

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
OPEN SESSION MINUTES
MEETING – JUNE 22, 2021
ZOOM
1:00 PM**

Meeting of 2021 Fund Commissioners called to order. Open Public Meetings notice read into record.

ROLL CALL OF 2021 FUND COMMISSIONERS:

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

SPECIAL FUND COMMISSIONER:

Nelson Wiest	Township of Maple Shade	Absent
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APPOINTED OFFICIALS PRESENT:

Executive Director/Administrator	PERMA Risk Management Services Bradford C. Stokes Joseph Hrubash Karen A. Read Rachel Chwastek
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Treasurer	Tom Tontarski
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Attorney	Helmer, Conley & Kasselmann William Kearns, Esquire
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Auditor	Bowman & Company Jim Miles Dennis Skalkowski
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Claims Service	Qual Lynx Kathy Kissane
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	PERMA Jennifer Conicella
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Safety Director	J.A. Montgomery Risk Control Glenn Prince Robert Garish
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Managed Care Organization	QualCare Karen Beatty
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Underwriting Manager	Conner Strong & Buckelew
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ALSO PRESENT:

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

APPROVAL OF MINUTES: MAY 25, 2021 - Open & Closed Minutes

MOTION TO APPROVE OPEN AND CLOSED MINUTES OF MAY 25, 2021:

Moved: Commissioner Danson
Second: Commissioner Brevogel
Vote: 3 Ayes, 0 Nays (1 Abstention – Merchel)

CORRESPONDENCE: None.

EXECUTIVE DIRECTOR:

Audit Report as of December 31, 2020 – The Auditor’s Report as of December 31, 2020 has been sent under separate cover to the Fund Commissioners. The Executive Director advised Mr. Dennis Skalkowski and Mr. Jim Miles would review the audit.

Mr. Jim Miles advised Mr. Dennis Skalkowski would review the audit with the Commissioners. Mr. Skalkowski started with the independent auditors’ reports, the first on the financial statements as a whole and the second on the internal controls. He reported there were no findings noted; which is typical of these entities due to their management, mostly by professionals. He then reviewed the comparative statements on net position. Total assets totaled \$9,763,437. A few things of note, the Investment of Joint Venture, which is the Fund’s equity interest in the MEL, RCF and EJIF, also note the Cash and Cash Equivalents and the Investments line have flip flopped due to shifting of the Investments into the Joint Cash Management Investment Program. Total Liabilities and Reserves are \$4,258,361, resulting in an ending Net Position of \$5,505,076. The Fund is a very sound financial position.

The Statement of Revenues, Expenses and Net Position shows how they calculated the Net Position. Total Revenue was \$4,286,742. The Total Operating Expenses of \$3,704,596, composed of the excess insurance, administrative expenses, claims, etc. Total Non-Operative Revenue was -\$91,053. Change in Net Position of \$491,093, added to the beginning balance of \$5,233,349, subtracting the Return of Surplus to the members, then ending Net Position is \$5,505,076.

The Comparative Statement of Cash Flows shows cash in and cash out for the Fund. The Net Cash Flows Provided By Operating Activities was \$681,452. There was \$4,005,008 in Net Cash Flows Provided By Investing Activities. The Return of Surplus to the members was -\$192,781. Resulting in a Net Increase In Cash And Cash Equivalents of \$4,493,679.

Mr. Skalkowski reported on the Investment Note, which summarizes the type of investments that reside in the investments as of December 31, 2020 compared to December 31, 2019. The Changes in Unpaid Claims Liability shows in the change in reserves. For 2020, the beginning balance was \$3,750,764. The claims expense for the year, which is composed of the current fund year incurred claims, just 2020, \$1,782,434, the provision for prior year claims of -\$193,759, the change in all the prior year claims, resulting in a total claims expense of \$1,588,675. That added to the beginning balance, subtract the payments of claims, \$1,385,818, resulting in ending liability of \$3,953,621.

Mr. Skalkowski reviewed the note that highlights the Fund’s investment in the joint venture. Including a summary of each one of those entities and some selected financial information for each of those Funds. Followed by last year’s information for comparative purposes.

Also included was a note on management’s response to the Covid-19 Pandemic and the ongoing evaluation of its affect, as we move forward. Included in the audit is the claims liability schedule pulled apart by line of coverage for more detail and the Ten-Year Claims Development Information Schedule, which will fluctuate until they are closed out.

Mr. Skalkowski noted the supplemental schedules, which are the same as the front without the investment in joint venture as these are GAAP based schedules. There were no findings or recommendations noted and he thanked the Fund for the opportunity and thanked all the professionals for making their cooperation.

Chairman Merchel asked if there were any questions. Hearing none, he thanked Mr. Skalkowski for his report.

Mr. Jim Miles announced Mr. Skalkowski was elected to partnership effective July 1, 2022. The members congratulated Mr. Skalkowski.

Executive Director Stokes asked for a motion to approve Resolution 21-16 approving year-end financials and advised they would executive the Group Affidavit.

Motion to Approve Year-End Financials as of December 31, 2020 as Presented, Adopt Resolution 21-16 and execute the Group Affidavit indicating that members of the Executive Committee have read the General Comments Section of the Audit Report

Moved:	Commissioner Corrales
Second:	Commissioner Brevogel
Vote:	4 Ayes, 0 Nays

Executive Director Stokes thanked the auditors for their professionalism and advised they would email out the Group Affidavit as was done last year, to be filed next week.

Residual Claims Fund – The RCF met on Wednesday, June 2, 2021 via conference call. Chairman Merchel’s report was included in the agenda.

EJIF- The EJIF met on Wednesday, June 2, 2021 via conference call. Chairman Merchel’s report was included in the agenda.

MEL JIF – The MEL met on Wednesday, June 2, 2021 via conference call. Chairman Merchel’s report was included in the agenda.

Executive Director Stokes advised he wanted to discuss an item on the MEL report with the financial fast track and its surplus. Covid-19 claims are having a significant impact on the MEL and the Deputy Director of the MEL, Mr. Hrubash will brief the Fund on this update.

MEL Deputy Director Hrubash reported the MEL spent significant time in preparation of the audit strengthening their financials and they wanted to be conservation in their strategy. The MEL has over 8500 Covid-19 Claims with reserves of \$20,000,000. The issue the MEL is having is with the excess insurer. The MEL believes the policy is worded where all Covid-19 claims would be considered one occurrence so all JIFs would share the retention before it reached the Safety National. Safety National has taken a different position to how the policy would respond. The MEL feels strongly they should get back about 60% of the claims, so to strengthen their financial position they posted the 40% outstanding reserve on their financials. Additionally there are still the cancer presumption fire fighter claims, the sexual molestation claims and the current hard market. For 2021, the MEL kept a flat budget but for all the aforementioned reasons, that will change for the 2022 budgets, as the MEL did end up with a delta. The MEL booked \$7,500,000 for Covid-19 claims and the MEL will honor the one occurrence regardless of what happens with Safety National, so the member JIFs will not have more than a pro-rata share of the retention when those claims do settle.

The MEL also booked an additional \$2,800,000 to cover a number of other things, including the sexual molestation claims, fire fighter presumption claims and the erosion of the Title 59 to some extent. With all that in mind, the MEL surplus floor was triggered.

In 2019, the RCF surplus floor was triggered and that resulted in a \$39,000 additional assessment, which was paid out of closed year accounts. The RCF also had another trigger for 2020, in the amount of \$54,000, for the PMM JIF, which will be paid out of closed year accounts.

This the first time the MEL surplus floor was triggered and that will result in a \$58,000 additional assessment for the PMM JIF. JIFs will have the option to pay that up front or over a ten-year period. With everything going on right now, having a 2% cap on the 2022 budget is probably not realistic, however the MEL will come back with the best possible budget they can.

MEL Deputy Director Hrubash asked if anyone had any questions. He advised this information can be found summarized in the MEL report included in the agenda.

Commissioner Brevogel asked Mr. Hrubash if he thought the Fund, having assessments being paid out over ten-years, could be a continuing issue.

MEL Deputy Director Hrubash advised for this year there is a lot happening at once, including keeping the 2021 budgets flat, for the obvious reasons of dealing with Covid-19 and towns needing money. He advised it could be a continuing issue, he hoped not, but could not guarantee anything. Between the Covid-19 Pandemic and the change in the pension offset, where previously the accidental disability pension was the primary and the State changed that with a memo that made workers compensation primary. It is thought that change will increase workers compensation costs about 11%. Even with these uncertainties, members are better off in the MEL program to weather these situations. The competing JIFs do not have the luxury of the MEL and its surplus.

Executive Director Stokes added that PMM JIF is fortunate in that they have \$2.1 million in closed year surplus that can be used to offset the additional assessment.

Mr. Brevogel suggested instead of paying off over ten-years, the PMM JIF pay their additional assessment in full, in case another assessment comes next year, they do not stack.

MEL Deputy Director Hrubash advised those discussions had been had internally as well, and it would be up to the JIF if they would like to do that. The option for payment over time would also be available.

Chairman Merchel agreed he would prefer to pay it as one lump sum out of the closed year accounts.

MEL Deputy Director Hrubash reported the Risk Control Program is helping to offset some of these other issues, as the loss time frequency is at an all-time low for Member JIFs and has saved tons of money. Mr. Grubb and Mr. Hrubash had a meeting with DOBI and discussed some of these issues with them. DOBI is aware of the change to the pension offset, will which hit all municipalities really hard. The hope is that DOBI will either reverse that or come up with a better solution. They are also aware that Safety National is playing hardball, on what appears to be a very straightforward endorsement that makes this one occurrence, and there is hope DOBI can make an impact on that as well. If the MEL is successful in getting a large percentage of the losses back from Safety National that will help the financials and the trigger going forward. Covid-19 is the big culprit here.

Executive Director Stokes added it just seems the stars lined up against us in 2020 and 2021, like the hundred year storms hitting back to back – Irene and Sandy – once in a lifetime occurrence and then

we move on. He asked if there were any other questions for the MEL Deputy Director. There were none.

Employment Practices Compliance Program: Please visit the MEL webpage to review all the elements of the MEL's EPL Compliance Program. Please note the deadline to complete the program requirements has been extended to November 1, 2021. Please use the following link to view an outline of the MEL program and its model documents:

<https://njmel.org/insurance/public-officials/risk-management-program/>

This year, the Managers & Supervisors Training can be met by attending the Instructor led webinar: "Protecting Children from Abuse – Managers/Supervisors". The course for Managers includes an Employment Practices component. Included in the agenda was the notice distributed from JA Montgomery on classes scheduled through September.

Executive Director Stokes added if something additional was needed it could set up with Mr. Kearns.

For Police Command Training there were just a session in Collingswood. Another one will be set up fairly soon and we will alert the members. This is mandatory training for the Police Chief or whoever is in command.

NJ SEM: The NJ SEM is offering a webinar, originally scheduled for June 22, but due to a credit approval issue, is now on Tuesday, July 20, 2021 at 10:00AM to help educate local government officials on the basics of Electric vehicles ("EVs"), the fast-developing EV market, the State's strategies to reduce carbon emissions from vehicles, and the role that local government can play. NJ SEM has applied to the DCA for approval of this webinar as a Continuing Education Credit course, for up to 2 CEU credits for MFO/CFO, CPWM, RMC and QPA. Included in the agenda was the save-the-date notice.

2021 Financial Disclosures: The Local Finance Board, at its meeting of April 14, 2021, voted to extend the date upon which the Board would take enforcement action against non-filers of the 2021 FDS until June 30, 2021. All commissioners have filed.

Property Appraisals: The Executive Director reported last fall the Fund did property appraisals, and since the members have been dealing with the Covid-19 pandemic, they were held back, but in the near future those will be distributed and reviewed with the members. He advised a quarter decreased, a third went up and the rest stayed the same. There are some big variations on some of the properties and he would be happy to discuss them once they are out.

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 Financial Fast Track, dated April 30, 2021 shows the fund's surplus of \$3.8 million, showing a gain of about \$6,500 from the prior month. The Fund's Loss Ratio Analysis for May has the actuary's projection of 12.55% and the actual is 12.07%.

Mr. Stokes advised the claims operating report shows 4 claims closed. The Fund's Loss Time Accident Frequency for May was 0.74, below the MEL average, having picking up two claims in May. The Executive Director advised the compliance report and checklist were also included in the agenda. He asked if there were any questions and then concluded his report.

Executive Director's Report Made Part of Minutes.

ATTORNEY: Mr. Kearns advised he had nothing to report at this time, but did want to bring to the Fund Commissioners attention the notices they have received from the League. There is legislation moving that would drastically change marketing rights for management in municipal government and they need to be reviewed. If anyone has anyone questions call Ms. Lori Buckelew at the League of Municipalities. This is on the fast track and would take things that were management prerogatives and make them bargaining issues.

TREASURER: Mr. Tontarski reviewed the treasurer’s report with the Fund.

Payment of June 2021 Vouchers Resolution 21-17

Fund Year 2020	20,000.00
Fund Year 2021	42,066.54
Total	62,066.54

MOTION TO APPROVE RESOLUTION 21-17 VOUCHER LIST FOR THE MONTH OF JUNE

Motion: Commissioner Brevogel
 Second: Commissioner Danson
 Vote: 4 Ayes – 0 Nays

Confirmation of Claims Payments/Certification of Claims Transfers for the Month of May 2021:

2021	73,011.45
2020	51,125.35
2019	78,901.69
2018	80,343.36
2017	2,302.04
Closed	0.00
TOTAL	285,683.89

Treasurer's Report Made Part of Minutes.

SAFETY DIRECTOR:

REPORT: Mr. Prince advised included in the agenda is all the risk control activities through the month of May. He advised that morning they sent an email with a group sign in sheet, as they had received some questions related to the webinars. For those training in a group, please complete the sign and make sure it is returned to his office for documentation. Any departments who want training, everything through August has been posted on the MEL website. Mr. Prince asked if there were any questions.

Monthly Activity Report/Agenda Made Part of Minutes.

UNDERWRITING MANAGER:

REPORT: The Executive Director advised there were 4 certificates issued from 4/22/2021 to 5/22/2021.

MANAGED CARE:

REPORT: Ms. Beatty then advised April’s reports were included in the agenda. Ms. Beatty reported there were 148 bills for April, totaling \$328,523.97 of that \$89,924.87 was paid, for a savings of \$238,599.10, which is a 73% savings. Also included in the agenda were the reports for Savings by Specialty and Top 10 Providers. Ms. Beatty then asked if there were any questions.

Monthly Activity Report Part of Minutes.

CLAIMS ADMINISTRATOR:

REPORT: Ms. Kissane advised the claims committee met prior to this meeting and asked for approval of the six 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 (1 Abstention – Brevogel)

Report Part of Minutes.

OLD BUSINESS: Commissioner Brevogel reported Willingboro had a PEOSH inspection and it did not go too bad. He wanted to let the Commissioners know they are out and about.

Mr. Prince advised if Willingboro needed any assistance to please reach out.

NEW BUSINESS: Commissioner Corrales asked if anyone had to deal with political banners and flags with colorful language people have posted in front of their homes. He added Roselle Park had been dealing with some issues. Chairman Merchel advised they had something during the last cycle and advised it just passed, they didn’t take any action.

Mr. Kearns advised with freedom of speech you would not want try to regulate the content, and it is better to not get involved in those sorts of issues. He advised he would reach out to the Roselle Park attorney.

PUBLIC COMMENT: NONE

Chairman Merchel advised there was no need for executive session.

MOTION TO ADJOURN MEETING:

Motion:	Commissioner Corrales
Second:	Commissioner Brevogel
Vote:	Unanimous

MEETING ADJOURNED: 1:42pm

NEXT REGULAR MEETING: July 27, 2021
ZOOM Conference Call 1:00PM

Rachel Chwastek, Assisting Secretary for
RICHARD BREVOGEL, SECRETARY