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**PUBLIC ALLIANCE INSURANCE COVERAGE FUND**

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**EXECUTIVE COMMITTEE'S MEETING MINUTES**

**May 16, 2017**

**I. Call to Order – Samuel Race, Chairperson**

The meeting was called to order at 9:40 a.m. by Chairperson Race.

**II. Open Public Meetings Statement – Samuel Race, Chairperson**

The Open Public Meetings Act was read by Chairperson Race.

**III. Roll Call**

Executive Committee

		<u>Attendance</u>
Michael Schwar	Alpha Borough	Present
Janet Previte	Hunterdon County	Absent
Cynthia Ege	City of Lambertville	Present
Grace Brennan	Union Township	Present
Samuel Race	White Township	Present

Executive Committee - Alternates

Joseph Kennedy	Belvidere Township	Absent
Vita Mekovetz	Readington Township	Absent
Anthony Vangeli	Pohatcong Township	Absent

Also Present

Barbara Murphy	PEGAS/Risk & Loss Managers, Inc.
Michaelene Miller	
Michael Solomon	The Actuarial Advantage
Taylor Jacob	Consolidated Services Group
Robert Granata	Highland Claim Services, Inc.
Michael Niznik	Partnership Safety Consultants
Marty Hammond	PFM
Samantha Plunkett	
Rick Coyne (via phone)	Withum, Smith & Brown
Gregory Della Pia	Treasurer
Tom Narolewski	Assured Partners/AJM
Bob Gemmell	Brown & Brown of NJ

**IV. Introduction of Guests**

Michael Solomon of The Actuarial Advantage and Marty Hammond and Samantha Plunkett of PFM introduced themselves.

**V. Executive Committee Business**

**A. Approval of the February 7, 2017 Fund Commissioners', Executive Committee's Reorganization and Closed Meeting Minutes and December 13, 2016 Executive Committee Meeting Minutes (page 2 as amended)**

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**PUBLIC ALLIANCE INSURANCE COVERAGE FUND**

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**Motion** to approve the February 7, 2017 Fund Commissioners', Executive Committee's Reorganization and Closed Meeting Minutes and December 13, 2016 Executive Committee Meeting Minutes (page 2 as amended).

**Moved:** Cynthia Ege

**Seconded:** Grace Brennan

**Vote:** Approved: Unanimous Nay:

**B. Reports**

**1. Chairperson – Samuel Race**

There was no report.

**2. MEL Delegate's Report – Cynthia Ege**

As per the report included in the agenda package.

**3. Secretary – Grace Brennan**

There was no report.

**4. Attorney – Saul Ewing, LLP – M. Paige Berry**

As per the report included in the agenda package.

**5. Treasurer – Gregory Della Pia**

The treasurer presented the Treasurer's Report and Bill List.

a. Bill List

Approval of the Bill list for all fund years.

**Motion** to approve the Bill List totaling \$1,552,799.83.

**Moved:** Cynthia Ege

**Seconded:** Grace Brennan

**Vote:** Approved: Unanimous Nay:

b. Treasurer's Report

As per the report distributed at the meeting.

c. Investment Status

As per the report distributed at the meeting.

**6. Investment Manager – PFM**

Marty Hammond provided a review of the Fund's investment portfolio as of December 31, 2016 and April 30, 2017. He provided an overview of market commentary and a summary of the portfolio's performance.

Barbara Murphy stated that the resolution adopted by the Fund at the last meeting in support of A-4234/S-2663, which would allow certain joint insurance funds to invest in bonds of State and federal agencies and to form joint cash management and investment programs, was sent to legislators and appears to have been effective. The legislation has been approved by the Senate and was before the Assembly for a vote.

**7. Administrator - Public Entity Group Administrative Services**

As per the memorandum included in the agenda package.

a. 2018 Renewal Process

Barbara Murphy stated that a 2018 renewal process timeline was included in the agenda package. She stated that underwriting applications would be completed via the Exigis system through the end of the year to allow for the transition to the Origami program. She further stated that Origami would consist of an underwriting and claims database.

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**PUBLIC ALLIANCE INSURANCE COVERAGE FUND**

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b. Return of Surplus

The administrator stated that the Department of Banking and Insurance had not responded to the Fund's request for Return of Surplus. She further stated that, based upon DOBI's 30-day deemer provision, the return of surplus has been deemed approved. She stated that, as per the discussion held at previous meetings, a voucher would be sent to the Fund's current and previous members offering to present the check to their governing body.

7. **Loss Control Specialist – Partnership Safety Consulting**

As per the report included in the agenda package.

Michael Niznik provided an update on the status of the 2017 member surveys. Grace Brennan stated that a two-day seminar was being held in Trenton to discuss cyber-security best practices. She asked if there were any cyber-security loss control resources offered through the Fund. The administrator stated that the MEL recently presented a two-part cyber insurance webinar series, which is available on the MEL website. She stated that the topics included Understanding Your Cyber Liability Policy and What to Do in the Event of a Breach.

8. **Managed Care Services – Consolidated Services Group**

As per the report distributed at the meeting.

9. **Actuarial Report as of 12/31/16 – The Actuarial Advantage – Michael Solomon**

Michael Solomon presented the actuarial report, explaining that the purpose of the report was to project the ultimate losses for the fund. He commented that ultimate losses consist of reported losses that are paid losses and case reserves plus the incurred but not reported (IBNR) reserve. He stated that the IBNR reserve is a provision that takes into account the emergence of unknown claims, development of known cases and the reopening of closed claims. He further stated that as of the December 31, 2016 valuation date, the total case reserves and IBNR reserves were \$4,749,920.

10. **Financial Report – Withum, Smith & Brown – Rick Coyne**

a. PAIC Financial Report as of 12/31/16

Rick Coyne presented the financial report distributed at the meeting. He stated that the balance sheet shows assets of \$17,307,071 and a fund surplus of \$11,569,538. He further stated that there were no audit comments or recommendations and no deficiencies or weaknesses found for the Fund.

***Motion*** to approve Resolution 2017-23 Certifying the Review of the Annual Audit.

**Moved:** Cynthia Ege

**Seconded:** Michael Schwar

**Vote:** Approved: Unanimous                      Nay:

C. **Old Business**

There was no old business.

D. **New Business**

1. Resolution 2017-24 to Urge Representatives to Support Legislative Action to Re-authorize and Extend the National Flood Insurance Program (NFIP)

Barbara Murphy stated that the NFIP was set to expire on September 30, 2017. She stated that the resolution was to urge area federal legislators and representatives to take any and all necessary action to insure that the NFIP is extended beyond the expiration date.

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**PUBLIC ALLIANCE INSURANCE COVERAGE FUND**

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**Motion** to adopt Resolution 2017-24 urging representatives to support legislative action to re-authorize and extend the National Flood Insurance Program.

**Moved:** Cynthia Ege

**Seconded:** Michael Schwar

**Vote:** Approved: Unanimous    Nay:

2. Motion to introduce the PAIC 2017 Fund Year Budget Revision #1  
Barbara Murphy stated that the PAIC 2017 fund year budget was revised due to membership changes.

**Motion** to introduce the 2017 Fund Year Budget Revision #1

**Moved:** Grace Brennan

**Seconded:** Cynthia Ege

**Vote:** Approved: Unanimous    Nay:

**E. Public Comment**

There was no public comment.

**F. Closed Session**

1. **Motion** to adjourn open session.

**Moved:** Grace Brennan

**Seconded:** Cynthia Ege

**Vote:** Approved: Unanimous    Nay:

Open Session was adjourned at 10:30 a.m.

2. **Motion** to adjourn closed session.

**Moved:** Cynthia Ege

**Seconded:** Grace Brennan

**Vote:** Approved: Unanimous    Nay:

Closed Session was adjourned at 10:35 a.m.

3. Claims Payment Authorizations Established in Closed Session

**Motion** to approve claim payments and authorize actions established in Closed Session.

**Moved:** Cynthia Ege

**Seconded:** Michael Schwar

**Vote:** Approved: Unanimous    Nay:

**G. Claims Sub-Committee Report**

1. **Motion** to ratify the March 10, 2017 and April 11, 2017 Claims Sub-Committee Meeting Minutes as amended.

**Moved:** Cynthia Ege

**Seconded:** Grace Brennan

**Vote:** Approved: Unanimous    Nay:

**PUBLIC ALLIANCE INSURANCE COVERAGE FUND**

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**VI. Adjournment**

**Moved:** Cynthia Ege

**Seconded:** Grace Brennan

**Vote:** Approved: Unanimous                      Nay:

The meeting was adjourned at 10:36 a.m.

The next meeting will be held at the **Lebanon Courtyard Marriot, Lebanon, NJ** on **September 21, 2017** at 9:30 a.m.

Respectfully submitted,

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Authorized Signature