

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
OPEN SESSION MINUTES
MEETING – JUNE 23, 2020
TELEPHONIC MEETING
1:00 PM**

Meeting of 2020 Fund Commissioners called to order. Open Public Meetings notice read into record.

ROLL CALL OF 2020 FUND COMMISSIONERS:

Thomas Merchel, Chairman	Township of Moorestown	Present
Richard Brevogel, Secretary	Township of Willingboro	Absent
Susan Danson	Township of Maple Shade	Present
Robert Corrales	Township of Evesham	Present

SPECIAL FUND COMMISSIONERS:

Maryann Knell	Township of Moorestown	Absent
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APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services Bradford C. Stokes, Karen A. Read Rachel Chwastek
Treasurer	Tom Tontarski
Attorney	Helmer, Conley & Kasselman William Kearns, Esquire
Auditor	Bowman & Company
Claims Service	Qual Lynx Kathy Kissane
	PERMA Robyn Walcoff Jennifer Conicella
Safety Director	J.A. Montgomery Risk Control Glenn Prince
Managed Care Organization	QualCare Karen Beatty
Underwriting Manager	Conner Strong & Buckelew Edward Cooney

ALSO PRESENT:

Maureen Mitchell, Evesham Fire District
Michael Avalone, Conner Strong & Buckelew
Ilene Laursen, Conner Strong & Buckelew

APPROVAL OF MINUTES: MAY 26, 2020 - Open & Closed Minutes

MOTION TO APPROVE OPEN & CLOSED MINUTES OF MAY 26, 2020:

Moved: Commissioner Corrales
Second: Commissioner Danson
Vote: Unanimous

CORRESPONDENCE: Included in the agenda was a memo from Qual-Lynx on “Brave of the Heart Fund”. Ms. Kissane advised that Qual-Lynx is a division of Cigna Health and life and they have partnered with New York Life Foundation to create a foundation to benefit the families of deceased healthcare workers who die treating COVID patients. It’s open to anyone, there is an application process on the Brave of Heart Fund website. Anyone can donate, but primarily they just wanted to bring it out. Since NJ was so hard hit, there may be family members or friends or friends of friends that have lost a loved one with respect to the COVID, and by all means pass this information to others. They provide grants, some up to 15 or 20 thousand dollars depending on need and they just wanted to make everyone aware.

EXECUTIVE DIRECTOR:

The Executive Director hoped everyone and their families and coworkers are doing well and began his report.

Audit Report as of December 31, 2019 – The Executive Director advised the Auditor’s Report as of December 31, 2019 was sent to the Fund Commissioners via email along with the agenda. He advised Mr. Jim Miles, a representative of Bowman & Company was in attendance and would review the audit.

Mr. Jim Miles advised the pages of the report are numbered at the bottom center and he will refer to the page number listed and also the PDF page number for those following along. Page two of the audit report, page four of the PDF is the Independent Auditor’s Report. Mr. Miles reported they found the financial statements which are a representation of management to be fairly stated in all material respects. For the Report on Internal Controls Compliance, pages 5-6 of the report, 7-8 of the PDF, again they found no matters for discussion there. On page 7 of the report, 9 of the PDF, is the Managers Discussion and Analysis, it includes some brief financial highlights, with the language provided by PERMA. On page 10 of the report, page 12 of the PDF, is the Comparative Statement of Net Position, basically your assets and liabilities and net position. Starting at the top, \$1,766,000 in cash, \$4.6 million in investments and a total of \$9,172,000 in assets. The last line of the assets includes the investment in the joint ventures. That is the Fund’s equity interest in the MEL and the RCF. Total liabilities are mostly the claims reserves. Page 11 of the report, page 13 of the PDF, is the Statement of Revenues and Expenses, the Fund’s income statement, if you will. Revenue assessments are fairly comparable, the retrospective premium is \$430,000, you can review that in the footnotes. The Fund’s claims expenses are up a little bit, for both the current year and the 2017 year there was a little bump in the workers’ compensation expense. Moving down the statement the Fund had \$207,000 in operating income compared with \$907,000 the year before, which is pretty much the spike in the claims expense accounting for that reduction. There was a change in net position of \$274,000. With the beginning Net Position of \$5,165,000, accounting for the return of surplus, gives the Fund an ending Net Position of \$5,233,349. The next page is the Statement of Cash Flows, the Fund’s activities eliminating accruals and reserve adjustments, just dollars in and dollars out. The Fund’s cash provided by operating activities is \$242,000 compared \$965,000 the year before. One of the things you can see is claim payments of \$1.9 million compared to \$1.2 million the year before. Continuing down the statement, cash flows and investing activities had an increase of \$53,000 this year investments. Recognize that is a matter of moving money from one pocket to the

other, so to the extent that you increase your investments you are decreasing your cash. Followed by your return of surplus, the Fund had a cash increase of \$126,000, and we reconcile to the \$1.76 million. Skipping most of the disclosures required by the generally accepted accounting standards, on page 20 of the report, 22 of the PDF, there is a comparison of your investments each year, all US Treasury bills and notes maturing within close proximity. For 2019 it's \$4,660,020. On page 21 of the report, 23 of the PDF, discussing the reserves, starting with the combination of the case reserves and the IBNR, for 2019 they were \$3,408,084 which is comparable to 2018. Claims expense for the 2019 Fund Year was \$1,921,000 compared to \$1,918,000 the year before. They review the change in the provision for claims as it existed in the beginning of the year. The beginning of the year the Fund had \$3.4 million, a year later, after those claims that existed at the beginning matured, after paying down those claims, the Reservists and the Actuary decided we had to increase that liability to \$337,000. The previous year it was decreased by \$724,000, so there is a million plus swing in the Fund's claims expense. Below that is a comparison of the claims payments. \$576,000 paid on claims occurring this year, compared to \$332,000 the 2018 fund year. Payments on funds or claims that existed before the beginning of the fund year were \$1,339,000. Reconciled down to the liabilities at the end of the year \$3,750,000, which is combination due to the RCF and the claim reserves. On page 23 of the report, page 25 of the PDF, the equity interest in the MEL, RCF and EJIF is discussed. On page 24 of the report, page 26 of the PDF, there is a comparison of your equity interest in those. Recognizing that, to the extent you receive any distributions, that would reduce any position as well. Backtracking to page 22 of the report, 24 of the PDF, on that report, to the extent that the fund had increase in retrospective premium recoverable the source of those primary came from Willingboro and Maple Shade due to an increase in claim expense. Page 29 of the report, page 31 in the PDF, pulls out the change in the claim reserve by coverage. Page 33 of the report, page 35 of the PDF, the Historical Operating Results Analysis, this schedule identifies the premiums, the claims expense, and all other related expenses for the Fund since inception. Since inception the Fund has collected over \$85 million in assessments and it has incurred \$42 million in claims and \$35 million in excess insurance and administrative expenses. The Fund has returned \$10.732 million to its members over time. Reconciling the financial activity from the front of the report to the statutory schedules in the back. These do not include the investment in joint venture, which gives the fund the statutory basis assets of \$7.2 million and the Net Statutory Surplus of \$3.3 million. The next group of schedules are a breakout of all the same information by fund year, then fund year and line of coverage. Page 47 of the report, page 49 of the PDF, is the claims expense for the 2019 Fund Year, \$1.921 million, with \$576,000 paid out, case reserves are \$587,000 and IBNRs are \$756,000. Starting on page 51 of the report, 53 of the PDF, is the 2019 fund year's expenses. Page 55 of the report, 57 of the PDF, the Schedule G's pulls apart your program coverage, your limits of coverage, the fund's retention and some analytical data including the claims expense, which will flow from your Schedule D's and your administrative expenses and how those total costs match up against exposure units. Exposure units being the basis for your coverage; property values, population, general liability, number of vehicles, payroll, etc. Lastly, page 59 of the report, 61 of the PDF, Schedule H, the summary of your cash and investments where there is securities and cash located in a breakout by fund year. Mr. Miles reported they had no findings, no recommendations and pointed out with Joint Insurance Funds it's not frequent that you would have a finding or recommendation in that the funds are professionally managed. PERMA and Qual-Lynx have this down to science, along with all the other fund professionals so it's very uncommon to have a finding. They like to close all of their reports by expressing their appreciation for the opportunity to serve the Fund.

Chairman Merchel asked if there were any questions and then asked for a motion to formally approve Resolution 20-18 approving year end financials along with the Group Affidavit.

MOTION TO APPROVE YEAR-END FINANCIALS AS OF DECEMBER 31, 2019 AS PRESENTED, ADOPT RESOLUTION 20-18 AND EXECUTE THE GROUP AFFIDAVIT INDICATING THAT MEMBERS OF THE EXECUTIVE COMMITTEE HAVE READ THE GENERAL COMMENTS SECTION OF THE AUDIT REPORT

Moved: Commissioner Danson
Second: Commissioner Corrales
Vote: 3 Ayes, 0 Nays

The Executive Director thanked Jim and Dennis for their assistance and cooperation. He added the PERMA folks up North, Pauline and Star have a lot to do with this, along with the Treasurer and Qual-Lynx. He advised the group affidavit would be circulated and the filing done by the end of the month.

RCF, EJIF & MEL - The Executive Director reported the RCF, EJIF and MEL all met on Wednesday, June 3, 2020 via conference call and approved their audits. The MEL also approved their 2021 budget, the rate table, as discussed last month at a flat zero percent increase. Good news as that will certainly help us and the local JIFs as we start preparing our budget.

Chairman Merchel's reports were included in the agenda and he had no additional comments.

EPL Compliance Program: The Executive Director reported the MEL approved the revised Personnel Manuals and Employee Handbooks at their June 3rd meeting. Following some minor adjustments, the documents will be uploaded to the MEL webpage. We will issue notices to members when that has been completed. The deadline has been extended to June 2021.

Upcoming Seminar "Facing and Embracing Crisis for your Municipality": The Executive Director encouraged the members to attend an upcoming seminar from MEL's Marketing Manager, Princeton Strategic Communications. They will hold a webinar for MEL membership on June 30th at 10:30 on crisis management. The 2-hour program features a specialized panel of experts who will cover topics such as how to develop a crisis communications plan for your municipality and how to face the public and the media in a crisis situation. The invite to register for the webinar will be distributed by JAM. Information on the webinar was included in the agenda.

2020 Coverage Documents – The Executive Director advised the fund office will begin distributing the 2020 coverage documents to all Fund Commissioners and Risk Managers in the next few weeks. His office is looking into uploading them to the Origami system, instead of sending an email with ten attachments.

Joint Cash Management & Investment Program (JCMI) - The JCMI continues to purchase Bond Anticipation Notes issued by MEL member municipalities. The program to date has been very successful and has saved some of our member municipalities thousands of dollars while increasing the investment yield of JCMI members significantly higher than traditional investments.

The Executive Director reminded the fund as of last month the PMM JIF joined the JCMI and will be phased in in the coming months. Included in the agenda was the investment portfolio to date, focusing on MEL affiliated towns, they have 24 bonds.

Due Diligence Reports: Monthly report submitted to Fund Commissioners including Monthly Fast-track Accident Frequency, Fast-Track Financial report, Claim Activity Report, Interest Rate Summary Comparison, Monthly Loss Ratio by fund year and line of coverage and the Monthly and Annual Regulatory Checklist. The Executive Director reported the Financial Fast Track, dated April 30, 2020 shows the fund’s surplus of \$3.4 million, with all years in the positive. The Fund’s Loss Ratio Analysis is better than the actuary’s projection of 9.13% as the actual is 2.7%, so the fund is off to a terrific start. That is reflected in the fund’s Loss Time Accident Frequency is 0.00, not including any COVID claims. The Executive Director advised the checklist will be updated now that they’ve finished with the audit.

The Executive Director wished everyone continued health, advised he’d discuss with the Chairman about in person meetings, suggesting perhaps another month of teleconference and an in person meeting in September.

Chairman Merchel advised Moorestown is open so they could discuss that further. He then thanked the Executive Director’s team for pulling all the information together for the audit.

Executive Director's Report Made Part of Minutes.

ATTORNEY: Mr. Kearns reminded everyone that it is very important when you receive a notice of claim that you submit that information to Qual-Lynx and himself as quickly as possible. He knows people have been short-handed, but this must be given a priority. They had one instance where the notice of claim came in, but didn’t get sent in and they filed suit and looking to take a default against the town. They got it resolved and reopened but these things are not just paperwork to shuffle around, they need to receive those notices as quickly as possible.

TREASURER: Mr. Tontarski reviewed the treasurer’s report and bills list with the Fund. Chairman Merchel advised he had not received the checks. Ms. Read advised they were mailed yesterday from the Parsippany office.

Chairman Merchel then asked for a motion to approve the Bill List.

Payment of June 2020 Vouchers Resolution 20-19

Closed Fund Year	\$98,806.42
Fund Year 2019	\$16,000.00
Fund Year 2020	\$37,455.98
Total	\$152,262.40

MOTION TO APPROVE RESOLUTION 20-19 VOUCHER LIST FOR THE MONTH OF JUNE

Motion: Commissioner Danson
 Second: Commissioner Corrales
 Vote: 3 Ayes – 0 Nays

Confirmation of Claims Payments/Certification of Claims Transfers for the Month of May 2020:

2020	2,915.07
2019	31,068.74

2018	63,364.67
2017	3,668.38
2016	2,450.67
Closed	0.00
TOTAL	103,467.53

Treasurer's Report Made Part of Minutes

SAFETY DIRECTOR:

REPORT: Glenn Prince reported the Safety Directors Report for May was included in the agenda along with a brief synopsis of the Safety Directors Bulletins that were distributed during this pandemic. The instructor led training is on hold, but Mr. Prince encouraged everyone to visit njmel.org where you can access the new training streaming service, MSI Now, that took effect June 2nd, and has been well received. Also included in the agenda is a “Back to the Office” Safety Director’s Bulletin, which has a variety of resources, including the CDC and some of the Executive Orders that dictate how to conduct business going forward. Also included is another bulletin for “Reopening Public Facilities”, including a variety of tips for disinfecting and what should remain open and what should remain closed. He encouraged everyone to review that bulletin when they reopen their facilities.

Mr. Prince asked if there were any questions and then concluded his report.

Monthly Activity Report/Agenda Made Part of Minutes.

UNDERWRITING MANAGER:

REPORT: Edward Cooney advised his team had spent a lot of time with JA Montgomery trying to catch up on all the Executive Orders. His office released the COVID -19 memo based on questions his team had been receiving from members. He advised there is even more information this week, but most of the previous guidelines and insurance coverage recommendations still stand. He advised if anyone has any questions to please let them know. He reported the certificate report was included in the agenda. There was 1 certificate issued from 4/22/2020 to 5/22/2020. He added the MEL Cyber Task Force is working pretty quickly to roll out an updated risk management program. It incorporates most of what was there already with a few tweaks to make things better for the membership and that should be out later this summer or early fall. Mr. Cooney also reported they are working on the January 1 renewal for the insurance program, and they are in a very rough insurance marketplace, similar to early 2000s, if not all the way back to 1987. He advised this is what he JIF system was designed for and he’s sure they’ll tackle this market as well. He advises they are being mindful of everyone’s budgets right now during the COVID-19 pandemic. They’ve been working on things and doing some analysis and are going to have some pretty big changes coming up this year to the insurance program, but all for the better, keep things nice and stable and strong into the future years. Mr. Cooney advised he’d have more on that in early fall and then concluded his report.

MANAGED CARE:

REPORT: Karen Beatty advised May’s reports were included in the agenda. Ms. Beatty reported there were 33 bills during the month of May totaling \$152,097.78, of that amount \$66,171.88 was paid for a savings of \$85,925.90 which is a 56% savings. Ms. Beatty advised

surgeries that were previously on hold are being scheduled, then asked if there were any questions and concluded is report.

Monthly Activity Report Part of Minutes.

CLAIMS ADMINISTRATOR:

REPORT: Kathy Kissane advised the committee met prior to this meeting and asked for approval of 9 PARS as recommended by the claims committee.

MOTION TO APPROVE CLAIM PAYMENTS AS DISCUSSED AND RECOMMENDED BY THE CLAIMS COMMITTEE:

Motion:	Commissioner Corrales
Second:	Commissioner Danson
Vote:	3 Ayes, 0 Nays

OLD BUSINESS: NONE

NEW BUSINESS: NONE

PUBLIC COMMENT: NONE

MOTION TO ADJOURN MEETING

Motion:	Commissioner Danson
Second:	Commissioner Corrales
Vote:	Unanimous

MEETING ADJOURNED: 1:36pm

NEXT REGULAR MEETING: July 28, 2020

Rachel Chwastek, Assisting Secretary for
RICHARD BREVOGEL, SECRETARY