on a review of their; responses, experience and prior service provided at the rates established by the Board of Fund Commissioners; and,

**WHEREAS**, the Fund Treasurer had indicated that sufficient funds exist for the award of these contracts in the usual and customary accounts.

**WHEREAS**, the Municipal Excess Liability Residual Claims Fund resolves to appoint the Fund Professionals – noted below – to three year terms commencing on January 1, 2018 and ending on December 31, 2020 (unless otherwise noted) at its January 2018 Reorganization Meeting in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. Seq.;

**NOW THEREFORE, BE IT RESOLVED** that the contracts for the following professionals be appointed for a three year term (*unless otherwise specified*):

- 1.) **PERMA Risk Management Services** is hereby appointed as **Administrator, Joseph Hrubash** is appointed as **Executive Director**, and **Cathleen Kiernan** as **Deputy Executive Director**, and all as agent for process of service as a fee of \$196,666.55.
- 2.) **Fred Semrau, Esq of Dorsey & Semrau** is hereby appointed as **General Counsel and Fund Attorney** at a fee of \$39,000.
- 3.) **Christopher Botta of CB Claims LLC** is designated as **Claims Supervisor** at a fee of \$59,211.24.

- 4.) **Charles Cuccia** is hereby appointed as **Fund Treasurer** at a fee of \$38,456.31.
- 5.) **The Actuarial Advantage** is hereby appointed as **Fund Actuary** at a fee of \$40,555.83.
- 6.) **Arthur J. Gallagher Risk Management Services** is hereby appointed as **Deputy Administrator** at a fee of \$66,481.77.
- 7.) **Charles J. Ferraioli of Ferraioli, Wielkottz, Cerullo & Cuva, P.A.** is hereby appointed as **Fund Auditor** at a fee of \$22,717.
- 8.) **Investors Bank** is hereby appointed as **Banking Manager** at an earnings rate based on a combined average balance of \$20,000,000 of participating joint insurance funds which will earn the federal funds rate less .25% with a floor of .65% and a ceiling of 2.0%
- 9.) **Wilmington Trust** is hereby appointed as **Asset Manager** at .05% of the market value of the FUND's invested assets.
- 10.) **Qual-Lynx** is hereby appointed as **Claims Data Consultant**.

**NOW, THEREFORE, BE IT RESOLVED** all Professional Service Providers and Service Organizations appointed pursuant to this Resolution shall service the Fund in accordance with the terms and conditions of the Professional Service Agreements.

**BE IT FURTHER RESOLVED**, that in accordance with NJSA 19:44A-20.7, the decision of the Fund's Board of Fund Commissioners that the procurement process utilized, constitutes a fair and open process, shall be final.

ADOPTED:  
this day before the Governing Body:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Dated



**RESOLUTION NO: 2-18**

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND**  
(hereafter referred to as "THE FUND")

**ESTABLISHING A FISCAL MANAGEMENT PLAN**

**FOR THE 2018 FUND YEAR**

**WHEREAS**, THE FUND is duly constituted as a Municipal Joint Insurance Fund, as permitted under the laws promulgated by the State of New Jersey, (N.J.S.A. 40A-36, et.seq.); and

**WHEREAS**, THE FUND is subject to the requirements contained within the Local Fiscal Affairs Law (N.J.S.A. 40A-5, et.seq.); and

**NOW, THEREFORE BE IT RESOLVED**, THE FUND's Governing Body hereby appoints the following professionals for the 2018 Fund Year:

- I.** All funds for Administrative Expenses, Reinsurance, Dividends and Miscellaneous Expenses, shall be withdrawn from the Official named Depository (ies) by check, which shall bear the signatures of at least two (2) of the following persons, duly authorized pursuant to this Resolution;

\_\_\_\_\_, CHAIRMAN

\_\_\_\_\_, SECRETARY

Charles Cuccia, TREASURER

\_\_\_\_\_, COMMISSIONER

- II.** All funds for Claims payments handled by the applicable Claims Administrator noted below shall be withdrawn from the Official Depository(ies) by check, which shall bear the signatures of at least two (2) of the following persons, duly authorized pursuant to this Resolution. The Chairman and Secretary or designated Commissioner shall also be a signatory.

Charles Cuccia	Fund Treasurer
Fred Semrau	Dorsey & Semrau
Kathie Tyler Schohl	Dorsey & Semrau
Dave S. Ruber	Qual-Lynx
Alice H. Lihou	Qual-Lynx
Janet Buggle	Qual-Lynx
Russell Huntington	JIF Claims L.L.C.
Dawn Mulligan	JIF Claims L.L.C.
Kathleen McGuire	Bergen Risk Managers
Jason Cosimano	Bergen Risk Managers
Jennifer Dittemer	Bergen Risk Managers
John Markel	Bergen Risk Managers
Christopher Botta, Esquire	CB Claims, LLC
Georgeanne Jussel	CB Claims, LLC
Robert Fisher	Robert Fisher, Esq.

Susan C. Hammer	Lenape Claims Management
Nancy Carrasco	Lenape Claims Management
David Cucicnotta	AmeriHealth Casualty Services
Michael Sullivan	AmeriHealth Casualty Services
Lee Herzer	AmeriHealth Casualty Services
Saswata Mukherjee	York Risk Services Group
Lee Ann Olsen	York Risk Services Group
Debra Lynne Harrington	York Risk Services Group

- III.** FOR WIRE TRANSFERS - that the FUND does hereby require that Investors Bank obtain voice confirmation prior to executing wire transfers to external accounts from the Fund Treasurer.
- IV.** The Cash and Investment Policy attached herewith, shall be adopted.
- V.** The rate of interest assessed by the Fund, for delinquent assessments shall be ten (10) percent per annum, from the due date for any such assessment.
- VI.** Certifying and Approval Officer for all FUND expenses shall be the FUND's Executive Director and/or the Account Manager so designated by the Executive Director.

ADOPTED:  
 this day before the Governing Body:

\_\_\_\_\_  
 Chairman

\_\_\_\_\_  
 date

\_\_\_\_\_  
 Secretary

\_\_\_\_\_  
 date

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND  
2018 CASH MANAGEMENT AND INVESTMENT POLICY**

1.) **Cash Management and Investment Objectives**

The Municipal Excess Liability Joint Insurance Fund (hereinafter referred to as the FUND) objectives in this area are:

- a.) Preservation of capital.
- b.) Adequate safekeeping of assets.
- c.) Maintenance of liquidity to meet operating needs, claims settlements and dividends.
- d.) Diversification of the FUND's portfolio to minimize risks associated with individual investments.
- e.) Maximization of total return, consistent with risk levels specified herein.
- f.) Investment of assets in accordance with State and Federal Laws and Regulations.
- g.) Accurate and timely reporting of interest earnings, gains and losses by line of coverage in each Fund year.
- h.) Where legally permissible, cooperation with other local municipal joint insurance funds, and the New Jersey Division of Investment in the planning and execution of investments in order to achieve economies of scale.
- i.) Stability in the value of the FUND's economic surplus.

2.) **Permissible Investments**

Investments shall be limited to the following:

- a.) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- b.) Government money market mutual funds.
- c.) Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- d.) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- e.) Bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Investments of the Department or Treasury for investment by local units.
- f.) Debt obligations of federal agencies or government corporations with maturities not greater than ten (10) years from the date of purchase, excluding mortgage backed obligations, providing that such investments are purchased through the New Jersey Division of Investment and are consistent the Division's own investment guidelines, and providing that the investment a fixed rate of interest not dependent on any index or external factors.
- g.) Local Government Investment Pools

- h.) Repurchase agreements of fully collateralized securities, subject to rules and conditions established by the N.J. Department of Community Affairs.

No investment or deposit shall have a maturity longer than ten (10) years from date of purchase. At any given time, the Fund's investment portfolio shall conform to the following criteria:

- a) Any bonds or other obligations held by the FUND shall have a minimum long-term investment grade underlying credit rating, or equivalent rating provided by a Nationally Recognized Statistical Rating Organization as outlined by the U.S. Securities and Exchange Commission, with the exception of bonds issued pursuant to the Municipal Qualified Bond Act, which may have an underlying credit rating below investment grade so long as the Municipal Qualified Enhanced Rating is investment grade, or equivalent rating provided by NRSRO.
- b) A minimum of thirty-five (35) percent of aggregate total par amount of bonds and other obligations shall have a minimum long-term, underlying credit rating of AA-, or equivalent rating by an NRSRO.
- c) The aggregate par amount of bonds or other obligations with a long-term underlying credit rating below A-, or equivalent rating by an NRSRO, shall not exceed thirty (30) percent of the aggregate total par amount of bonds, investments and other obligations held by the Fund.
- d) The aggregate par amount of bonds or other obligations with maturities longer than five (5) years shall not exceed sixty (60) percent of the aggregate total par amount of bonds, investments and other obligations held by the FUND.

Any exception to or deviations from the above criteria must be approved by the New Jersey Division of Local Governmental Services and the New Jersey Division of Investment.

3.) **Authorized Depositories**

In addition to the above, the FUND is authorized to deposit funds in certificates of deposit and other time deposits in banks covered by the Governmental Unit Depository Protection Act, NJSA 17:9-14 et seq. (GUDPA). Specifically authorized depositories are as follows:

Investors Bank

The FUND is also authorized to invest its assets in the New Jersey Cash Management Fund.

4.) **Authority for Investment Management**

The Treasurer is authorized and directed to make investments, with a maturity of three months or longer, through asset managers that may be selected by the Executive Board. Such asset managers shall be discretionary trustees of the FUND.

Their actions and decisions shall be consistent with this plan and all appropriate regulatory constraints.

In executing investments, asset managers shall minimize transaction costs by querying prices from at least three (3) dealers and purchasing securities on a competitive basis. When possible, federal securities shall be purchased directly from the US Treasury. Transactions shall not be processed through brokerages which are organizationally affiliated with the

asset manager. Transactions may also be processed through the New Jersey Division of Investment by the Fund's asset managers.

5.) **Preservation of Capital**

Securities shall be purchased with the ability to hold until maturity.

6.) **Safekeeping**

Securities purchased on behalf of the FUND shall be delivered electronically or physically to the FUND's custodial bank, which shall maintain custodial and/or safekeeping accounts for such securities on behalf of the FUND.

7.) **Selection of Asset Managers, Custodial Banks and Operating Banks**

Asset managers, custodial banks and operating banks shall be retained for contract periods of one (1) year. Additionally, the FUND shall maintain the ability to change asset managers and/or custodial banks more frequently based upon performance appraisals and upon reasonable notice, and based upon changes in policy or procedures.

8.) **Reporting**

Asset managers will submit written statements to the treasurer and executive director describing the proposed investment strategy for achieving the objectives identified herein. Asset managers shall also submit revisions to strategy when justified as a result of changing market conditions or other factors. Such statements shall be provided to the Treasurer and Executive Director. The statements shall also include confirmation that all investments are made in accordance with this plan. Additionally, the Investment Manager shall include a statement that verifies the Investment Manager has reconciled and determined the appropriate fair value of the Funds portfolio based on valuation guidelines that shall be kept on file in the Executive Director's office.

The Treasurer shall report to the Executive Committee at all regular meetings on all investments. This report shall include information on the balances in all bank and investment accounts, and purchases, sales, and redemptions occurring in the prior month.

9.) **Audit**

This plan, and all matters pertaining to the implementation of it, shall be subject to the FUND's annual audit.

10.) **Cash Flow Projections**

Asset maturity decisions shall be guided by cash flow factors payout factors supplied by the Fund Actuary and reviewed by the Executive Director and the Treasurer.

11.) **Cash Management**

All moneys turned over to the Treasurer shall be deposited within forty-eight (48) hours in accordance with NJSA 40A:5-16.

In the event a check is made payable to the Treasurer rather than the Fund, the following procedure is to be followed:

- a.) The Treasurer endorses the check to the Fund and deposits it into the Fund account.
- b.) The Treasurer notifies the payer and requests that in the future any check be made payable to the Fund.

Cash may be withdrawn from investment pools under the discretion of asset managers only to fund operations, claims impress accounts, or approved dividend payments.

The Treasurer shall escheat to the State of New Jersey checks which remain outstanding for twelve or more months after the date of issuance. However, prior to implementing such procedures, the Treasurer, with the assistance of the claims agent, as needed, shall confirm that the outstanding check continues to represent a valid claim against the FUND.

**RESOLUTION NO: 3-18**

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND  
(hereafter the "FUND")**

**ESTABLISHING PUBLIC MEETING PROCEDURES**

**WHEREAS**, the FUND must establish meeting procedures for Fund Year 2018, and

**NOW, THEREFORE BE IT RESOLVED**, by the Governing Body of the FUND that:

- I.** That the FUND shall hold public meetings during the year 2018 at 10:30AM on March 7, 2018 at the Princeton Forrestal Center, Princeton, NJ. Meetings for June 7, 2018, September 5, 2018 and October 17, 2018 will be held in the Forsgate Country Club, Jamesburg NJ. The 2019 Reorganization will be scheduled for Wednesday January 2, 2019 at 10:30AM in the Forsgate Country Club, Jamesburg NJ.
- II.** The RCF Claims Committee will meet on the same day as the Executive Committee at the above listed locations at 9:00AM before the Fund meeting. In addition to the above, the RCF Claims Committee will meet via teleconference at 9:00AM on May 2, 2018, July 18, 2018 and December 5, 2018; Teleconference will be initiated from the fund office located at 9 Campus Drive – Suite 216, Parsippany, NJ.
- III.** The following is hereby designated the official newspaper (s) of the Fund:  
The Star Ledger, Newark, New Jersey 07102. In addition, the MEL's webpage is designated for official notices – [www.njmel.org](http://www.njmel.org).
- IV.** The FUND Secretary or designated assistant shall provide notice of any and all meetings, including special or emergency meetings, to each official newspaper and shall issue all official notices required to be published in at least one of the official newspapers.

ADOPTED this day;

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
date

**RESOLUTION NO. 4-18**

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS  
FUND  
(Hereinafter the "FUND")**

**ESTABLISHING A FUND RECORDS PROGRAM**

**WHEREAS:** The FUND must establish a formal record retention program for the 2018 fund year.

**NOW, THEREFORE BE IT RESOLVED,** by the FUND's Governing Body that:

- I.** \_\_\_\_\_, **Fund Secretary**, is hereby designated as custodian of the FUND records, which shall be kept at the office of the Fund Administrator, located at 9 Campus Drive Suite 216 – Parsippany, NJ 07054.
- II.** The Account Manager designated by the Executive Director is hereby appointed as **Assistant Fund Secretary**.
- III.** The records of the FUND shall be retained in accordance with the municipal records retention schedule as promulgated by the New Jersey Division of Archives and Records Management, and/or otherwise specified by the New Jersey Department of Insurance and Community Affairs.
- IV.** Each fund professional and service organization shall have the duty and obligation to maintain such records as are entrusted to him/her and to relinquish such records to the Fund Secretary upon termination of services or otherwise upon request.

Records and files not required to support current operations, but which must otherwise be retained, shall be stored in the record retention facility, located at Allstate Archives, 24 Beckwith, Avenue, Paterson, New Jersey. The FUND's Executive Director shall coordinate the archive process and shall insure that all records are properly indexed and accessible.

**ADOPTED:**

this day before the Governing Body

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
date



**RESOLUTION NO. 5-18**

**MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND**

**(hereinafter the "Fund")**

**ESTABLISHING THE 2018 PLAN OF RISK MANAGEMENT**

**Plan of Risk Management**

A.) **Perils of Liability to be Insured Against:**

The Claims Fund provides residual coverage for any claim which otherwise would be payable by a member joint insurance fund for the following coverages and member fund years.

**Member Fund Coverages:**

- General Liability (including Police Professional Liability)
- Employee Benefits Liability
- Public Officials Liability
- Automobile Liability
- Workers' Compensation
- Property

**Member Fund Years:**

MEL -	1987 through 2013
B-MEL	1987 through 1990
Atlantic -	1987 through 2013
Bergen -	1985 through 2013
Burlco -	1991 through 2013
Camden -	1987 through 2013
Monmouth -	1988 through 2013
Morris -	1987 through 2013
NJUA -	1991 through 2013
Ocean -	1987 through 2013
PMM -	1987 through 2013
South Bergen -	1986 through 2013
Suburban Essex -	1992 through 2013
Trico -	1991 through 2013
Suburban Municipal	1994 through 2013
NJPHA JIF	1994 through 2013
Central Jersey JIF (Edison & Woodbridge)	Run-in claims incurred through 7/1/98
Brick Township	Run-in claims incurred through 1/1/99
Hillsborough Township	Run-in claims incurred through 12/1/00

The terms and conditions of these coverages insured by the Claims Fund shall be the terms and conditions of these coverages provided by the member joint insurance funds to their member local units in accordance with the coverage documents and plans of risk management of the member joint insurance funds.

B.) **Limits of Coverage:**

1.) The Claims Fund's limits shall be equal to the per occurrence self-insured retention of the member joint insurance funds. The amount of any claim in excess of the member joint insurance fund's self-insured retention shall be the responsibility of the applicable excess insurer or reinsurer, the member joint insurance fund, or the member local unit as the case may be in accordance with the member joint insurance fund's coverage documents and plan of risk management.

2.) The Claims Fund shall self-insure this limit except for run-in claims assumed from the Central Jersey JIF and Ocean JIF.

C.) **Fund Retention:**

The Claims Fund shall retain the entire risk except for run-in.

D.) **Reserves to be Established:**

The general reserving philosophy is to set reserves based upon the probable total cost of the claim at the time of conclusion. Historically, on claims aged eighteen (18) months, the Fund would expect the claims servicing company to set reserves at 85% accuracy. The Claims Fund also establishes reserves recommended by the Fund's actuary for claims that have been incurred but not yet reported so that the Claims Fund has adequate reserves to pay all claims and allocated loss adjusted expense liability.

Claim reserves are subject to regular review by the Fund's Executive Director/Administrator, Attorney, Executive Committee and claims servicing company. Reserves on large or unusual claims are also subject to review by the claims departments of the commercial insurance companies or reinsurance companies providing primary or excess coverages to the member Funds. The Fund's actuary will conduct a complete actuarial reevaluation before establishing the budget, and assessments for the transfer of any member fund year to the Claims Fund.

The Fund may also establish an aggregate excess loss contingency fund consistent with NJAS 11:15-2.23 (f) 2.

E.) **Assessment Methodology:**

1.) In November of each year, the Claims Fund shall prepare the budget for the upcoming fiscal year. The budget shall identify the proposed items and amounts of expenditure for its operations, the anticipated amounts and sources of assessments and other income to be received during the fiscal year, and the status of the self insurance or loss retention accounts.

2.) Non-claim expenses shall be allocated among fund years.

3.) In the event the budget for the upcoming fiscal year includes provision for the transfer residual risk by member joint insurance funds for member fund years not yet transferred:

a.) participation by a member joint insurance fund in such transfer shall be optional; and

b.) the budget for such transfer shall include provision to pay non-claim expenses associated with the transfer.

4.) The budget shall be reviewed by an actuary who shall comment on its adequacy and shall recommend changes, as appropriate, by November 15th.

5.) Not later than December 31st of each year, the Fund Commissioners/Executive Committee shall adopt, by majority vote, the budget for the Fund's operation for the coming fiscal year.

6.) A copy of the Fund's proposed budget, as changed to reflect the actuary report, shall be sent to each participating joint insurance fund at least two (2) weeks prior to the time scheduled for its adoption. No budget or amendment shall be adopted until a hearing has been held giving all participating member joint insurance funds the opportunity to present comments or objections.

7.) Any time during the year, the Fund may investigate the feasibility of assuming the residual risk of additional member fund years. Participation in such transfers shall be optional on the part of each member joint insurance fund, and shall require the Fund to amend its budget and secure an amended indemnity and trust agreement from each member joint insurance fund which wishes to transfer the residual risk for additional member fund years.

8.) An adopted budget may be amended by majority vote of Fund Commissioners/Executive Committee after giving the participating joint insurance funds two (2) weeks advance written notice, and conducting a hearing on the proposed amendment.

9.) A copy of the adopted budget and any amendment shall be filed within thirty (30) days of its adoption with the governing body of each participating joint insurance fund, the Commissioner of Insurance, and the Commissioner of the Department of Community Affairs.

10.) That portion of the non-claim budget which relates to residual risk already transferred to the Fund shall be charged to the member funds based on their share of each such fund year.

11.) That portion of the budget related to the transferring residual risk not yet transferred shall be charged to the members pro rata, based on the actuarial evaluation of the ultimate cost, including IBNR of the claims to be transferred.

12.) Any other budget item shall be charged to the members, based on the value of the service provided.

13.) The total amount of each member's annual assessment shall be certified by majority vote of the Fund Commissioners/Executive Committee to the governing body of each participating member at least one (1) month prior to the beginning of the next fiscal year.

14.) The annual assessment shall be paid to the Fund in installments, to be determined by the Fund Commissioners/Executive Committee which shall conform with N.J.A.C. 11:15-2.15(a).

15.) In the event the final budget passed in December necessitates changes in the annual assessment, the second installment shall be adjusted to reflect this difference.

16.) The Treasurer shall deposit each member's assessment into the appropriate accounts, including the administrative account and the claim or loss retention trust fund account by fund year in which the member participates.

17.) The Fund Commissioners/Executive Committee shall, by majority vote, levy upon the participating joint insurance funds additional assessments wherever needed, or so ordered by the Commissioner of Insurance to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

All supplemental assessments shall be charged to the participating joint insurance fund by applicable fund year, and shall be apportioned by that year's premium.

b.) All joint insurance funds shall be given ninety (90) days advance written notice of the Fund's intention to charge an additional assessment, and the Fund shall conduct a hearing before adopting the supplemental assessment.

c.) Member joint insurance funds shall have thirty (30) days to pay the Fund from the date any supplemental assessment is adopted.

18.) The Fund shall submit to the Commissioner of Insurance and the Commissioner of Community Affairs a report of the causes of the Fund's insufficiency, the assessments necessary to replenish it, and the steps taken to prevent a reoccurrence of such circumstances.

F.) **Procedures Governing Loss Adjustment and Legal Fees:**

1.) Each member joint insurance shall maintain in full force and effect a contract with a qualified adjusting service company to adjust the member's residual claims. The claims adjuster service so engaged shall be designated as a claims adjusting service company of the Fund.

2.) All claims shall be reported to the claims adjusting service in accordance with the procedures established by the member joint insurance fund.

3.) Each member joint insurance fund shall engage a qualified Fund attorney to coordinate the legal defense of the member's residual claims. The individual or firm so engaged shall be designated as a deputy fund attorney of the Fund.

4.) With the advice of deputy Fund attorneys, each member joint insurance fund shall recommend, by resolution, a defense panel for that member joint insurance fund's residual claims. The defense panels shall be reviewed by the Fund attorney, who shall make a recommendation to the Claims Fund's Executive Committee to establish the Fund's approved defense panel.

G.) **Coverage to be Purchased from a Commercial Insurer, if any:**

None.

H.) **Reinsurance to be Purchased, if any, and the Amount of Premium therefore:**

None.

I.) **Procedures for the Closure of Fund Years:**

1.) Since it is the purpose of the Residual Fund to serve as the mechanism to permit member Funds to close Fund years, the Residual Claims Fund will only close Fund years upon a determination that the residual risk has been extinguished to a higher level of certitude. Specifically, the Residual Claims Fund will only close a Fund year if:

a.) a portfolio transfer of residual risk has been effected; or

b.) upon the later of the closure of all outstanding claims or 21 years since the end of the latest member Fund year included in the Residual Fund year.

2.) A Fund year may only be closed by resolution adopted after a public hearing.

a.) All member Fund must be given at least one (1) month notice prior to the public hearing.

b.) The resolution shall provide for the maintenance of all records in accordance with the requirements of the Commissioner of Insurance, Commissioner of the Department of Community Affairs, and all other regulations and statutes then in effect.

c.) The resolution shall provide for written notice to the Department of Insurance and the Department of Community Affairs at least two (2) months before the resolution becomes effective.

J.) **Assumptions and Methodology used for the calculation of appropriate reserves requirements to be established and administered in accordance with sound actuarial principles.**

1.) The general approach in estimating the loss reserves of the Fund is to project ultimate losses for each member Fund year using paid and incurred loss data. Two traditional actuarial methodologies are used: the paid loss development method and the incurred loss development method. From the two different indications resulting from these methods the Fund Actuary chooses a "select" estimate of ultimate losses. Subtraction of the paid losses from the select ultimate losses yields that loss reserve liability or funding requirement.

2.) The following is an overview of the two actuarial methods used to project the ultimate losses.

a.) Paid Loss Development Method - This method uses historical accident year paid loss patterns to project ultimate losses for each accident year. Because this method does not use case reserve data, estimates from it are not affected by changes in case reserving practices. However, the results of this method are sensitive to changes in the rate of which claims are settled and losses are paid, and may underestimate ultimate losses if provisions are not included for very large open claims.

b.) Case Incurred Loss Development Method - This method is similar to the paid loss development method except it uses historical case incurred loss patterns (paid plus case outstanding reserves) to estimate ultimate losses. Because the data used includes case reserve estimates, the results from this method may be affected by changes in case reserve adequacy.

K.) **The maximum amount a certifying and approving officer may approve pursuant to N.J.A.C. 11:15-2.22.**

\$10,000.

Any claim in excess of \$10,000 must be reviewed by the Deputy Executive Director/Administrator and approved by the Board of Fund Commissioners, Executive Committee of the member joint insurance fund or designated township of official for the townships of Edison, Woodbridge, Brick and Hillsborough. In advance of each meeting of the Claims Fund, the Deputy Executive Director/Administrator shall prepare a report of the claims approved by the member joint insurance fund.

In addition to the approval required under the above, any claim other than Public Officials and Employment Practices Liability in excess of \$50,000 must also be reviewed by the Claim Fund's Executive Director/Administrator, and approved by the Board of Fund Commissioners or Executive Committee of the Residual Claims Fund or any claim in excess of \$100,000 for the townships of Edison, Woodbridge, Brick and Hillsborough. The Board of Fund Commissioners has established a claims subcommittee comprised of at least three of its members to exercise this power. This subcommittee may meet telephonically when required.

Public Officials and Employment Practices Liability: Any claim in excess of \$10,000 must be approved by the Fund Attorney and Executive Director. All such approvals shall be reported to the claims sub-committee at their next meeting.

With the advance approval of the Fund Attorney or the Executive Director, the certifying and approving officer may also pay hospital bills if waiting until after the next regularly scheduled FUND meeting would result in the loss of a discount on such bills. When the certifying and approving officer utilizes this authority, a report shall be made to the Commissioners at their next meeting.

**ADOPTED:** *this \_\_\_\_\_ day of \_\_\_\_\_, 2018 by the Governing Body:*

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

# MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND BILLS LIST

**Resolution No. 6-18**

**JANUARY 2018**

**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 2018**

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
<b>001219</b>			
001219	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 01/2018	16,388.88
			<b>16,388.88</b>
<b>001220</b>			
001220	THE ACTUARIAL ADVANTAGE	ACTUARIAL CONSULTING SERVICES - 01/2018	3,379.65
			<b>3,379.65</b>
<b>001221</b>			
001221	DORSEY & SEMRAU	ATTORNEY FEE 1ST QTR 2018	9,750.00
			<b>9,750.00</b>
<b>001222</b>			
001222	CHARLES CUCCIA	FUND TREASURER FEE 01/2018	3,204.69
			<b>3,204.69</b>
<b>001223</b>			
001223	CB CLAIMS, LLC	CLAIMS ADMIN - 01/2018	4,934.27
			<b>4,934.27</b>
<b>001224</b>			
001224	ARTHUR J. GALLAGHER RISK MSI	DEPUTY ADMIN/EXEC DIR 01/2018	5,540.15
			<b>5,540.15</b>
		Total Payments FY 2018	43,197.64

**TOTAL PAYMENTS ALL FUND YEARS \$ 43,197.64**

\_\_\_\_\_  
Chairperson

Attest:

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

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

\_\_\_\_\_  
Treasurer