



1-888-NJ Pool 1

New Jersey Schools Insurance Group

6000 Midlantic Drive Suite 300 North
Mount Laurel, New Jersey 08054
(609) 386-6060 • FAX (609) 386-8877
www.njsig.org

Board of Trustees Meeting of May 17, 2017 Board of Trustees Meeting Minutes of March 15, 2017

New Jersey Schools Insurance Group's (NJSIG) Board of Trustees Meeting of March 15, 2017 at NJSIG's Mount Laurel office.

ATTENDEES

Trustees: Thomas F. Connors, James J. Jencarelli, Jr., Irene Le Febvre, Joseph Meloche, Christopher Russo, and Dana Sullivan

Participants: David Rapuano, Esquire representing *Archer & Greiner*, Dave Ritch representing *Willis Re.*

NJSIG

Staff: William Mayo, *Executive Director*; Michele Carosi, *Comptroller*; Jill Deitch, *Chief Legal Officer*; Stephen Tucker, *Assistant General Counsel*; Sameer Sarfraz, *Senior Safety and Risk Control Consultant*; Kelly Machu, *Underwriting/Client Relations Manager*; Anthony Ruggeri, *Claims Manager*; and Renee Johnson-Payne, *Executive Assistant*.

ITEM #1 CALL TO ORDER

With a quorum present, the meeting was called to order at 4:07 p.m. In accordance with the Sunshine Law, due notice of all pending meetings was given to the *Atlantic City Press*, *Newark Star Ledger*, and *Trenton Times* on January 6, 2017. Copies of these notices are on file with the New Jersey Secretary of State.

ITEM #2 ROLL CALL

Thomas F. Connors, Ph.D.	√	Gerald North	A
James J. Jencarelli, Jr.	√	Steven K. Robinson	A
Irene Le Febvre	√	Christopher Russo, Ed. D	√
Joseph Meloche	√	Dana Sullivan	√

ITEM #3 ACCEPTANCES OF THE PUBLIC AND EXECUTIVE SESSION MINUTES OF NOVEMBER 16, 2016 AND JANUARY 12, 2017.

Action Taken: *M (Connors)\ S (Russo)\ Carried (Affirmative Votes Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to accept the November 16, 2016 and January 12, 2017 Public and Executive Session Board of Trustees Meeting Minutes.*

ITEM #4 PUBLIC PARTICIPATION

There was no public participation.



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ITEM #5 SUB-FUND LIAISONS – Reports/Comments

There were no Sub-Fund liaison reports or comments.

ITEM #6 REPORTS

A. Executive Director's Report

William Mayo, Executive Director, gave a brief overview of the Office of Legislative Services (OLS) meeting held on March 9, 2017. During the meeting, OLS raised fundamental questions regarding their results prior to writing their report. Their questions were answered thoroughly and appropriately. OLS was critical of NJSIG's previous contracting practices, which have since been brought into compliance. They also raised commentary regarding extraordinary NJSIG employee remuneration, which referred to a bonus program and the Health Reimbursement Arrangement (HRA) both programs have been eliminated. OLS seems to be satisfied with our current state of affairs. The final issue is they question broker remuneration. We engaged in an in depth discussion as to why eliminating brokers would not be feasible. We should receive their written report by mid-April we then have three weeks to respond in writing to their report lastly the report becomes public information and proceeds to the legislature of the Governor's office.

B. Comptroller's Report

Comptroller, Michele Carosi, expounded on her written report. In November, fraudulent checks and Automatic Clearing House (ACH) transactions were created by an individual in excess of \$500,000 from the NJSIG claims account. Due to the Accounting Department's systematic and manual internal control processes, they were able to stop any money from coming from our account and recover any money that was temporarily dispersed through an ACH transaction. We have administered blocks and filters with TD Bank's Treasury Management Department on all of our accounts, so nothing like this could ever happen again. We also have Positive Pay system with TD Bank's Treasury Management Department. We filed a report with the Mount Laurel Police Department with no response as of today. The assailant also attempted to steal significant money from other public entities and purchase New York Lottery tickets. New York Lottery Commission as well as the Federal Bureau of Investigations (FBI) are also involved in the investigation. NJSIG did not suffer any financial hardship due to this attempted fraud.

Michele Carosi, Comptroller, disclosed and explained in detail the Accounting Department's reorganization.



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C. Client Relations/Underwriting Report

Kelly Machu, Client Relations and Underwriting Manager, reported the Third Annual Brokers' Meeting held on March 10, 2017, was well attended with about ninety Brokers in attendance despite the weather. NJSIG Managers did a tremendous job presenting about their departments. Alex Ricardo, NJSIG's Beazley Cyber Liability Underwriter, presented, and answered questions about the cyber liability coverage. Brokers were very pleased to learn this year's cyber liability coverage will include more robust limits with no rate increase. Overall, the Brokers' Meeting was a success and the feedback was all positive.

Kelly Machu, Client Relations and Underwriting Manager, announced the renewal applications have been posted to the NJSIG website today, so our Brokers can begin sending in their renewal and new business submissions. We are looking to hire an Assistant Underwriter temporary data entry employee for renewal season.

William Mayo, Executive Director, commended Kelly Machu on earning her Certified School Risk Manager (CSRM) designation.

D. Safety and Risk Control Report

Sameer Sarfraz, Safety and Risk Control Consultant, conveyed we are still accepting generic email addresses. He reported the Safety Grant portal is operational and the deadline for the Safety Grant applications is May 31, 2017.

E. Claims Report

Tony Ruggeri, Claims Manager, reported there have been some key additions to the staff which have helped the Claim Department run more smoothly.

Jill Deitch, Chief Legal Officer, discussed going out for Request for Qualifications (RFQ) for Outside Counsel to broaden our defense panel. Many responses were received. Designation of a firm as approved outside counsel does not guarantee the firm assignments, it means NJSIG is able to forward matters to them. We have been working with our current defense panel in terms of strengthening our motions to provide the Members the best defense and reviewing their billing. Steve Tucker, Assistant General Counsel, and Jill Deitch have also been reviewing every writing that goes to court.

Jill Deitch spoke about a matter that NJSIG took up to the Supreme Court of New Jersey for a matter that could really change things going forward for public entities.



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William Mayo, Executive Director, reported Jill Deitch and Steve Tucker have been developing a Legal Brief Library, NJSIG will not pay outside counsel to write duplicate briefs and this will reduce legal expenses bills somewhat. NJSIG counsel has taken a more aggressive approach to litigation in terms of ferreting out the cases that should be settled out of court and those that should be taken to court.

ITEM #7 DISCUSSION ITEMS:

A. Proposed Meeting Dates 2017-2018

Executive Director, William Mayo, reviewed the proposed meeting. Vice-Chair, Chris Russo requested changing the June 20, 2018 meeting date to June 27, 2018. The updated proposed 2017/2018 Meeting Dates will appear on the June 21, 2017 agenda.

B. NJSBA New Board Member Retreat 2018

William Mayo, Executive Director, explained NJSIG sponsored and presented at the weekend NJSBA New Board Member Retreat. NJSIG presented information regarding making sound contracting decisions and addressed specific contemporary issues like defending employment practice claims. This retreat gave NJSIG a new platform to communicate with decision makers. William Mayo recommends participation in NJSBA New Board Member Retreat 2018. Irene Le Febvre, Chair, fully supported NJSIG's participation in the NJSBA New Board Member Retreat 2018.

C. Office of Legislative Services (OLS) Audit Status

OLS audit status was discussed during the Executive Director's report.

D. Contracting

William Mayo, Executive Director, explained in detail NJSIGs efforts to maintain compliance with Public School Contract Law (PSCL). NJSIG has engaged The Canning Group as the Qualified Purchasing Agent (QPA) to assist with complying with PSCL and provide guidance. This contracting transitional compliance period will last approximately one year.



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ITEM #8 ACTION ITEMS:

A. Reinsurance

Action Taken: M (Russo)\ S (Connors)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the renewal of reinsurance coverage at a cost not to exceed \$33,438,847 based on expiring exposure data. Further, the Board of Trustees authorizes the Executive Director to renew with alternative responsible carriers if the terms and conditions offered by those carriers provide a clear advantage in Member pricing or coverage terms.

B. Request for Qualifications (RFQs):

1. Financial Auditor RFQ

Action Taken: M (Russo)\ S (Meloche)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the contract for financial auditing professional services be awarded to Nisivoccia, LLP based on the results of the committee's evaluation.

2. Outside Counsel RFQ

Action Taken: M (Russo)\ S (Sullivan)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the firms identified on the attached resolution be designated as outside counsel in the respective areas.

C. Contracts:

1. Proposal to Extend Sub-Fund Contracts

Action Taken: M (Russo)\ S (Meloche)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the Educational Risk & Insurance Consortium (ERIC) North and Monmouth Ocean County Shared Services Insurance Fund (MOCSSIF) Sub-Fund administration contracts be extended for a period of one year expiring June 30, 2018, under the existing terms and conditions so as to align the expiration dates of all Sub-Fund administration contracts.



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2. Newspaper and Bid Threshold

Action Taken: M (Russo)\ S (Meloche)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the official newspaper of NJSIG for the publication of notices related to procurement is the Star-Ledger for the purposes of complying with N.J.S.A. 18A:18A-2(u); and, all contracts that are in the aggregate less than 15 percent of the bid threshold may be awarded by the purchasing agent without soliciting competitive quotations for the purposes of complying with N.J.S.A. 18A:18A-37(c).

3. Investor's Bank

Action Taken: M (Russo)\ S (Meloche)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve Investor's Bank as a permissible depository for NJSIG funds, affirm that the Executive Director has the authority to conduct transactions and adopt the five Investor's Bank resolutions.

4. FSA and HRA Plan Adoption

Action Taken: M (Russo)\ S (Sullivan)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the employee Flexible Spending Account plan documents and the retiree Health Reimbursement Arrangement plan documents.

5. Cash Management Plan

Action Taken: M (Russo)\ S (Connors)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the attached cash management plan.

D. Second Policy Reading

1. Outside Employment and Business Interests Policy 6170

Action Taken: M (Sullivan)\ S (Russo)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the Outside Employment and Business Interests Policy 6170 as a second reading.



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2. Contracting Policies and Procedures Policy 6171

Action Taken: M (Connors)\ S (Russo)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve the Contracting Policies and Procedures Policy 6171 as a second reading.

E. Checking Account & New Claims Ratification

Action Taken: M (Russo)\ S (Connors)\ Carried (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to approve and ratify the checks and new claims which have been issued from accounts XXXX392 (operating account) and XXXX555 (claim account) for the period of 11/1/2016 to 2/28/2017 as shown in the online (Microscribe) version of the meeting package

ITEM #9 NEW BUSINESS

There was no new business.

ITEM #10 EXECUTIVE SESSION

EXECUTIVE SESSION

EXECUTIVE SESSION RESOLUTION

WHEREAS, N.J.S.A. 10:4-6 et. seq., (“the Open Public Meetings Act”), authorizes public entities to meet in executive session under certain circumstances; and

WHEREAS, the Open Public Meetings Act requires that the Group adopt a resolution at a public meeting to go into private session; now, therefore,

BE IT RESOLVED by the Board of Trustees of the New Jersey Schools Insurance Group, that it is necessary to meet in executive session to discuss certain items involving:

10A. Litigation;

BE IT FURTHER RESOLVED that any discussion held by the Board of Trustees which need not remain confidential will be made public as soon as feasible. The minutes of the executive session will not be disclosed until the need for confidentiality no longer exists.

FURTHER RESOLVED that the Board of Trustees will return to open session to conduct business at the conclusion of the executive session.

5/9/17



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Action Taken: M (Connors) | S (Russo) | C (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to make a motion to close open session at 5:16p.m. and move meeting into executive session.

Action Taken: M (Russo) | S (Connors) | C (Affirmative Votes = Connors, Jencarelli, Le Febvre, Meloche, Russo, Sullivan) to adjourn meeting at 5:55 p.m.

William Mayo

William M. Mayo, CPCU, ARM
Executive Director