

**MUNICIPAL EXCESS RESIDUAL CLAIMS LIABILITY FUND
MINUTES
JUNE 7, 2018
FORSGATE COUNTRY CLUB – MONROE, NJ
10:30AM**

Meeting of Fund Commissioners called to order by Chairman Robert Law. Open Public Meetings notice read into record.

PLEDGE OF ALLEGIANCE – Chairman Law led Commissioners in the Pledge of Allegiance.

ROLL CALL OF 2018 EXECUTIVE COMMITTEE/FUND COMMISSIONERS:

Robert Law	Chairman	Trico	Present
Gregory Franz	Secretary	South Bergen	Present
Paul Tomasko	Executive Committee	Bergen	Present
James Gildea	Executive Committee	Sub Muni	Present
John Clarke	Executive Committee	MEL	Present
Tom Nolan	Executive Committee	Monmouth	Present
Joseph Wolk	Executive Committee	Camden	Present
David Matchett	Alternate #1	Burlco	Present
Brian Bigler	Alternate #2	NJUA	Present
Joseph Catenaro	Alternate #3	Sub Essex	Absent
Richard Hirsch	Alternate #4	Atlantic	Present
Jon Rheinhardt	Alternate #5	Morris	Present
Tom Merchel	Alternate #6	PMM	Present
Sherry Sims	Alternate #7	PHA	Absent
Veronica Laureigh	Alternate #8	Ocean	Present
William Northgrave	Alternate #9	Central	Absent

Executive Director PERMA Risk Management Services
Joseph Hrubash, Cathleen Kiernan

Deputy Executive Director Arthur J. Gallagher
Paul Miola, Paul Forlenza

Attorney Dorsey & Semrau
Fred Semrau, Esq., Kathleen Tyler Schohl

Auditor Ferraioli, Wielkotz, Cerullo & Cuva. P.A.
Jim Cerullo

Treasurer **Charles Cuccia**

Claims Supervisor CB Claims
Chris Botta, Georganne Jussel

Actuary The Actuarial Advantage
Michael Solomon

ALSO PRESENT:

Megan Champney, Alternate RCF Fund Commissioner, Suburban Municipal
Kathy Kissane, Qual-Lynx
Jack Dibble, Arthur J. Gallagher
Charles Casagrande, Danskin Insurance Agency

John Casagrande, Danskin Insurance Agency
Alison Kelly, Danskin Insurance Agency
Paul Shives, J.A. Montgomery
Ezio Altamura, GJEM Otterstedt
Nancy Ghani, PERMA Risk Management Services

APPROVAL OF MINUTES: April 6, 2018 Open Session

MOTION TO APPROVE APRIL 6, 2018 OPEN MINUTES:

Moved: Commissioner Nolan
Second: Commissioner Laureigh
Vote: Unanimous

CORRESPONDENCE:

NONE

TREASURER:

CONFIRMING MAY 2018 VOUCHER PAYMENTS (BILLS LIST):

2012	431.71
2014	281.55
2017	600.00
2018	33,527.77
TOTAL	\$34,841.03

RESOLUTION 8-18, CONFIRMING JUNE 2018 VOUCHER PAYMENTS (BILLS LIST):

2012	506.79
2014	206.47
2017	22,305.83
2018	34,539.96
TOTAL	\$57,559.05

MOTION TO CONFIRM MAY 2018 PAYMENTS AND TO ADOPT RESOLUTION 8-18 APPROVING THE JUNE 2018 VOUCHER LIST, AS SUBMITTED

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

AUDITOR:

AUDIT YEAR-END REPORTS: Enclosed separately from the agenda booklet was the draft Audit Report as of December 31, 2017. Also enclosed in the agenda was Resolution 9-18 and the Group Affidavit to be executed.

Fund Auditor referred to the Summary of Statement of Net Position and said Fund Year 2017 unrestricted net position was \$11,958,385 – a decrease of approximately \$10,000 from the prior year.

Fund Auditor said is the audit noted the standard annual recommendation of “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.

MOTION TO APPROVE YEAR-END FINANCIALS AND ADOPT RESOLUTION 9-18 AND EXECUTE GROUP AFFIDAVIT INDICATING THAT MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT:

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

ACTUARY

REPORT: Enclosed separately from the agenda was the Actuarial Analysis and Loss Adjustment Expense Reserves Report as of December 31, 2017. Fund Actuary said as of December 31, 2017 the RCF has reserves totaling approximately \$80 million for Fund Years 1995-2017. No action was necessary as this report was provided for information.

EXECUTIVE DIRECTOR:

RESIDUAL CLAIMS FUND: Executive Director reported the local JIFs currently transfer open liabilities to the RCF at 4 ½ years (54 months). The Actuary was asked to review this timetable and evaluate the impact if the transfer were to occur at 60 and 66 months respectively. Executive Director said the MEL Management Committee recommended moving the transfer at 60 months starting with Fund Year 2014. Executive Director said extending the transfer of open liabilities from 54 months to 60 months will allow claims to develop longer and provide greater certainty on reserves.

Executive Director said if the Board agrees with the recommendation, then the RCF will take formal action at their September meeting and provide the local JIFs with the resolution initiating the transfer at that time. The Board agreed with the presented recommendation.

MOTION TO APPROVE THE RECOMMENDATION AND TRANSFER LIABILITIES AT 60 MONTHS BEGINNING WITH FUND YEAR 2014:

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

CLAIMS COMMITTEE: The Claims Review Committee met on May 2, 2018; minutes of the May meeting were enclosed under separate cover.

ATTORNEY:

REPORT: Fund Attorney said there was nothing to report for the month.

OLD BUSINESS:

NONE

NEW BUSINESS:

NONE

PUBLIC COMMENT:

MOTION TO OPEN THE MEETING FOR PUBLIC COMMENT:

Moved: Commissioner Rheinhardt
Second: Commissioner Cuccia
Vote: Unanimous

Seeing no member of public wishing to comment...

MOTION TO CLOSE THE MEETING FOR PUBLIC COMMENT:

Moved: Commissioner Laureigh
Second: Commissioner Rheinhardt
Vote: Unanimous

MOTION TO ADJOURN:

Moved: Commissioner Clarke
Second: Commissioner Rheinhardt
Vote: Unanimous

MEETING ADJOURNED: 10:38AM

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

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND BILLS LIST

Resolution No. 8-18

JUNE 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 2012

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001272			
001272	DORSEY & SEMRAU	CLAIMS RCF 04/2018	506.79
			506.79
	Total Payments FY		506.79

FUND YEAR 2014

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001273			
001273	DORSEY & SEMRAU	CLAIMS RCF 04/2018	206.47
			206.47
	Total Payments FY		206.47

FUND YEAR 2017

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001274			
001274	FERRAIOLI, WIELKOTZ, CERULLO &	AUDITOR FEE 2017	22,272.00
			22,272.00
001282			
001282	PERMA RISK MANAGEMENT SERVICES	2017 1099 AATRIX FILINGS	33.83
			33.83
	Total Payments FY		22,305.83

FUND YEAR 2018

<u>CheckNumber</u>	<u>VendorName</u>	<u>Comment</u>	<u>InvoiceAmount</u>
001275			
001275	PERMA RISK MANAGEMENT SERVICES	POSTAGE APRIL 2018	11.80
001275	PERMA RISK MANAGEMENT SERVICES	EXEC. DIRECTOR FEE 06/2018	16,388.88
			16,400.68
001276			
001276	THE ACTUARIAL ADVANTAGE	ACTUARY FEE 06/2108	3,379.65
			3,379.65
001277			
001277	CHARLES CUCCIA	TREASURER FEE 06/2018	3,204.69
			3,204.69
001278			
001278	CONNER STRONG	POSITION BOND 2018	1,056.00
			1,056.00
001279			
001279	CB CLAIMS, LLC	CLAIMS ADMIN 06/2018	4,934.27
			4,934.27
001280			

001280	ALLSTATE INFORMATION MANAGEMNT	ARCHIVE & STORAGE APRIL	24.52
			24.52
001281			
001281	ARTHUR J. GALLAGHER RISK MSI	DEPUTY EXEC DIRECTOR FEE 06/2018	5,540.15
			5,540.15
	Total Payments FY		34,539.96

TOTAL PAYMENTS ALL FUND YEARS \$57,559.05

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. 9-18

**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 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 7, 2018.

Gregory Franz, Fund Secretary