

**NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND  
OPEN MINUTES  
MEETING OF JANUARY 2, 2014  
JAMESBURG, NEW JERSEY  
10:50 AM**

---

**SINE DIE MEETING**

Meeting called to order by Thomas Nolan. The Open Public Meeting Notice was read into the record.

**ROLL CALL OF EXECUTIVE COMMITTEE:**

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

**APPOINTED OFFICIALS PRESENT:**

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

**OTHERS PRESENT:**

David Grubb, PERMA  
Steve Sacco, PERMA  
Cate Kiernan, PERMA  
Mary Lou Doner, PERMA  
Nancy Ghani, PERMA  
Jason Thorpe, PERMA  
Joeen Ciannella, PERMA  
Patrick O'Hagan, Midland Park  
Ilene Laursen, CS&B  
Georganne Jussel, CB Claims  
Christopher Botta, CB Claims  
Barry VanKat, Wells Fargo  
Karen DiMeglio, Wells Fargo  
Jeff Lang, Wells Fargo  
Jaklyn Powell, Wells Fargo  
Paul Miola, AJ Gallagher  
Paul Forlenza, AJ Gallagher  
Matthew Petracca, King and Petracca

**APPROVAL OF MINUTES:** November 20, 2013

**MOTION TO APPROVE OPEN MINUTES OF NOVEMBER 20, 2013**

<b>MOTION:</b>	Commissioner Shives
<b>SECOND:</b>	Commissioner Gildea
<b>VOTE:</b>	Unanimous

**CORRESPONDENCE :**

None

**OLD BUSINESS:**

None.

**ADJOURN SINE DIE MEETING:**

<b>MOTION:</b>	Commissioner Catenaro
<b>SECOND:</b>	Commissioner Gildea
<b>VOTE:</b>	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 Cevetello  
**SECOND:** Commissioner Catenaro  
**VOTE:** Unanimous

Commissioner Cevetello indicated that the nominating committee had recommended the following slate:

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

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 Wilpert  
**SECOND:** Commissioner Gildea  
**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 2014 Board of Commissioners:

**ROLL CALL OF 2014 COMMISSIONERS:**

<b>Camden</b>	Joe Wolk	Present
<b>NJUA</b>	Jerry Cevetello	Present
<b>Morris</b>	Frank Wilpert	Present
<b>Ocean</b>	Paul Shives	Present
<b>Burlco</b>	Richard Brook	Present
<b>Central</b>	Robert Landolfi	Present
<b>Sub Essex JIF</b>	Joe Catenaro	Present
<b>Monmouth</b>	Thomas Nolan	Present
<b>Sub-Muni</b>	Jim Gildea	Present
<b>PMM</b>	Scott Carew	Absent
<b>Trico</b>	Robert Law	Present
<b>South Bergen</b>	Greg Franz	Present
<b>Bergen</b>	Paul Tomasko	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 1-14 CERTIFYING THE ELECTION OF JOSEPH WOLK AS CHAIRMAN AND JERRY CEVETELLO AS SECRETARY FOR FUND YEAR 2014:**

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

**RESOLUTION 2-14 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

**Resolution 3-14 - Establishing a Funds Records Program**

**Resolution 4-14 - Establishing a Fiscal Management Plan**

**Resolution 5-14 - Establishing Public Meeting Procedures**

**Resolution 6-14 - Purchase of Excess Insurance**

**Resolution 7-14 - Risk Management Plan**

**Resolution 8-14 - Establishing a Defense Panel**

**Resolution 9-14 - Establishing Meeting Compensation for Board Members**

**Resolution 10-14 - Establishing Standing Committees**

For the record, Mr. Sacco noted the following:

Within Resolution 2-14, Kevin Hagan of PPAG is to be added to the Professional Appointment list for the position of Legislative Liaison. He also noted that within Resolution 4-14, Commissioner Franz will be the additional signatory and the blank line under Item II will remain John Dorsey. Lastly, Mr. Sacco advised that within Resolution 5-14, the March 5<sup>th</sup> meeting will be held at the Crowne Plaza in Jamesburg.

**MOTION TO ADOPT RESOLUTIONS NO. 1-14 THROUGH 10-14 AS AMMENDED ABOVE WITH THE CHANGES NOTED**

**MOTION:** Commissioner Cevetello  
**SECOND:** Commissioner Wilpert  
**ROLL CALL VOTE:** Unanimous

**2014 STANDING COMMITTEES** – Chairman Wolk referred to the list of 2014 standing committees enclosed within the agenda packet. He advised that if any Board members would like to join one of the committees, they should inform him or Mr. Sacco.

**2014 STANDING COMMITTEES**

**COVERAGE COMMITTEE**

Tom Nolan  
Richard Brook  
Robert Landolfi

**RULES & CONTRACTS COMMITTEE**

Jerry Cevetello  
Richard Brook  
Joseph Wolk

**BUDGET & FINANCE COMMITTEE**

Tom Nolan  
Richard Brook  
Paul Shives

**NOMINATING COMMITTEE**

Jerome Cevetello  
Richard Brook  
Joe Catenaro

## TREASURER

Mr. Cuccia began by thanking the Board for reappointment. He then presented his report and Resolution No. 25-13 confirming the December Bill List and Resolution No. 11-14 approving the January Bill List as follows:

### RESOLUTION 25-13 -DECEMBER BILL LIST

FUND YEAR	AMOUNT
2013	\$ 53,369.20
<b>Total</b>	<b>\$ 53,369.20</b>

### RESOLUTION 11-14 - JANUARY BILL LIST

FUND YEAR	AMOUNT
2013	\$ 78,042.04
2014	\$ 447,677.65
<b>Total</b>	<b>\$ 525,719.69</b>

### MOTION TO APPROVE PAYMENT OF BILLS - RESOLUTION NO. 25-13 AND 11-14

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

## EXECUTIVE DIRECTOR/ADMINISTRATOR:

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

**FORECLOSED PROPERTY-** Mr. Kickham referred to the Environmental Alert, provided by T&M Associates, distributed prior to the start of the meeting which deals with the hidden costs and potential exposures of acquiring properties through foreclosure and/or donations. He advised that the fund office was notified that a member was going to potentially foreclose on a formal barrel factory and almost took possession of the property. He added that the property turned out to be a superfund site. Mr. Kickham indicated that as a result, EJIF members are now advised to notify the fund office in order to have an inspection done before taking possession of a foreclosed property. He added that the E-JIF's Environmental Engineer's provide assistant in evaluating and inspecting member's potential acquisitions, but there is a need to address the additional funding to do so. Mr. Kickham advised that the fund office is recommending the authorization of additional funding for the Environmental engineers to provide this service to our members. He added that the additional funding would be up to \$25,000 to conduct the property inspections as requested by membership.

**PASSAIC RIVER CLEAN UP** – Mr. Kickham referred to the article issued with regards to Superior court Judge Lomarbdj approving the Passaic River cleanup enclosed within the agenda booklet. He advised that the State action has been completed. Mr. Kickham indicated that the EJIF's obligation under the policy is \$50,000 to the member. He added

that the members have an obligation of \$95,000. Mr. Kickham advised that there are two options for the members to make up the difference. He informed the Board that the State has agreed to reduce state aid to the member over a three year period to make up the difference. Mr. Kickham advised that another option would be for the member to pay for the difference in installments. He noted that this loss is a local issue and should not be the EJIF's responsibility to make up the difference as the EJIF does not have a direct billing relationship with the individual members. Mr. Kickham further noted that this issue should be handled by the local JIFs involved.

**SHARED SERVICE AGREEMENT-** Mr. Kickham indicated that due to new requirements by the State, the NJPHA JIF is requesting a shared service arrangement with E-JIF for the services of the Legislative Agent. He noted that the NJPHA JIF's need for legislative agent services was urgent. Since the RFP process would take too much time, it was suggested that a shared services agreement, between the two funds, be put in place. Mr. Kickham referred to the resolution outlining the agreement. He added that under the agreement, the EJIF and the NJPHA JIF would share the cost of PPAG, which is \$54,000 annually at rate of \$4,500 a month. Commissioner Shives indicated that his municipality attempted to have a similar agreement put in place but was informed it could not be done as it was permissible under the Local Public Contract Law. He added that there may be a different provision that would apply to the EJIF. Mr. Semrau indicated that the resolution would be adopted subject to further review and approval by the Fund Attorney.

**MOTION TO ADOPT RESOLUTION 12-14 AUTHORIZING A SHARED SERVICES AGREEMENT BETWEEN THE NEW JERSEY ENVIRONMENTAL RISK MANAGEMENT FUND AND THE NEW JERSEY PUBLIC HOUSING AUTHORITY JOINT INSURANCE FUND FOR LEGISLATIVE AGENT SERVICES PROVIDED BY PRINCETON PUBLIC AFFAIRS GROUP, INC. SUBJECT TO REVIEW AND APPROVAL BY THE FUND ATTORNEY**

<b>MOTION:</b>	Commissioner Wilpert
<b>SECOND:</b>	Commissioner Landolfi
<b>ROLL CALL VOTE:</b>	Unanimous

**FINANCIAL FAST TRACK** – Mr. Kickham informed the Committee of the Fund's current statutory surplus position. He added that the surplus position includes the distributed 2013 dividends.

**ATTORNEY:**

Mr. Semrau thanked the committee for his re-appointment. He said that in 2013 the Fund was successful in bringing the Newark Bay litigation to a conclusion and thanked all of the attorneys involved. Mr. Semrau informed the Board that the attorneys will attempt to collect the expenses that the Fund has put out with regards to this matter.

## **UNDERWRITING MANAGERS:**

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

### **REINSURANCE RENEWAL**

The Reinsurance renewal has been bound as follows:

COVERAGE: Follow Form Excess Pollution Liability – Claims Made Coverage

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

LIMIT OF LIABILITY: \$5,000,000 Pollution Incident Limit  
\$5,000,000 Aggregate Limit

TERMS & CONDITIONS: As expiring

POLICY FORM: As expiring

SELF INSURED RETENTION: \$2,400,000 Aggregate of All Losses Incurred

	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>RATE</b>	.1005	.1025	.1035
<b>POPULATION</b>	3,397,536	3,511,790	3,712,722
<b>PREMIUM</b>	341,452	359,958	384,267
<b>NJ PLIGA</b>	3,073	3,240	3,458
<b>TERRORISM</b>	3,415	3,560	3,8437
<b>TOTAL PREMIUM</b>	347,940	366,758	391,568

### **AST's w/ UGP**

Mr. Casagrande reminded the Board that a voucher system has been implemented for reimbursement of testing fees as required under the new guidelines. He noted that there are still a number of members that have not complied. Mr. Casagrande stressed the fact that members need to understand that they are without coverage, but can get coverage if they have them tested.

### **UST BULLETIN**

Mr. Casagrande informed the Board that the EJIF no longer covers 20+ year old unregulated underground tanks as of January 1, 2014. He added that one final bulletin will be sent to members informing them that the deadline has passed. Mr. Casagrande further added that there will be a possibility that members can get commercial coverage, which will be noted in the final bulletin. He noted that the final bulletin will be sent to members within the next week. Mr. Kickham asked if the \$10,000 grant program, for the undisclosed and unknown tanks, would apply to the tanks in discussion. Mr. Casagrande indicated that Mr. Kickham raised a good point and the Board should discuss the topic during the next meeting.



**ENVIRONMENTAL ENGINEERING:**

Mr. Erickson thanked the Board for the appointment on behalf of First Environment.

Mr. Gulics also thanked the Board for the appointment on behalf of T&M Associates. He indicated that Mr. Kickham reviewed the Environmental Report, provided by T&M Associates, during the Executive Director's report. Mr. Gulics noted that a number of members assume that there is automatic environmental coverage for these acquisitions, and he hopes that the Environmental Alert clarifies that it is not the case. He added that the alert will be distributed to the members as well as posted on the EJIF website.

**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**

<b>MOTION:</b>	Commissioner Law
<b>SECOND:</b>	Commissioner Brook
<b>VOTE:</b>	Unanimous

**MOTION TO RETURN TO OPEN SESSION**

<b>MOTION:</b>	Commissioner Gildea
<b>SECOND:</b>	Commissioner Landolfi
<b>VOTE:</b>	Unanimous

**MOTION TO APPROVE THE PARS AS PRESENTED DURING CLOSED SESSION**

**MOTION:** Commissioner Wilpert  
**SECOND:** Commissioner Brook  
**VOTE:** Unanimous

**MOTION TO ADJOURN MEETING**

**MOTION:** Commissioner Landolfi  
**SECOND:** Commissioner Gildea  
**VOTE:** Unanimous

Meeting Adjourned: 11:16 AM

*Next Meeting:*

**March 2014**  
**Crowne Plaza – Jamesburg**

*Respectfully submitted,*

---

Prepared by Jason D. Thorpe, Assistant Secretary

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

**Resolution No.        25-13**

**DECEMBER 2013**

**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.

**Checks found out of sequence**

**FUND YEAR 2013**

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
<b>000094</b>			
000094	PERMA RISK MANAGEMENT SERVICES	POSTAGE FEE 11/2013	25.42
000094	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 12/2013	19,875.52
			<b>19,900.94</b>
<b>000095</b>			
000095	CHARLES CUCCIA	TREASURER FEE 12/2013	1,490.78
			<b>1,490.78</b>
<b>000096</b>			
000096	PRINCETON PUBLIC AFFIARS GROUP	PROFESSIONAL SERVICES - 11/5/13-12/4/13	4,500.00
			<b>4,500.00</b>
<b>000097</b>			
000097	DANSKIN INSURANCE AGENCY INC	UNDERWRITING MANAGER FEE 12/2013	16,960.00
			<b>16,960.00</b>
<b>000098</b>			
000098	PAUL J. SHIVES	2013 MEETING ATTENDANCE	900.00
			<b>900.00</b>
<b>000099</b>			
000099	ROBERT M. LANDOLFI	2013 MEETING ATTENDANCE	900.00
			<b>900.00</b>
<b>000100</b>			
000100	ROBERT LAW	2013 MEETING ATTENDANCE	750.00
			<b>750.00</b>
<b>000101</b>			
000101	RICHARD A. BROOK	2013 MEETING ATTENDANCE	900.00
			<b>900.00</b>
<b>000102</b>			
000102	MUNICIPAL EXCESS LIABILITY JIF	EJIF SHARE OF 10/16/13 MEETING	805.67
			<b>805.67</b>
<b>000103</b>			
000103	PEGGY E THOMAS	2013 MEETING ATTENDANCE	750.00
			<b>750.00</b>
<b>000104</b>			
000104	MOUNT OLIVE TOWNSHIP	2013 MEETING ATTENDANCE	600.00
			<b>600.00</b>
<b>000105</b>			
000105	ALLSTATE INFORMATION MANAGEMNT	DEPT: 735 - ACT & STOR - 10/31/2013	16.81
			<b>16.81</b>

<b>000106</b>			
000106	JAMES H. GILDEA	2013 MEETING ATTENDANCE	600.00
			<b>600.00</b>
<b>000107</b>			
000107	SPARK CREATIVE GROUP LLC	WEBSITE MANAGEMENT - 10/2013	95.00
			<b>95.00</b>
<b>000108</b>			
000108	JOSEPH E. WOLK	2013 MEETING ATTENDANCE	900.00
			<b>900.00</b>
<b>000109</b>			
000109	JEROME CEVETELLO	2013 MEETING ATTENDANCE	900.00
			<b>900.00</b>
<b>000110</b>			
000110	THOMAS F. NOLAN	2013 MEETING ATTENDANCE	750.00
			<b>750.00</b>
<b>000111</b>			
000111	JOSEPH CATENARO	2013 MEETING ATTENDANCE	900.00
			<b>900.00</b>
<b>000112</b>			
000112	KENNETH A. GABBERT	2013 MEETING ATTENDANCE	750.00
			<b>750.00</b>
		Total Payments FY 2013	53,369.20

**TOTAL PAYMENTS ALL FUND YEARS \$ 53,369.20**

**RESOLUTION NO. 1-14**

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

**CERTIFYING THE ELECTION OF  
CHAIRMAN AND SECRETARY FOR FUND YEAR 2014**

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

**JOSEPH WOLK,      CHAIRMAN**

**JERRY CEVETELLO, SECRETARY**

**BE IT FURTHER RESOLVED**, that the Chairman and Secretary shall serve for the year 2014 and until their successors shall be elected and qualified.

**ADOPTED: *this day before the Governing Body,***

**RESOLUTION NO. 2-14**

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

**APPOINTING CERTAIN PROFESSIONALS AND SERVICE ORGANIZATIONS  
FOR FUND YEAR 2014**

**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 finds it necessary and appropriate to obtain certain professional services and other extraordinary and other unspecifiable services, as defined in the Local Public Contracts Law, (N.J.S.A. 40A-12 et. seq.) for the 2014 Fund Year.

**WHEREAS**, the FUND held a bid opening on September 23, 2011 in accordance with a fair and open process pursuant to N.J.S.A. 19:44A-20.4 et. Seq.; and

**WHEREAS**, the FUND awarded contracts for a three year period for the 2012, 2013 and 2014 Fund years at its January 4, 2012 re-organization meeting;

**NOW THEREFORE, BE IT RESOLVED** that the contracts for the following professionals were appointed for the three year term (2012 – 2014 *unless otherwise specified*):

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

- I.** PERMA Risk Management Services is hereby appointed as **Administrator**, Mr. James J. Kickham is appointed as **Executive Director** and **David Grubb 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.

**X.** Princeton Public Affairs Group is hereby appointed as **Legislative Agent** for the FUND.

**BE IT FURTHER RESOLVED,** that The Board of Fund Commissioners had determined to award these contracts for the 2012, 2013 and 2014 Fund Years; and

**BE IT FURTHER RESOLVED** that the professional service fee compensation for the professionals shall increase 2% from the 2013 fund year for the period of January 1, 2014 through December 31, 2014; unless otherwise noted.

**ADOPTED:** *this day by the Governing Body,*

**RESOLUTION NO. 3-14**

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

**ESTABLISHING A FUND RECORDS PROGRAM FOR FUND YEAR 2014**

**WHEREAS:** The FUND must establish a formal record retention program for the 2014 Fund Year.

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

**I. Jerome Cevetello, 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 - 14**

**NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND**  
(hereafter referred to as "THE FUND")  
**ESTABLISHING A FISCAL MANAGEMENT PLAN**  
**FOR THE 2014 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 2014 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:

Joseph Wolk	CHAIRMAN
Jerome Cevetello	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

John Dorsey

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**

### **2014 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.) 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.
- c.) 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
- d.) 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.

- e.) 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.
- f.) 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.

All balances in demand deposit accounts with authorized depositories share earn interest at a rate equal to the one year treasury bill rate as of the end of each month. No reductions in earnings shall be made for bank expenses and no compensating balance shall be retained by the bank for the purpose of offsetting account expenses.

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: 5-14**

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

**ESTABLISHING PUBLIC MEETING PROCEDURES FOR FUND YEAR 2014**

**WHEREAS**, the FUND must establish meeting procedures for Fund Year 2014, and

**NOW, THEREFORE BE IT RESOLVED BY** the Funds Governing Body

**I.** That the FUND shall hold public meetings during the year 2014 at 10:50 AM on Wednesday March 5, 2014 at the Crowne Plaza; Wednesday, June 4, 2014 at 10:50 AM at the Forsgate CC, Wednesday, September 3, 2014 at 10:50 AM at the Forsgate CC, Wednesday, October 15, 2014 at 10:50 AM at the Forsgate CC and on November 19, 2014 at noon at the Sheraton Hotel, Atlantic City, NJ; and Wednesday, January 7, 2015. Unless noted, locations will be at Forsgate Country Club.

**II.** 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](http://www.NJEJIF.org).

**III.** 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. 6-14**

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

**RESOLUTION FOR THE PURCHASE OF EXCESS INSURANCE FOR FUND YEAR  
2014**

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, 2014 through December 31, 2014:

The Aggregate Excess Liability coverage of \$5 million excess of the \$2,400,000 (attachment point) annual aggregate at a rate of .1035 cents per capita for Fund Year 2014 based on a population of 3,712,722.

ADOPTED: this day before the Governing Body



**RESOLUTION 7-14**

**NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND**  
**2014 RISK MANAGEMENT PLAN**

**BE IT RESOLVED** by the Fund's Board of Commissioners that the 2014 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 since then there has 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 coverages in six (6) areas:

**Section I - Third Party Liability**

**Section II - First Party Liability**

**Section III - Public Officials Liability**

**Section IV - De Minimus Abandoned Toxic Waste Sites Buy-Out**

**Section V - Legal Services**

**Section VI - 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 an environmental engineering company 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 claims adjustment services. It is the goal of the FUND to expand the range of coverages and services based on experience and evolving needs of member local units.

**Disclaimer:** The following description is a general discussion of the coverage and limits provided by the FUND. However, the actual terms and conditions are defined in the policy and coverage documents and all issues related to coverage shall be decided based on that document.

## **SECTION I - THIRD PARTY LIABILITY**

### **A. Background:**

The activities of public entities may result in an actual or alleged “environmental impairment” which causes bodily injury or damage to property of others. The extent of the coverage under Section 1 is to provide protection to the local unit for claims triggered by a “environmental impairment” for which the local unit is alleged to be responsible.

### **B. Scope of Coverage:**

To pay on behalf of the Local Unit losses due to liability for bodily injury and/or property damage caused by Environmental Impairment from the following sources:

1. Emergency activities of the Fire Department, Hazmat Team, or OEM of the insured
2. Potable water supply services
3. Storm water & waste water systems
4. Herbicide/Pesticide application
5. Recycling Center Operations (after inspected and approved); Foreclosed Property (after inspected and approved); DPW yards, upon inspection and approval by [FUND engineers](#) and the UW managers;
6. Compost Facilities (after inspected and approved);
7. Salt Storage Facilities (after inspected and approved)
8. Limited Products Liability

### **C. Environmental Impairment:**

The FUND intends to cover, under Section I, only those events where the pollutants enter the environment in a sudden escape from their containment vessel.

### **D. Exclusions: (Partial Listing - Refer to Policy for all Exclusions)**

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

- 1) Loss related to any incident or event occurring or existing prior to the retroactive date.

- 2) The willful violation of statute or ordinance committed by or with the knowledge or consent of any department head, supervisor, elected or appointed public official of the local unit.
- 3) Violation of any criminal statute of any State or Federal Government by the local unit's employees, agents, contractors or licensees.
- 4) Loss from any underground or above ground storage tank owned or operated by the municipality. (See Section VI)
- 5) Loss from an environmental impairment whose source is any, landfill or dump, owned, leased or operated by the local unit.
- 6) Fines, penalties or punitive damages, treble or other multiple damages imposed.
- 7) The cost to clean up the environment including the cost to curtail the pollutant except as provided under supplemental payments.
- 8) Loss insured under other coverage sections or any prior policies issued to the local unit.
- 9) Loss from lead, any lead based product, or substance.
- 10) Loss from asbestos, any asbestos based product or substance.
- 11) Loss from chlorine, any chlorine product or substance.

**E. Supplemental Payments:**

Included within the limits of liability and subject to the deductible:

- 1) The cost to defend the local unit from suits arising from a covered environmental impairment by a FUND approved and selected attorney.
- 2) The cost of an emergency response to contain or clean up an environmental impairment, but only for those costs actually expended within the first one-hundred twenty (120) hours after discovery of the event.

**F. Limit of Liability:**

\$1,000,000 per loss per local unit  
\$1,000,000 annual aggregate per local unit  
Subject to Annual Per JIF Aggregate of Ten (10) Times Population

**SECTION II - FIRST PARTY LIABILITY**

**A. 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 Section II, is to provide protection to the public entity for the costs of remediation triggered by an “environmental impairment” caused by an unrelated third party on any public lands of the local unit.

**B. Scope of Coverage:**

1) Emergency Remediation of pollutants deposited by third parties  
    \$ 50,000 per loss per local unit  
    \$ 100,000 annual aggregate per local unit

2) Haz-mat response sites.

**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.

**SECTION III - PUBLIC OFFICIALS LIABILITY**

**A. Background:**

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 (POL) coverage. It is the intent of this coverage under Section III to provide protection to the officials of the local unit for such claims.

**B. Scope of Coverage:**

Pay on behalf of the local unit and its public officials.

**C. Supplemental Payments:**

Included within the limits of liability and subject to the deductible is the cost to defend the local unit from suits arising from a covered environmental impairment by a FUND approved and selected attorney.

**D. Limit of Liability:**

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

Subject to Annual Per JIF Aggregate of Ten (10) Times Population

**SECTION IV - DE MINIMUS ABANDONED TOXIC WASTE SITES BUY - OUT PLAN**

**A. 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 DEP, 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. However, contributors who have not been specifically identified as major contributors have often been in a position, particularly when mediated as a group, to negotiate an equitable settlement with the EPA, DEP and major PRP’s to indemnify them from further liability. The intent of the FUND, under Section IV, is to provide a means for insureds who are deemed minor contributors (De Minimus) to an abandoned toxic waste site to negotiate reasonable settlements. To a significant extent, this is part of a defense strategy.

**B. Scope of Coverage:**

The FUND, under Section IV, will pay on behalf of the insured(s) for the negotiated settlement amount, up to policy 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.

**C. Abandoned Toxic 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 Toxic Waste Site where the local unit was not aware, nor given actual or constructive notice that the environmental impairment 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 environmental

impairment conditions could have been expected to give rise to a claim. Further, the total amount of loss will be limited to the amounts cumulatively budgeted for this purpose.

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

The FUND will neither pay nor defend any loss from an abandoned toxic waste site buy-out agreement caused by, due to, based upon, arising out of or directly related to any one or more of the following:

- 1) The willful violation of statute or ordinance committed by or with the knowledge or consent of any department head, supervisor, elected or appointed public official of the local unit.
- 2) Violation of any criminal statute of any State or Federal Government.
- 3) Fines, penalties or punitive damages, treble or other multiple damages imposed.
- 4) An insured who is identified as a major contributor of hazardous waste to the named site.
- 5) Any owned sites.

**E. Conditions:**

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

**F. Limit of Liability:**

\$50,000 per local unit, subject to JIF Aggregate

## **SECTION V - LEGAL SERVICES**

### **A. 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 an environmental impairment occurring on owned property after inception and for storage tank systems, no coverage, under Sections I & VI, is offered for the past pollution event or for off premise environmental liability. However, the intent of the FUND, under Section V, is to provide the public entity with legal representation for these claims with the indemnity risk is self-insured by the Public entities.

### **B. Scope of Coverage:**

The FUND will provide legal representation to the local unit arising from an environmental impairment occurrence on premises the local unit does not own and on premises the local unit owns, operates or leases but not covered elsewhere in this policy.

### **C. Environmental Impairment Occurrence**

An occurrence which gives rise to a claim caused by the release or disposal of a pollutant into the environment either suddenly or non-suddenly.

### **D. Exclusions: (Partial Listing - Refer to Policy for all Exclusions)**

The policy will not pay for any of the following:

- 1) Claims arising from any listed CERCLA, RCRA or Abandoned Toxic Waste Sites prior to the inception of this FUND or the membership of the local unit, whichever is later.
- 2) Claims arising from any present or previous litigation naming the local unit as a defendant.
- 3) Claims arising from any litigation where the local unit is the plaintiff.
- 4) Claims which arise from sites which are known by the local unit or reasonably should be known by the local unit prior to the inception of this FUND or the membership of the local unit, whichever is later.

- 5) Claims which are insured under the third party liability (Section I) or the storage tank (Section VI) of coverage.
- 6) All costs other than the FUND's legal costs including, but not limited to, settlements, court costs, interest, cost of expert witnesses, testing and investigation.
- 7) Claims from any criminal proceeding against the local unit.
- 8) Claims arising from the willful violation of statute or ordinance committed by or with the knowledge of any department head, supervisor, elected or appointed official of the local unit.

**E. Conditions:**

- 1) Legal service provided only during the term of this policy.
- 2) Legal service provided solely by approved FUND attorney(s).

**F. Limit of Liability:**

\$500,000 per loss per local unit  
\$500,000 annual aggregate per local unit

Subject to Annual Per JIF Aggregate of Ten (10) Times Population

## **SECTION VI - STORAGE TANK SYSTEMS COVERAGE**

**A. Background**

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

**B. Scope of Coverage:**

The FUND will pay on behalf of the local unit, sums, which the municipality 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 above described system



must demonstrate compliance with the attached standards in order to secure coverage for that system.

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

A Sub Limit will apply to underground storage tanks that are rejected, unknown and/or unscheduled. (See Section E)

**C. Accidental Release:**

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.

**D. 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.
- 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.

**E. 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

**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 \$5,000,000 **aggregate limit** per year that attaches after retention of \$2,400,000.

**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 coverages 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.
- 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.

**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.

## **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.

**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 2<sup>nd</sup> day of January 2, 2014 by the Governing Body*

**RESOLUTION NO. 8-14**

**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

M. James Maley, Jr., Esq.  
Maley & Associates  
931 Haddon Avenue  
Collingswood, NJ 08108

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

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

**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 2013 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 # 9-14**

**NJ MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND  
ESTABLISHING MEETING COMPENSATION FOR  
BOARD OF COMMISSIONER MEMBERS  
FOR THE 2014 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. 10-14**

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

**ESTABLISHING STANDING COMMITTEES FOR FUND YEAR 2014**

**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 four (4) standing committees be established: **Coverage Committee, Rules & Contracts Committee, Budget & Finance 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. 11-14**

**JANUARY 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 2013**

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
<b>000113</b>			
000113	PRINCETON PUBLIC AFFIARS GROUP	PROFESSIONAL SERVICES - 12/5/13	4,500.00
			<b>4,500.00</b>
<b>000114</b>			
000114	FIRST ENVIRONMENTAL INC.	PROFESSIONAL SERVICES - 10/2013	7,247.66
000114	FIRST ENVIRONMENTAL INC.	PROFESSIONAL SERVICES - SEPT 2013	3,032.29
			<b>10,279.95</b>
<b>000115</b>			
000115	T & M ASSOCIATES	PROFESSIONAL SERVICES - 11/15/2013	17,168.66
			<b>17,168.66</b>
<b>000116</b>			
000116	JON RHEINHARDT	2013 MEETING ATTENDANCE	300.00
			<b>300.00</b>
<b>000117</b>			
000117	THE STAR LEDGER	ACCT XNJEN0555599 - 12/6/13 - 2014 BDGT	64.96
			<b>64.96</b>
<b>000118</b>			
000118	ALLSTATE INFORMATION MANAGEMNT	DEPT: 736 - ACT & STOR 11/30/13	16.81
			<b>16.81</b>
<b>000119</b>			
000119	FIRST ENVIRONMENTAL INC.	PROFESSIONAL SERVICES - 11/2013	23,112.66
			<b>23,112.66</b>
<b>000120</b>			
000120	PETER J. KING, ESQ	CLAIMS ADMIN FEE 2013	22,599.00
			<b>22,599.00</b>

Total Payments FY 2013 78,042.04

**FUND YEAR 2014**

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
<b>000121</b>			
000121	PERMA RISK MANAGEMENT SERVICES	EXECUTIVE DIRECTOR FEE 01/2014	19,999.00
			<b>19,999.00</b>
<b>000122</b>			
000122	FRED SEMRAU, ESQ.	ATTORNEY FEE 1ST QTR 2014	17,525.25
			<b>17,525.25</b>
<b>000123</b>			
000123	CHARLES CUCCIA	TREASURER FEE 01/2014	1,503.00
			<b>1,503.00</b>
<b>000124</b>			

000124	DANSKIN INSURANCE AGENCY INC	UNDERWRITING MANAGER FEE 01/2014	17,082.40
			<b>17,082.40</b>
<b>000125</b>			
000125	DANSKIN INSURANCE AGENCY, INC.	EXCESS POLLUTION, TERRORISM SURCHARGE	391,568.00
			<b>391,568.00</b>
	Total Payments FY 2014		447,677.65

**TOTAL PAYMENTS ALL FUND YEARS \$ 525,719.69**