

**NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
OPEN MINUTES
MEETING OF JANUARY 7, 2015
JAMESBURG, NEW JERSEY
10:50 AM**

SINE DIE MEETING

Meeting called to order by Joseph Wolk. The Open Public Meeting Notice was read into the record.

ROLL CALL OF 2015 EXECUTIVE COMMITTEE:

Chairman:	Camden	Joe Wolk	Present
Secretary:	NJUA	Jerry Cevetello	Absent
Executive Committee:	Morris	Frank Wilpert	Present
	Ocean	Paul Shives	Present
	Burlco	Richard Brook	Present
	Central	Robert Landolfi	Present
	Sub Essex JIF	Joe Catenaro	Present
	Monmouth	Thomas Nolan	Present
Alternates:			
	#1 Sub-Muni	Jim Gildea	Present
	#2 PMM	Scott Carew	Present
	#3 Trico	Robert Law	Present
	#4 South Bergen	Greg Franz	Absent
	#5 Bergen	Paul Tomasko	Present

APPOINTED OFFICIALS PRESENT:

Executive Director/ Administrator	Perma Risk Management Services	James Kickham	Present
Attorney	Dorsey & Semrau	Fred Semrau, Esq.	Present
Treasurer		Charles S. Cuccia	Present
Underwriting Managers	The Danskin Agency Conner Strong & Buckelew	Cindy Lisa Chuck Casagrande Mike Avalone Ed Scioli	Present Present Present Present
Claims Administrator	King and Petracca	Peter King, Esq.	Present
Environmental Engineering Services	First Environment T&M Associates	Rich Erickson Chris Gulics	Present Present
Actuary	AON	Chaz Kullman	Present
Auditor	Nisivoccia, L.L.P.	Francis "Bud" Jones	Absent

OTHERS PRESENT:

David Grubb, PERMA
Steve Sacco, PERMA
Cate Kiernan, PERMA
Mary Lou Doner, PERMA
Pauline Kontomanolis, PERMA
Nancy Ghani, PERMA
Jason Thorpe, PERMA
Joeen Ciannella, PERMA
Jon Rheinhardt, Wharton
Patrick O'Hagan, Midland Park
William Close, Sparta
Paul Miola, AJ Gallagher
Paul Forlenza, AJ Gallagher
Francis Kelly, BGIA
Frank Covelli, RMC
Ezio Altamura, RMC
Zach Edelman, RMC

APPROVAL OF MINUTES: November 19, 2015

MOTION TO APPROVE OPEN AND CLOSED MINUTES OF NOVEMBER 19, 2015

MOTION:	Commissioner Shives
SECOND:	Commissioner Catenaro
VOTE:	Unanimous

CORRESPONDENCE :

None

OLD BUSINESS:

None.

ADJOURN SINE DIE MEETING:

MOTION:	Commissioner Catenaro
SECOND:	Commissioner Gildea
VOTE:	Unanimous

Mr. Sacco explained that in accordance with the by-laws, the Fund elects a Chairman, Secretary, Executive Committee, and Alternates.

MOTION TO OPEN FLOOR FOR NOMINATIONS OF CHAIRMAN, SECRETARY, EXECUTIVE COMMITTEE, AND ALTERNATES:

MOTION: Commissioner Nolan
SECOND: Commissioner Shives
VOTE: Unanimous

Mr. Sacco indicated that the nominating committee had recommended the following slate:

Chairman:	Morris	Frank Wilpert
Secretary:	Ocean	Paul Shives
Executive Committee:	Burlco	Richard Brook
	Central	Robert Landolfi
	Sub Essex JIF	Joe Catenaro
	Monmouth	Thomas Nolan
	Camden	Joe Wolk
	Sub-Muni	Jim Gildea
Alternates:		
	#1 PMM	Scott Carew
	#2 Trico	Robert Law
	#3 South Bergen	Greg Franz
	#4 Bergen	Paul Tomasko
	#5 NJUA	Tammy Fetherman

Mr. Sacco asked for additional nominations. Hearing none, Mr. Sacco asked for a motion to close nominations and confirm elections.

MOTION TO CLOSE NOMINATIONS AND CONFIRM ELECTIONS AS RECOMMENDED BY THE NOMINATING COMMITTEE

MOTION: Commissioner Nolan
SECOND: Commissioner Wolk
VOTE: Unanimous

The Fund Attorney administered oath of office for Chairman, Secretary, Executive Committee and all Board Members.

Oaths of Office made a part of the Minutes

Mr. Sacco asked for a roll call of the full 2015 Board of Commissioners:

ROLL CALL OF 2015 COMMISSIONERS:

Morris	Frank Wilpert	Present
Ocean	Paul Shives	Present
Burlco	Richard Brook	Present
Central	Robert Landolfi	Present
Sub Essex JIF	Joe Catenaro	Present
Monmouth	Thomas Nolan	Present
Camden	Joe Wolk	Present
Sub-Muni	Jim Gildea	Present
PMM	Scott Carew	Present
Trico	Robert Law	Present
South Bergen	Greg Franz	Absent
Bergen	Paul Tomasko	Present
NJUA	Tammy Fetherman	Present

Mr. Sacco then indicated that he would review the reorganization resolutions with the committee. He requested the following Resolutions be considered for adoption with one motion, unless an Executive Committee member objected:

RESOLUTION 1-15 CERTIFYING THE ELECTION OF FRANK WILPERT AS CHAIRMAN AND PAUL SHIVES AS SECRETARY FOR FUND YEAR 2015:

Resolution presented to confirm elections of Chairman and Secretary of the Fund.

RESOLUTION 2-15 FUND PROFESSIONAL APPOINTMENT AND PROFESSIONAL SERVICE AGREEMENTS: Resolution presented to confirm appointments of Fund Professionals approval of Professional Service Agreements.

Executive Director	Perma Risk Management Services
Fund Attorney	Fred Semrau, Esq.
Claims Administrator	Peter King, Esq.
Treasurer	Charles Cuccia
Asset Manager	Wells Capital Management
Auditor	Francis (Bud) Jones of Nisivoccia LLP
Underwriting Managers	Danskin Insurance Agency, Inc. and Conner Strong & Buckelew
Actuary	Aon
Environmental Engineering	T&M Associates and First Environment
Legislative Liaison	Princeton Public Affairs Group, Inc.

Resolution 3-15 - Establishing a Funds Records Program

Resolution 4-15 - Establishing a Fiscal Management Plan

Resolution 5-15 - Establishing Public Meeting Procedures

Resolution 6-15 - Purchase of Excess Insurance

Resolution 7-15 - Risk Management Plan

Resolution 8-15 - Establishing a Defense Panel

Resolution 9-15 - Establishing Meeting Compensation for Board Members

Resolution 10-15-Establishing Standing Committees

For the record, Mr. Sacco noted the following:

Within Resolution 4-15, Commissioner Franz will be the additional signatory. He also noted that within Resolution 5-15, a time limit on the public comment portion of the meeting had been added. Lastly, Mr. Sacco advised that within Resolution 6-15, the Coverage Committee requested that the Underwriting Managers obtain quotes for excess coverage. He informed the Committee that the Underwriting Managers have bound \$7.5 million above the Fund attachment point of \$2.7 million which is an increase of \$2.5 million for the 2015 fund year.

MOTION TO ADOPT RESOLUTIONS NO. 1-15 THROUGH 10-15 AS AMMENDED ABOVE WITH THE CHANGES NOTED

MOTION: Commissioner Catenaro
SECOND: Commissioner Carew
ROLL CALL VOTE: Unanimous

2015 STANDING COMMITTEES – Mr. Sacco referred to the list of 2015 standing committees enclosed within the agenda packet.

2015 STANDING COMMITTEES

COVERAGE COMMITTEE

Tom Nolan
Richard Brook
Robert Landolfi

RULES & CONTRACTS COMMITTEE

Richard Brook
Joseph Wolk

BUDGET & FINANCE COMMITTEE

Tom Nolan
Richard Brook
Paul Shives
Robert Landolfi

NOMINATING COMMITTEE

Richard Brook
Joe Catenaro

CLAIMS COMMITTEE

Richard Brook
Tom Nolan
Robert Landolfi

TREASURER

Mr. Cuccia began by thanking the Board for reappointment. He then presented his report and Resolution No. 26-14 confirming the December Bill List, Resolution No. 27-14 confirming the 2014 Dividend List and Resolution No. 11-15 approving the January Bill List as follows:

RESOLUTION 26-14 -DECEMBER BILL LIST

FUND YEAR	AMOUNT
2014	\$ 82,915.88
Total	\$ 82,915.88

RESOLUTION 27-14 -DIVIDEND LIST

FUND YEAR	AMOUNT
2001	\$ 475,001.00
Total	\$ 475,001.00

RESOLUTION 11-15 - JANUARY BILL LIST

FUND YEAR	AMOUNT
2014	\$ 53,780.39
2015	\$ 39,676.00
Total	\$ 93,456.39

MOTION TO APPROVE PAYMENT OF BILLS - RESOLUTION NO. 26-14, 27-14 AND 11-15

MOTION: Commissioner Nolan
SECOND: Commissioner Gildea
ROLL CALL VOTE: Unanimous

EXECUTIVE DIRECTOR/ADMINISTRATOR:

Mr. Sacco began his report by thanking the Committee for re-appointment on behalf of Perma.

NEW ENVIRONMENTAL LEGAL LIABILITY POLICY- Mr. Kickham referred to the draft policy enclosed within the agenda booklet. He noted that the intent of the new policy is not to change coverage but to clarify coverage. He further noted that the underwriting managers and the excess carriers did a fine job of achieving that goal. Mr. Kickham indicated that the proposed policy change was presented to the Board at the November 2014 meeting with the hopes of adopting it at the January 2015 meeting. He suggested that the Board keep this policy as a living document as there may be changes and amendments to it. He then referred to resolution #12-15 enclosed within the agenda booklet and noted that the new policy will be in effect January 1, 2015.

MOTION TO ADOPT RESOLUTION #12 -15 AUTHORIZING THE IMPLEMENTATION OF A NEW ENVIRONMENTAL LEGAL LIABILITY POLICY WHICH WILL BE IN EFFECT JANUARY 1, 2015.

MOTION: Commissioner Brook
SECOND: Commissioner Catenaro
ROLL CALL VOTE: Unanimous

FINANCIAL FAST TRACK – Mr. Kickham referred to Financial Fast Track enclosed within the agenda booklet. He informed the Committee of the Fund’s current statutory surplus position. Mr. Kickham indicated that all fund years except for two are in the positive. He added that the surplus does not reflect the reinsurance recoveries which are not recorded until the recoveries are received.

Lastly, Mr. Kickham informed the Board that there is a closed session matter to discuss. Mr. Sacco added that the closed session portion of the meeting would take place across the hall.

ATTORNEY:

Mr. Semrau thanked the committee for his re-appointment. He said that the closed session matter is pending litigation. Mr. Semrau added that closed session would be limited to the EJIF Executive Board, claims fund professionals and underwriting fund professionals as it is a sensitive matter.

UNDERWRITING MANAGERS:

Mr. Casagrande began his report by thanking the Board for reappointment on behalf of himself, Mr. Avalone, Mr. Hrubash and his replacement Mr. Scioli. He then reviewed the Fund’s Reinsurance renewal.

REINSURANCE RENEWAL

COVERAGE: Follow Form Excess Pollution Liability – Claims Made Coverage

COMPANY: Liberty Insurance Underwriters Inc., A, XV Best Rated

LIMIT OF LIABILITY: \$ 7,500,000 Pollution Incident Limit
\$ 7,500,000 Aggregate Limit

SELF INSURED RETENTION: \$2,700,000 Aggregate of All Losses Incurred

EXCESS LIMITS - INDIVIDUAL MEMBER LIMITS

Mr. Casagrande reminded the Board that the Coverage committee recommended and the Executive Committee accepted the offering of excess limits for individual members, subject to application and underwriting. He added that the offer was new for 2015.

PROPOSED POLICY FORM

Mr. Casagrande informed the Board that two informational sessions have been scheduled for Risk Management Consultants to review and discuss the new policy form. He added that one session will be held on January 14th in Bellmawr and the other session will be held on January 15th in Elmwood Park.

LAKEWOOD AIRPORT

Mr. Casagrande reminded the Board that coverage was approved for this exposure for a nominal additional premium as there is a fixed base operator. He added that airports are still excluded in the new policy form and coverage can only be approved on a case by case basis.

2015 AST W/UGP PROGRAM

Mr. Casagrande informed the Board that the aboveground storage tank with underground piping reimbursement program will continue through July 2015. He added that the reimbursement has a maximum of \$400 per tank test. Complete program information can be found on the Fund website.

ENVIRONMENTAL ENGINEERING:

Mr. Erickson thanked the Board for the appointment on behalf of First Environment. He added that he appreciates the opportunity of working with the EJIF as it is a group that is professional and experienced in being able to address the various environmental issues. Mr. Erickson noted that he has been working on the database for the aboveground storage tank with underground piping and indicated that the reimbursement program has resulted in a significant reduction of unprotected underground piping systems.

Mr. Gulics also thanked the Board for the appointment on behalf of T&M Associates and indicated that it has been a pleasure working with the EJIF. He added that the fund has made great strides which are reflected in the results of the inspections conducted.

ACTUARY

Mr. Kullman indicated that he had nothing to report and thanked the committee for re-appointment.

OLD BUSINESS:

None.

NEW BUSINESS:

None.

PUBLIC COMMENT:

None.

CLOSED SESSION:

MOTION FOR EXECUTIVE SESSION TO DISCUSS CLAIMS/POTENTIAL LITIGATION

MOTION: Commissioner Shives
SECOND: Commissioner Wolk
VOTE: Unanimous

MOTION TO RETURN TO OPEN SESSION

MOTION: Commissioner Catenaro
SECOND: Commissioner Gildea
VOTE: Unanimous

MOTION TO APPROVE THE PARS AS PRESENTED DURING CLOSED SESSION

MOTION: Commissioner Shives
SECOND: Commissioner Catenaro
ROLL CALL VOTE: Unanimous

MOTION TO ADJOURN MEETING

MOTION: Commissioner Landolfi
SECOND: Commissioner Tomasko
VOTE: Unanimous

Meeting Adjourned: 11:26 AM

Next Meeting:

**March 2015
Forsgate CC
Jamesburg, NJ**

Respectfully submitted,

Prepared by Jason D. Thorpe, Assistant Secretary

**NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
BILLS LIST**

Resolution No. 26-14

DECEMBER 2014

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

BE IT RESOLVED that the New Jersey Municipal Environmental Risk Management 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 2014

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000249			
000249	T & M ASSOCIATES	PROFESSIONAL SERVICES - 11/14/2014	13,737.67
			13,737.67
000250			
000250	PERMA RISK MANAGEMENT SERVICES	POSTAGE FEE 11/2014	25.90
000250	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 12/2014	20,163.00
			20,188.90
000251			
000251	CHARLES CUCCIA	TREASURER FEE 12/2014	1,515.00
			1,515.00
000252			
000252	PRINCETON PUBLIC AFFIARS GROUP	PROFESSIONAL SERVICES - 11/5-/1412/4/14	4,500.00
			4,500.00
000253			
000253	DANSKIN INSURANCE AGENCY INC	UNDERWRITING MANAGER FEE 12/2014	17,569.00
000253	DANSKIN INSURANCE AGENCY INC	RENEWAL GENERAL LIAB POLICY	942.50
			18,511.50
000254			
000254	PAUL J. SHIVES	2014 MEETING ATTENDANCE	900.00
			900.00
000255			
000255	ROBERT M. LANDOLFI	2014 MEETING ATTENDANCE	900.00
			900.00
000256			
000256	ROBERT LAW	2014 MEETING ATTENDANCE	900.00
			900.00
000257			
000257	GREGORY S. FRANZ	2014 MEETING ATTENDANCE	900.00
			900.00
000258			
000258	PAUL H. TOMASKO	2014 MEETING ATTENDANCE	900.00
			900.00
000259			
000259	RICHARD A. BROOK	2014 MEETING ATTENDANCE	900.00
			900.00
000260			
000260	NJ ADVANCE MEDIA	ACCT NO. XNJEN0555599 -10/31/2014 - COVE	20.88
000260	NJ ADVANCE MEDIA	ACCT NO. XNJEN0555599 - 10/20/14 - PUBLI	51.04
			71.92
000261			

000261	MOUNT OLIVE TOWNSHIP	2014 MEETING ATTENDANCE	750.00
			750.00
000262			
000262	ALLSTATE INFORMATION MANAGEMNT	DEPT: 736 - ACT & STOR 10/31/2014	18.23
			18.23
000263			
000263	JAMES H. GILDEA	2014 MEETING ATTENDANCE	900.00
			900.00
000264			
000264	JOSEPH E. WOLK	2014 MEETING ATTENDANCE	900.00
			900.00
000265			
000265	JEROME CEVETELLO	2014 MEETING ATTENDANCE	750.00
			750.00
000266			
000266	THOMAS F. NOLAN	2014 MEETING ATTENDANCE	900.00
			900.00
000267			
000267	FIRST ENVIRONMENT, INC.	PROFESSIONAL SERVICES - 10/2014	13,872.66
			13,872.66
000268			
000268	JOSEPH CATENARO	2014 MEETING ATTENDANCE	900.00
			900.00
		Total Payments FY 2014	82,915.88

TOTAL PAYMENTS ALL FUND YEARS \$ 82,915.88

**NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
DIVIDENDS LIST**

Resolution No. 27-14

DECEMBER 2014

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

BE IT RESOLVED that the New Jersey Municipal Environmental Risk Management 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 2001

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000269			
000269	SUB-ESSEX JOINT INSURANCE FUND	2014 DIVIDENDS	17,725.00
			17,725.00
000270			
000270	MORRIS CO. MUNICIPAL J. I. F.	2014 DIVIDENDS	60,721.00
			60,721.00
000271			
000271	NEW JERSEY UTILITY AUTH. JIF	2014 DIVIDENDS	48,251.00
			48,251.00
000272			
000272	BERGEN CO. MUNICIPAL J.I.F.	2014 DIVIDENDS	67,105.00
			67,105.00
000273			
000273	CAMDEN CO. MUNICIPAL J.I.F.	2014 DIVIDENDS	44,791.00
			44,791.00
000274			
000274	SOUTH BERGEN MUNICIPAL J.I.F.	2014 DIVIDENDS	42,291.00
			42,291.00
000275			
000275	P.M.M. JOINT INS. FUND	2014 DIVIDENDS	19,684.00
			19,684.00
000276			
000276	OCEAN CO. MUNICIPAL J.I.F.	2014 DIVIDENDS	68,875.00
			68,875.00
000277			
000277	MONMOUTH CO. MUNICIPAL J.I.F.	2014 DIVIDENDS	36,955.00
			36,955.00
000278			
000278	SUBURBAN MUNICIPAL J.I.F.	2014 DIVIDENDS	20,820.00
			20,820.00
000279			
000279	CENTRAL JERSEY J.I.F.	2014 DIVIDENDS	47,783.00
			47,783.00

Total Payments FY 2001

475,001.00

TOTAL PAYMENTS ALL FUND YEARS \$ 475,001.00

RESOLUTION NO. 1-15

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
(hereafter referred to as the “FUND”)

**CERTIFYING THE ELECTION OF
CHAIRMAN AND SECRETARY FOR FUND YEAR 2015**

BE IT RESOLVED, by the Governing Body of the Fund that the following persons have been elected as Chairman and Secretary:

FRANK WILPERT, CHAIRMAN

PAUL SHIVES, SECRETARY

BE IT FURTHER RESOLVED, that the Chairman and Secretary shall serve for the year 2015 and until their successors shall be elected and qualified.

ADOPTED: *this day before the Governing Body,*

RESOLUTION NO. 2-15

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND,
Hereinafter referred to as the "FUND")

**APPOINTING CERTAIN PROFESSIONALS AND SERVICE ORGANIZATIONS
FOR FUND YEAR 2015**

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 requires the services of certain professional service providers and service organizations for the 2015, 2016 and 2017 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 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 on the Fund's website; and,

WHEREAS, responses were received from professional service providers and service organizations as listed below on July 15, 2014 at 2 pm; and,

WHEREAS, the Fund's Executive Committee recommends 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 Fund Executive Committee; and,

WHEREAS, the Fund Treasurer has issued a certificate of available funds indicating sufficient funds exist for the award of these contracts in the usual and customary accounts.

NOW, THEREFORE, BE IT RESOLVED by the Fund's Executive Committee that contracts for the following professionals be appointed for a three (3) year term, (*unless otherwise specified*):

- I.** PERMA Risk Management Services is hereby appointed as **Administrator**, Mr. James J. Kickham is appointed as **Executive Director** and **Stephen Sacco** as **Deputy Executive Director** and as agent for process of service.
- II.** Fred Semrau, Esq. is hereby appointed as **Fund Attorney** and shall receive a retainer for administrative services, legal research and legal opinions.
- III.** Peter King, Esquire is appointed to serve as the FUND's **Claims Administrator**.

- IV. Mr. Charles S. Cuccia is hereby appointed as **Fund Treasurer**.
- V. Wells Capital Management is hereby appointed as **Asset Manager** to the FUND. – For accounts over \$20 Million the fee will be 15 basis points on the first \$75 Million and 10 basis points on the balances with the minimum annual fee of \$75,000.
- VI. Mr. Francis (Bud) Jones of Nisivoccia LLP is hereby appointed as **Fund Auditor**.
- VII. The Danskin Insurance Agency, Inc. and Conner Strong & Buckelew are hereby appointed as **Underwriting Managers** for the FUND.
- VIII. AON Worldwide Actuarial Services, Inc, is hereby appointed as **Actuary** for the FUND.
- IX. T & M Engineering and First Environment are hereby appointed to provide **Environmental Engineering/Services** to the FUND as per the agreed pricing as a result of the 2013 RFQ process for the 2015 fund year.
- X. Princeton Public Affairs Group, Inc, is hereby appointed as **Legislative Liaison** for the FUND. (1/1/15 – 12/31/15)

BE IT FURTHER 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 contracts attached to this Resolution.

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

BE IT FURTHER RESOLVED that the professional service fee compensation for the professionals shall increase 2% from the 2015 fund year for the period of January 1, 2015 through December 31, 2015; unless otherwise noted.

ADOPTED: *this day by the Governing Body,*

RESOLUTION NO. 3-15

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
(Hereinafter the "FUND")

ESTABLISHING A FUND RECORDS PROGRAM FOR FUND YEAR 2015

WHEREAS: The FUND must establish a formal record retention program for the 2015 Fund Year.

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

- I. Paul Shives, 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 16, Parsippany, NJ.**
- II. Jason Thorpe, Assistant Account Manager for PERMA Risk Management Services is hereby designated 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 Route 80, Business Archives, 24 Beckwith Avenue, Paterson, New Jersey. The FUND's Executive Director shall coordinate the archive process and will make sure all records are properly indexed and accessible.

ADOPTED: *this day before the Governing Body*

RESOLUTION NO: 4 - 15

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
(hereafter referred to as "THE FUND")
ESTABLISHING A FISCAL MANAGEMENT PLAN
FOR THE 2015 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 2015 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:

Farank Wilpert	CHAIRMAN
Paul Shives	SECRETARY
Charles Cuccia	TREASURER
Greg Franz	COMMISSIONER

II. All funds for Claims payments 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.

Peter King

Matthew Petracca

Fred Semrau

III. The Cash and Investment Policy attached herewith, shall be adopted.

IV. 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.

V. 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:*

NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND

2015 CASH MANAGEMENT AND INVESTMENT POLICY

1.) Cash Management and Investment Objectives

The **NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT 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; or

- e.) Bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Investment of the Department of 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 establish by the N.J. Department of Community Affairs.

No investment or deposit shall have a maturity longer than one (10) years from date of purchase.

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:

Wells Fargo 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 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.

12.) **Cash Management**

All moneys turned over to the Treasurer shall be deposited within forty-eight (48) hours in accordance with NJSA 40A:5-15.

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 imprest 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: 5-15

**NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
(hereafter the “FUND”)**

ESTABLISHING PUBLIC MEETING PROCEDURES FOR FUND YEAR 2015

WHEREAS, the FUND must establish meeting procedures for Fund Year 2015, and

NOW, THEREFORE BE IT RESOLVED BY the Funds Governing Body

- I.** That the FUND shall hold public meetings during the year 2015 at 10:50 AM on Wednesday March 4, 2015 at the Forsgate CC; Wednesday, June 3, 2015 at 10:50 AM at the Forsgate CC, Wednesday, September 2, 2015 at 10:50 AM at the Forsgate CC, Wednesday, October 21, 2015 at 10:50 AM at the Forsgate CC and on November 18, 2015 at noon at the Sheraton Hotel, Atlantic City, NJ; and Wednesday, January 6, 2016. Unless noted, locations will be at Forsgate Country Club.

- II.** Each Public Comments session is limited to thirty (30) minutes; any one person may address the Chairperson for a maximum of five (5) minutes; once a particular topic has been addressed by a member of the public, subsequent comments on that same topic by other people is limited to a maximum of two (2) minutes; citizens who have spoken once during the session will not be recognized a second time; and speakers are required to state their names and addresses.

- III.** The following is hereby designated the official newspaper (s) of the FUND:

The Star Ledger, Newark, NJ; and In addition, the EJIF’s webpage is designated for official notices – www.NJEJIF.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;

RESOLUTION NO. 6-15

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
(hereafter referred to as the "FUND")

**RESOLUTION FOR THE PURCHASE OF EXCESS INSURANCE FOR FUND YEAR
2015**

WHEREAS, the NJ Municipal Environmental Risk Management Fund, hereafter, the FUND, at its December 4, 1996 meeting authorized the purchase of excess insurance; and this being completed;

NOW, THEREFORE BE IT RESOLVED that the FUND ratifies and confirms the purchase from Liberty International Underwriters, Inc. The following coverage, to be effective January 1, 2015 through December 31, 2015:

The Aggregate Excess Liability coverage of \$7,500,000 excess of the \$2,700,000 attachment point annual aggregate at a rate of 13.88 cents per capita for Fund Year 2015 based on a population of 3,781,217.

ADOPTED: this day before the Governing Body

RESOLUTION 7-15

NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
2015 RISK MANAGEMENT PLAN

BE IT RESOLVED by the Fund's Board of Commissioners that the 2015 Plan of Risk Management shall be:

Introduction

In 1984, the commercial insurance marketplace excluded all environmental risk from general liability insurance policies underwritten for public entities and other local units, and for many years subsequent, there had been no coverage available for these exposures. As a result of the liability insurance crisis beginning the following year, New Jersey Public entities developed joint insurance funds and in 1988 formed the Municipal Excess Liability Joint Insurance Fund (MEL) to provide excess casualty coverage for the newly created pools. At that time, the pools were not large enough to address the environmental liability issue and environmental coverage remained a void. However, by 1991, the MEL had grown to over 200 communities and adopted a long-range plan that proposed the establishment of a specialized pool to provide environmental coverage. A study committee was formed in 1992 and enabling legislation was signed into law in October 1993.

The New Jersey Municipal Environmental Risk Management Fund, hereinafter referred to as the "FUND" was established by property/casualty joint insurance funds which seek to provide their member public entities and utility authorities with environmental coverage in six (6) areas:

Coverage A: Third Party Liability

Coverage B: On-Site Clean-up Costs

Coverage C: Public Officials Pollution Liability

Coverage D: De Minimus Abandoned Waste Sites

Coverage E: Defense Costs

Coverage F: Storage Tank Systems

One of the primary objectives of the FUND is the containment of costs through sound environmental control practices, as well as effectively administered claims adjustment practices. To achieve these objectives, the FUND has engaged environmental engineering companies to work closely with member public entities in the establishment of an effective loss control program. The FUND has also arranged with an experienced claims-servicing company and a panel of environmental defense attorneys to provide

Disclaimer: This document is a general overview of the coverage and limits provided by the FUND. The actual terms and conditions are defined in the policy documents and all issues related to coverage shall be decided based on those policy forms.

claims adjustment services. It is the goal of the FUND to expand the range of coverage and services based on experience and evolving needs of member local units.

COVERAGE A - THIRD PARTY LIABILITY

1. Background:

The activities of public entities may result in an actual or alleged pollution conditions which causes bodily injury or damage to property of others. The extent of the coverage under Coverage A is to provide protection to the local unit for claims triggered by pollution conditions for which the local unit is alleged to be responsible.

2. Scope of Coverage:

To pay on behalf of the Local Unit losses due to liability for bodily injury and/or property damage caused by pollution conditions emanating from a covered location or arising from covered operations.

3. POLLUTION CONDITIONS:

The FUND intends to cover, under Coverage A, the discharge, dispersal, release, escape, migration or seepage of any solid, liquid, gaseous or thermal irritant, contaminant or pollutant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, materials or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater. Waste materials include materials to be recycled, reconditioned or reclaimed.

4. Exclusions: (Partial Listing – REFER TO POLICY FOR COMPLETE LIST OF EXCLUSIONS)

The FUND will not pay nor defend any loss from pollution conditions caused by, due, based upon, arising out of or directly related to any one or more of the following:

- a) **Pollution conditions that existed prior to the inception date of this policy**
- b) **Injunctive or non-monetary relief**
- c) **Lead**
- d) **Asbestos**
- e) **Workers Compensation, unemployment compensation or disability benefits**
- f) **Employment Practices Liability**
- g) **Mold or fungi**
- h) **Contractual Liability, except where coverage would apply in absence of contract**

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- i) Acid rain
- j) Automobile, aircraft, watercraft
- k) Pollution conditions after location has been sold, leased, or abandoned
- l) Chlorine based products
- m) Airports
- n) Willful, deliberate non-compliance with regulation, statute, or other law

5. Limit of Liability:

\$1,000,000 per loss per local unit

\$1,000,000 annual aggregate per local unit

COVERAGE B – ONSITE CLEANUP COSTS

1. Background:

Public property is subject to being polluted by third parties such as an illegal toxic dumping in a park. The intent of the coverage, under Coverage B, is to provide protection to the public entity for the costs of remediation triggered by pollution conditions caused by an unrelated third party on any public lands of the local unit.

2. Scope of Coverage:

Emergency Remediation of pollutants deposited by third parties:

\$ 50,000 per loss per local unit

\$ 100,000 annual aggregate per local unit

Note: Local unit will be required to make application to the NJ Spill Fund for reimbursement. Reimbursement, if any, to be paid back to the FUND.

COVERAGE C - PUBLIC OFFICIALS POLLUTION LIABILITY

1. Background:

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The acts or omission by public officials that may result in claims by third parties of bodily injury or property damage related to environmental conditions are excluded under conventional Public Officials Liability coverage. It is the intent of Coverage C to provide protection to the officials of the local unit for such claims.

2. Scope of Coverage:

Pay on behalf of the local unit and its public officials that are legally obligated to pay as a result of pollution conditions caused by the wrongful acts of Public Officials.

3. Limit of Liability:

\$1,000,000 per loss per local unit

\$1,000,000 annual aggregate per local unit

COVERAGE D - DE MINIMUS ABANDONED WASTE SITES

1. Background:

Public entities, through their various departments and refuse collection responsibilities, have in the past contributed waste to hazardous waste landfills. Through actions by the EPA and/or NJDEP, efforts are being made to remediate all hazardous waste sites and to assign associated costs to potentially responsible parties (PRPs) who likely contributed to the problem. In many cases it is unclear who was truly responsible for the hazardous waste that was sent. Public entities have been identified as general contributors with potentially “deep pockets” and therefore, under CERCLA guidelines of strict joint and several liability, could be forced to contribute a significant amount to the clean-up. Contributors who have not been specifically identified as major contributors, however, have often been in a position, particularly when mediated as a group, to negotiate an equitable settlement with the EPA, NJDEP and major PRP’s to indemnify them from further liability. The intent of the FUND, under Coverage D, is to provide a means for insureds that are deemed minor contributors (De Minimus) to an abandoned waste site to negotiate reasonable settlements. To a significant extent, this is part of a defense strategy.

2. Scope of Coverage:

The FUND, under Coverage D, will pay on behalf of the insured(s) for the negotiated settlement amount, up to policy sub-limits, to fund remedial efforts and a settlement agreement that will indemnify the insured(s) from future liability at a Federal or State Abandoned Toxic Waste Site. Legal defense shall be included subject to the policy limits.

3. Abandoned Waste Site & Minor PRP Designation

The FUND intends to cover only those events where the local unit is clearly identified as a de minimus (PRP) contributor of the specified hazardous waste at a Federal or State Abandoned

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Toxic Waste Site where the local unit was not aware, nor given actual or constructive notice that the pollution conditions existed prior to the inception date of coverage, nor that any elected or appointed official of the local unit knew or could have reasonably foreseen that such pollution conditions could have been expected to give rise to a claim.

4. Exclusions: (Partial Listing - Refer to Policy for all Exclusions)

The FUND will neither pay nor defend any loss from an abandoned waste site buy-out agreement caused by, due to, based upon, arising out of or directly related to any one or more of the Exclusions listed under Section IV of the policy.

5. Conditions:

- a) Legal services will be provided solely by the approved FUND attorney(s).
- b) The local unit must agree to participate in any group settlement proceedings deemed appropriate by the FUND attorney(s).
- c) The FUND must agree to the negotiated settlement.
- d) The local unit and the FUND must be indemnified from further liability at site as a result of payment.

6. Limit of Liability:

\$50,000 per local unit

COVERAGE E – DEFENSE COSTS

1. Background:

Public entities may be faced with future environmental litigation arising from past and present operations including those for the disposal of trash, sludge and other pollutants. While the FUND provides coverage for claims arising from pollution conditions occurring on owned property after inception and for storage tank systems, no coverage under Coverages A & B is offered for the past pollution event or for off premise environmental liability.

2. Scope of Coverage:

The FUND will provide legal representation to the local unit arising from any pollution conditions to which this policy applies.

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3. Exclusions: SEE EXCLUSIONS UNDER SECTION IV of the policy.

4. Conditions:

a) Legal service provided only for a claim to which this policy applies.

b) Legal service provided solely by approved FUND attorney(s).

5. Limit of Liability:

\$500,000 per loss per local unit

\$500,000 annual aggregate per local unit

COVERAGE F - STORAGE TANK SYSTEMS COVERAGE (STANDALONE POLICY FORM)

1. Background

EPA and the NJDEP have existing regulations requiring tank owners to provide financial responsibility for the pollution exposure of underground storage tanks. The intent of the FUND, under Coverage F, is to fulfill the requirements as well as provide coverage for above ground storage tanks. The policy form itself is subject to EPA/NJDEP acceptance.

2. Scope of Coverage:

The FUND will pay on behalf of the local unit, sums, which the local unit shall be legally obligated to pay as damages as a result of bodily injury or property damage, a cleanup caused by a release arising from the operation of an underground storage tank at any scheduled site. The claim must be first made against the local unit during the policy period and reported to the FUND during the policy period. Above ground storage tanks must comply with all underwriting requirements established by the fund, including compliance testing for above ground storage tanks with underground piping. The deadline for compliance testing was 7/1/2013. After 7/1/2013, new EJIF members AND current members that acquire the described system must demonstrate compliance with the FUND standards in order to secure coverage for that system.

There is a biennial testing requirement for those systems that previously qualified for coverage during the initial testing period.

This policy is site specific: Only scheduled underground storage tanks at scheduled locations are covered.

No coverage applies to underground storage tanks that are rejected, unknown and/or unscheduled. These tanks may be eligible for up to \$10,000 in remediation expenses, subject to the approval of the FUND.

3. Accidental Release:

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The FUND intends to cover only those events emanating from any sudden or non-sudden release of petroleum arising from the operation of a storage tank at any scheduled site that results in a need for clean-up and/or compensation for bodily injury or property damage neither expected nor intended by the insured.

4. Exclusions: (Partial Listing - Refer to Policy for all Exclusions)

The coverage does not apply to:

- 1) Any claim arising from any knowingly unlawful, dishonest, fraudulent, criminal, malicious or wrongful act or omission committed by or at the direction of any supervisor, department head, elected or appointed official of the local unit.
- 2) Any claim with respect to which the local unit was aware of non-compliance with any applicable statute, regulation, instruction or court order relating to the petroleum tanks.

Storage Tank Exclusions continued-

- 3) Any claim arising from any accidental release at any place other than scheduled sites.
- 4) The cost of installation, replacement or repair of any storage tank or any other receptacle including the cost of excavation or backfilling, piping and valves, all leak detection systems and all containment systems and all monitoring systems.
- 5) Any routine maintenance, measurement or testing expense which is not occasioned by a pollution event.
- 6) Any fines, exemplary or punitive damages, statutory or other penalties, trebled or other multiple damages.
- 7) Any unregulated tanks that exceed the 20 year age limit as of January 1, 2014.

5. Limit of Liability:

\$ 1,000,000 each incident -Coverage A

\$ 1,000,000 each corrective action -Coverage B

\$ 1,000,000 Aggregate Limit

\$ 100,000 Aggregate Defense Limit

\$ 10,000 Sub Limit – Undisclosed Tanks Per location, Per Policy/Fund Year

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RISK RETAINED BY THE FUND

The Fund has contracted with an Insurer to provide an excess of loss agreement. The intention is to provide aggregate budget protection. The limits afforded are \$7,500,000 **aggregate limit** per year that attaches after retention of \$2,700,000.

AMOUNT OF RESERVE TO BE ESTABLISHED

A dollar reserve is established by the FUND as to its potential exposure on a given claim based on the severity of the damages adjusted by the limits of legal liability.

All elements of the liability claim investigation are considered in establishing a reserve after the FUND is notified of its potential exposure. While conditions may change as further information becomes available, “stair stepping” or frequent changes in reserves is to be avoided.

Claim reserves are subject to regular review by the FUND’s Executive Director/Administrator, Attorney, Underwriting Managers, Fund Engineer, Fund Commissioners/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 excess coverage to the FUND (if any).

ASSESSMENTS

A. Budget Preparation:

1) In or before September of each year, the FUND shall prepare the budget for the upcoming calendar year. The budget shall identify the proposed items and amounts of expenditure for its operations, including an acquisition cost not to exceed six percent (6%), the anticipated amounts and sources of assessments and other income to be received during the calendar year and the status of the self insurance or loss retention accounts.

2) The budget shall be reviewed by an Actuary who shall comment on its adequacy and shall recommend changes, as appropriate.

B. Budget Adoption:

1) Not later than November of each year, the Fund Commissioners/Executive Committee shall adopt by majority vote, the budget for the FUND’s operations for the coming calendar year.

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2) A copy of the FUND's proposed budget as changed to reflect the actuary report shall be sent to each participant 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 local units the opportunity to present comments or objections.

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

4) 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 local unit, the Commissioner of Insurance and the Commissioner of the Department of Community Affairs.

C. Annual Assessment:

1) The annual assessment of each participant shall be its pro rata share of the budget for the upcoming year for each line of coverage as computed by the actuary.

2) The calculation of pro rata shares shall be based on each participant's composite premium by fund year for that line of coverage.

3) The total amount of each participant's annual assessment shall be certified by a majority vote of the Fund Commissioners/Executive Committee to the governing body of each participant at least one month prior to the beginning of the next calendar year.

4) The annual assessment shall be paid to the FUND in two (2) installments, to be determined by the Fund Commissioners/Executive Committee, which shall conform with N.J.A.C. 12:15-2.15(a).

5) The Treasurer shall deposit each participant's assessment into the appropriate accounts, including the administrative account, the claim or loss retention trust fund accounts, or any other account as permitted by law.

6) If a participant becomes a member of the FUND or elects to participate in a line of coverage after the start of the fund year, such participant's assessments and supplemental assessments shall be reduced in proportion to that part of the year which has elapsed.

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D. Supplemental Assessments:

1) The Fund Commissioners/Executive Committee shall, by majority vote, levy upon the participants 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.

a) All supplemental assessments shall be charged to the participants by applicable fund year and shall be apportioned by that year's earned assessments for that line of coverage.

b) All participants shall be given thirty (30) 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) Participants shall have thirty (30) days to pay the FUND from the date any supplemental assessment is adopted.

2) 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.

E. Failure or Refusal to Provide Required Assessments:

Should any member fail or refuse to pay its assessments or supplemental assessments, or should the FUND fail to assess funds required to meet its obligations, the Chairperson, or in the event by his or her failure to do so, the custodian of the FUND's assets, shall notify the Commissioner of Insurance and the Commissioner of Community Affairs. Past due assessments shall bear interest at the rate of interest to be established annually by the Fund Commissioners/Executive Committee.

F. Insolvency and/or Bankruptcy of Fund Members

The insolvency or bankruptcy of a participant does not release the FUND, or any other member, of joint and several liability for the payment of any claim or liability incurred by the member during the period of its membership, including, but not limited to, being subject to and liable for supplemental assessments.

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LOSS ADJUSTMENT PROCEDURES

The FUND will be presented with various claims against the coverage provided to the participating public entities. These claims can be large or small, justified or frivolous. The primary function of the Fund Attorney and Claims Servicing Company will be to investigate each claim for the FUND and make a determination as to the validity, scope and value of the claim.

While the flavor of the investigation will differ per line of coverage, there are basic factors which are common to all liability claim investigations. The following factors will be addressed by the Claims Servicing Company when handling a liability claim:

A. Coverage:

The first step in claim investigation is the verification of coverage.

B. Facts:

A complete and thorough knowledge of the accident or occurrence will be the criteria on which liability is determined.

C. Liability:

Is there validity to the claim? Careful consideration must be given to this question. An analysis of the facts and applicable laws will determine the negligence factor.

D. Injuries:

The Claims Servicing Company must gather all information with respect to the extent of injuries and property damage sustained by the claimant(s). An early determination as to the extent of damages may help mitigate exposure and damages.

E. Reserves:

A careful examination of the preceding factors will help the claims service company to establish an intelligent loss reserve. It is the best estimate of the FUND's exposure with respect to each loss.

F. Claims Control:

The FUND's liability claim handling process goes beyond what would normally be considered insurance industry standards. The central theme is teamwork. Teamwork among the Executive Director/Administrator, Fund Attorney and other professionals, the Claims Servicing and Loss Control companies and the member public entities. The ultimate goal is to protect the FUND by settling claims fairly but at the lowest possible costs.

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G. Legal Defense and Fees:

The FUND has established procedures to provide quality defense of claims and monitor the defense procedures and costs. These procedures include

- 1) Establishing a list of approved defense attorneys. This list includes attorneys with special qualifications, previous experience and a reasonable fee structure. It is expected that the approved defense attorneys will provide the highest quality defense for the FUND at the most reasonable cost.
- 2) The FUND will monitor the activities of the defense attorneys and the Fund Attorney may direct the amount of legal discovery to be conducted in an effort to control costs. The Fund Attorney actively maintains control on legal defense activity and expense.

NOTE: Each local unit participating in the FUND is provided with a claim manual or claim packet explaining how and where to report claims.

ADOPTED: *this 7th day of January 2015 by the Governing Body*

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RESOLUTION NO. 8-15

**RESOLUTION OF THE COMMISSIONERS OF THE NEW JERSEY
ENVIRONMENTAL RISK MANAGEMENT FUND ESTABLISHING A DEFENSE
PANEL**

WHEREAS, it is necessary for the New Jersey Municipal Environmental Risk Management Fund to establish a defense panel comprised of qualified, environmental attorneys for the defense of various actions which are brought for which the New Jersey Municipal Environmental Risk Management Fund has an obligation to defend and indemnify; and

WHEREAS, the defense panel will have to be adjusted as time goes on and is in addition to the services to be rendered by general counsel; and

WHEREAS, the New Jersey Municipal Environmental Risk Management Fund advertise and requested proposals through the fair and open process pursuant to N.J.S.A. 19:44A-20.4 et seq.; and

WHEREAS, such proposals were submitted and reviewed by the Fund Commissioners.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the New Jersey Municipal Environmental Risk Management Fund, that the following law firms are hereby authorized as the defense panel:

Fred Semrau, Esq.
Dorsey & Semrau
P.O. Box 228
714 Main Street
Boonton, NJ 07005

Peter J. King, Esq.
King & Petracca
51 Gibraltar Drive, Suite 1 D
Morris Plains, NJ 07950

M. James Maley, Jr., Esq.

Maley & Associates
931 Haddon Avenue
Collingswood, NJ 08108

Joseph DeCotiis, Esq.
and Frank Borin, Esq.
DeCotiis, Fitzpatrick & Cole
Glen Pointe Centre West
500 Frank W. Burr Blvd.
Teaneck, NJ 07666

Giordano Halleran & Ciesla
125 Half Mile Road, Suite 300
Red Bank, NJ 07701

Law Offices of John Hipp
301 State Rt. 17 N
Rutherford, NJ 07070

BE IT FURTHER RESOLVED by the Commissioners of the New Jersey Municipal Environmental Risk Management Fund, that the following fee schedule for Defense Attorney's for 2015 is established:

1. Partners – \$170/hour
2. Associates with five years experience – \$145/hour
3. Associates - \$135/hour
4. Paralegals - \$85/hour

ADOPTED: this day before the Governing Body

RESOLUTION # 9-15

**NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
ESTABLISHING MEETING COMPENSATION FOR
BOARD OF COMMISSIONER MEMBERS
FOR THE 2015 FUND YEAR**

BE IT RESOLVED , the **NJ Municipal Environmental Risk Management Fund** shall, effective January 1, 1997, provide for payment to the Board of Fund Commissioners, pursuant to N.J.S.A. 40:A10-37 at the rate of \$150.00 per meeting; conditioned upon each member's attendance at the corresponding regularly scheduled meeting and attention to usual and customary duties between meetings.

BE IT FURTHER RESOLVED, a Board of Fund Commissioner member shall not be required to attend any additional meetings as a precondition to payment, nor shall any Executive Committee member be compensated for attendance at more than twelve (12) meetings per year.

ADOPTED: this day before the Governing Body

RESOLUTION NO. 10-15

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND
(hereafter referred to as the "FUND")

ESTABLISHING STANDING COMMITTEES FOR FUND YEAR 2015

WHEREAS, The New Jersey Municipal Environmental Risk Management Fund has substantially increased its membership, coverages and cumulative budget since its inception in 1995; and

WHEREAS, the resulting complexity of the New Jersey Municipal Environmental Risk Management Fund requires close scrutiny of its business affairs by fund commissioners; and

WHEREAS, this work can efficiently be reviewed by standing committees meeting separately throughout the year.

NOW, THEREFORE BE IT RESOLVED, that five (5) standing committees be established: **Coverage Committee, Rules & Contracts Committee, Budget & Finance Committee, Claims Committee and Nominating Committee;**

BE IT FURTHER RESOLVED, that these committees will operate under the charter agreements attached.

ADOPTED: *this day before the Governing Body,*

NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND BILLS LIST

Resolution No. 11-15

JANUARY 2015

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

BE IT RESOLVED that the New Jersey Municipal Environmental Risk Management 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 2014

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000280			
000280	AON RISK CONSULTANTS, INC.	ACTUARY FEE OCT - DEC 2014	15,413.50
			15,413.50
000281			
000281	PRINCETON PUBLIC AFFIARS GROUP	PROFESSIONAL SERVICES - 12/5/14-1/4/15	4,500.00
			4,500.00
000282			
000282	PETER J. KING, ESQ	CLAIMS ADMIN - 2014	24,423.00
			24,423.00
000283			
000283	ALLSTATE INFORMATION MANAGEMNT	DEPT: 736 - ACT & STOR 11/30/2014	18.23
			18.23
000284			
000284	FIRST ENVIRONMENT, INC.	PROFESSIONAL SERVICES - 11/2014	9,125.66
			9,125.66
000285			
000285	SCOTT CAREW	2014 MEETING ATTENDANCE	300.00
			300.00
Total Payments FY 2014			53,780.39

FUND YEAR 2015

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
000286			
000286	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 01/2015	20,565.00
			20,565.00
000287			
000287	CHARLES CUCCIA	TREASURER FEE 01/2015	1,545.00
			1,545.00
000288			
000288	DANSKIN INSURANCE AGENCY INC	UNDERWRITING MANAGER FEE 01/2015	17,566.00
			17,566.00
Total Payments FY 2015			39,676.00

TOTAL PAYMENTS ALL FUND YEARS \$ 93,456.39