

**TOWNSHIP OF PARSIPPANY-TROY HILLS
TOWNSHIP COUNCIL SPECIAL MEETING**

Monday, December 29, 2008

Public Invited with Public Participation

MEETING CALLED TO ORDER by Council President Cesaro at 6:00 p.m.

Roll Call:

Mr. Barberio	-	Present
Mr. dePierro	-	Present
Mr. Fox	-	Present
Ms. Grossi	-	Present
Mr. Cesaro	-	Present

OTHERS PRESENT: J. Lim, Business Administrator; J. Verrone, Esq., Township Attorney;
J. Silver, Township Clerk

FLAG SALUTE

The agenda of this meeting, to the extent known, is as follows:

- (1) To consider and act on liability insurance and workers compensation coverage for 2009 and**
- (2) To consider and take action with respect to a grant of funds to the Animal Shelter**

FORMAL ACTION MAY OR MAY NOT BE TAKEN.

Adequate notice of this meeting has been provided in accordance with the requirements of the Open Public Meetings Law by filing the notice in the Office of the Township Clerk and by posting the meeting notice on the bulletin board at the Municipal Building on December 22, 2008 where it has remained posted since that date. Copies of this notice were mailed by fax to The Daily Record, The Star Ledger and various other newspapers and local radio stations on December 22, 2008.

Liability Insurance and Workers Compensation Coverage for 2009

The following individuals addressed the Council relative to the above matter:

- Caroline Conboy, Executive Vice President, Brown and Brown Metro, Inc., the Township's Risk Management Consultant/Liability Insurance Broker of Record
- James Kickham, Executive Director, Morris County Municipal Joint Insurance Fund ("Morris County JIF")

- BettyLou DeCroce, Chairperson, Executive Committee Member, Morris County JIF
- John H. Dorsey, Esq., of the firm of Dorsey & Semrau, Fund Attorney
- Joseph Hrubash, Vice President/Account Executive, Conner Strong
- Moria Kenah, Representing Statewide Insurance Fund (“Statewide”)

Ms. Lim indicated that Brown and Brown, our Risk Management Consultant, solicited proposals from two Joint Insurance Funds, Statewide and Morris County JIF, and one private carrier, Travelers Insurance Company. The Travelers’ proposal was acceptable and somewhat equal to the two Joint Insurance Funds, but there is a cost savings for 2009 of over \$200,000. Based on the overall proposals and costs, Ms. Lim advised that it is the Administration’s recommendation that the Township select Travelers Insurance Company.

Mr. Fox questioned when was the last time the Township was covered by a private company for this type of coverage. Ms. Conboy responded that the Township was insured with Selective Insurance Company, a private insurance company, from 1981 through 1997 and joined Statewide in 1998. At that time, Brown and Brown quoted with other direct insurance companies, but their quotes were not as competitive or as broad as Statewide’s. Ms. Grossi questioned, since Travelers is a one-year contract, what happens in the second year. She expressed concern relative to cost increases. Ms. Lim explained that the Township would pursue quotes again at the end of 2009, just like it did this year. Mr. Fox commented that the first he heard about Travelers was today when he opened his email. He indicated that he thought the choice was between Statewide and the Morris County JIF. He expressed his concern about private companies because they are for profit. He commented that he is very suspicious why Travelers came up at this particular point in time. Ms. Lim noted that she had mentioned Travelers earlier, but referred to it by a different name. She explained, at that time, that in the event that the Morris County JIF did not accept the Township as a member, we wanted to be prepared to have another proposal to cover the Township through 2009. Mr. dePierro indicated that he understands that Travelers is an alternative, but he would much rather go with a three-year contract, if we are satisfied with the cost, than a one-year contract with a private company.

Ms. DeCroce took this opportunity to introduce the Members and Commissioners of the Morris County JIF present in the audience.

Ms. Conboy presented the 2009 insurance proposals comparing Travelers, Statewide, and the Morris County JIF. She noted the premiums as follows:

- Travelers - \$970,988,
- Statewide - \$1,183,000, which includes environmental liability coverage, and
- Morris County JIF - \$1,221,262.

Ms. Conboy reviewed the comparison of the coverages afforded by the three options and responded to questions posed by the members of the Council.

Mr. Fox indicated that he feels Ms. Conboy has an extreme conflict of interest as the Township’s Risk Manager/Consultant and also as the Executive Director of Statewide. He

advised that he will not approve Brown and Brown or Statewide. Ms. Conboy responded that it has always been in her best interest to serve the interests of the Township. Every quote received and every email on every quote, since her affiliation with the Township in 1981, has been forwarded to the Administration to make sure that there was no appearance of a conflict of interest. Because there was uncertainty whether the Morris County JIF would accept Parsippany, it was prudent to obtain a stand alone quote because it was represented that there wasn't an interest in renewing with Statewide. Travelers is aggressive this year; it is definitely interested in the Township. She indicated that Brown and Brown did the job it needed to do in terms of protecting the Township's interests.

Mr. Dorsey noted that he has been with the Morris County JIF since it was founded in 1987. He felt that there is a great difference, philosophically, between the Morris County JIF, Travelers and Statewide, pointing out that the Morris County JIF looks at the insurance process and program; it does not look at Parsippany as a customer but as part of the team. The Morris County JIF prides itself in the fact that it wants to work with the municipalities that it insures. It is not here to simply insure and collect premiums. It is here to perfect a municipality's operations, to lessen the risks that a municipality and its employees are faced with. The Morris County JIF is most proud of the safety program it actively runs, which covers almost every aspect of municipal government. Morris County JIF's ultimate aim is to reduce a municipality's risk and loss. Mr. Dorsey also pointed out that every municipality appoints a commissioner and every commissioner gets to attend every meeting of the Morris County JIF. Every decision is totally transparent; each commissioner has the opportunity to hear the discussion and vote on the decision, whether it is a change in policy, a change in the budget, or whether it is assessments for the coming year. This differs greatly from a private insurance company. He told the members of the Council that the Morris County JIF truly believes that it can do great things for Parsippany in terms of lessening its risk and providing better protection.

Mr. Kickham explained how the Morris County JIF arrived at the Township's premium, pointing out that it wanted to give fair deductibles and a limit of liability that is standard throughout the State of New Jersey. He also explained the Morris County JIF's stabilization program and coverages. Additionally, he noted that the Morris County JIF's legal panel is based in Morris County.

Council President Cesaro asked, if the Township joins the Morris County JIF, what would Morris County JIF do differently from Travelers. He questioned how the taxpayers would benefit. Mr. Kickham pointed out that Travelers is a for profit corporation; their interest is to make a profit while serving their clients, but it's this year's profit. The Morris County JIF is here for the long stay.

Mr. dePierro questioned what Morris County JIF will be giving the Township that would justify paying a higher premium. Mr. Kickham indicated that included within the quote is approximately \$25,000 in safety costs. He noted that the MEL Safety Institute offers over 1,200 courses throughout the State in five different areas and all employees are eligible to enroll in PEOSHA training. Mr. Kickham also advised that the Morris County JIF has a Safety Consultant who has already surveyed Parsippany. Additionally, the Morris County JIF

has an extensive amount of litigation management and oversight relative to the individuals who handle claims and, as in all of the quotes, the Morris County JIF pays the risk management consultant's fees; the maximum is 6% of the premium.

Mr. Dorsey explained that the municipality designates the risk manager and decides what percentage of the total fee is paid; the remainder stays with the municipality.

Mr. Kickham advised that the Morris County JIF has made surplus and dividend payments of over \$16 million which equates to 11% of the premiums paid by the taxpayers.

Ms. Kenah, representing Statewide Insurance Fund, noted that Statewide has had a long standing relationship with the Township. She pointed out that Statewide operates in the same manner as the Morris County JIF. She noted the various training opportunities and programs, such as "Return to Work" programs, that Statewide has provided to the Township in addition to OSHA and PEOSHA inspections. She asked the Council Members to consider that the fellow members of the Statewide Insurance Fund have been with Parsippany through some very difficult times. From a claims point of view over the last ten years, the Fund has paid out some rather large claims on behalf of Parsippany and has been very supportive of the Township. She asked, on behalf of Statewide, for the Township's support.

Mr. Fox commented that he is very impressed with the Morris County JIF and with its proactive approach relative to risk management programs and seminars. He indicated that he knows and trusts the individuals who represent the Morris County JIF.

Council President Cesaro opened the meeting to the public to speak on any topic, noting a three-minute time limit per speaker.

Roy Messmer, 10 Drumlin Drive, posed several questions. Representatives of the Morris County JIF responded.

Seeing no one else come forward to speak, Council President Cesaro closed the public portion of the meeting.

Consensus of the Council was to join the Morris County JIF. Ms. Verrone explained that the resolution is subject to a commitment from the Morris County JIF that it will bind Parsippany's coverage as of 12 a.m. on January 1, 2009. Mr. Hrubash indicated that he is the underwriting manager for the Morris County JIF. He advised that there will be no problem getting a binder to the Township tomorrow in addition to providing the auto ID cards.

A motion was made by Council President Cesaro, seconded by Mr. Fox, to adopt the following resolution:

RESOLUTION OF THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF PARSIPPANY TROY-HILLS AUTHORIZING MEMBERSHIP IN THE MORRIS COUNTY JOINT INSURANCE FUND FOR A THREE-YEAR TERM INCLUDING CALENDAR YEARS 2009, 2010 AND 2011

WHEREAS, the Township of Parsippany Troy-Hills expends significant funds to provide for appropriate and necessary insurance coverage for Auto, all Property, Law Enforcement, Public Officials, EPL and Environmental coverages; and

WHEREAS, for many years the Township has participated in the Self Insurance Fund operated under the name of Statewide; and

WHEREAS, the Township Council decided in 2008 that it should consider other sources for providing the Township's necessary insurance coverages and invited the Morris County Joint Insurance Fund to review the Township's loss records and submit a proposal with the exception that the Township desires for a one year period to continue its workers' compensation self insurance operation; and

WHEREAS, the Morris County Joint Insurance Fund, through its Executive Director, Safety Manager and others, has made an in-depth study of the Township's insurance needs and loss experience and has submitted a detailed proposal at a rate or assessment of \$1,221,262.00 for the year 2009, excluding workers' compensation coverage, including a 6% fee to the Risk Management Consultant if authorized by the Township Council as appropriate; and

WHEREAS, the Council has determined that the coverages offered by the Morris County Joint Insurance Fund, which currently insures 39 municipalities in Morris, Sussex, Passaic (1) and Essex (1), provides more than adequate coverage or equivalent coverage (to Statewide) in every area; and

WHEREAS, the Township Council is impressed with the training the Morris County Joint Insurance Fund offers without charge to its insured public entities in the area of public officials liability, employment practices, i.e., sexual harassment, hostile work environment and a full blown on-going safety program for all departments which the Township will be required to participate in; and

WHEREAS, the Township Council is impressed with the team approach of the Morris County Joint Insurance Fund and its transparency whereby the Township will be permitted to appoint a Commissioner who will be able to participate fully in the Morris County Joint Insurance Fund's decision; and

WHEREAS, the Council is impressed with the Morris County Joint Insurance Fund's financial stability in light of the fact that it operates with a \$7,000,000.00 surplus and has a

long history of granting dividends to its members and has never retroactively assessed its members;

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Parsippany Troy-Hills as follows:

1. It does hereby authorize the Township to join the Morris County Joint Insurance Fund as a member, and accepts the proposal submitted by the Morris County Joint Insurance Fund to provide the coverages outlined in the December 22, 2008 email proposal submitted by Jim Kickham on behalf of the Morris County Joint Insurance Fund, for the annual assessment in the amount of \$1,221,262 for the year 2009, with such coverages to commence at 12 AM on January 1, 2009;
2. It does hereby authorize and request the Mayor and Clerk to execute the standard form of Trust and Indemnity Agreement for a three year period, i.e., January 1, 2009 to December 31, 2011;
3. The Township shall appoint a Fund Commissioner and a Risk Management Consultant to all of the above and this Resolution is subject to the following terms:
 - a. The Township shall add workers compensation coverage to the Morris County Joint Insurance Fund program no later than January 1, 2010 subject to approval of the Morris County Joint Insurance Fund ;
 - b. An accepted and completed application for POL/EPL shall be submitted forthwith;
 - c. A commitment by the Township to organize functioning safety committees and participate in the Morris County Joint Insurance Fund safety program. The Morris County Joint Insurance Fund reserves the right to suspend membership as of January 1, 2010 for failure to achieve significant progress in the area of safety;
 - d. No later than June 30, 2009, Parsippany must become compliant with the MEL/EPL risk management guidelines including employment manual and employee training. Non-compliance may result in an increase in deductibles to \$10,000.00 per claim and 20% of the first \$2,000,000.00 per claim for EPL.
4. This Resolution is contingent upon receipt from the Morris County Joint Insurance Fund of a firm commitment binding the Fund to provide the requested insurance coverages effective as of 12 AM January 1, 2009.

Roll Call: **Barberio** - **Yes**
 dePierro - **Yes**
 Fox - **Yes**
 Grossi - **Yes**
 Cesaro - **Yes**

Grant of Funds to the Animal Shelter

A motion was made by Ms. Grossi, seconded by Council President Cesaro to adopt a resolution (Attachment No. 1) accepting a donation from the Parsippany Animal Supporters Society (PASS).

Mr. Fox, on behalf of the members of the Council, thanked PASS for its generous donation.

Roll Call: **Barberio** - **Yes**
 dePierro - **Yes**
 Fox - **Yes**
 Grossi - **Yes**
 Cesaro - **Yes**

MOTION TO ADJOURN: Ms. Grossi

SECONDED BY: Mr. dePierro

Roll Call: **Mr. Barberio** - **Yes**
 Mr. dePierro - **Yes**
 Mr. Fox - **Yes**
 Mrs. Grossi - **Yes**
 Mr. Cesaro - **Yes**

MEETING ADJOURNED: 7:10 p.m.

Minutes Approved: January 13, 2009

A RESOLUTION OF THE TOWNSHIP OF PARSIPPANY-TROY HILLS IN THE COUNTY OF MORRIS, NEW JERSEY, TO ACCEPT A DONATION FROM THE PARSIPPANY ANIMAL SUPPORTERS SOCIETY IN THE AMOUNT OF TEN THOUSAND DOLLARS TO BE USED FOR UPGRADE OF THE DOG RUNS AND/OR KENNELS AT THE PARSIPPANY ANIMAL CONTROL AND SHELTER AND TO AUTHORIZE THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWNSHIP AND THE PARSIPPANY ANIMAL SUPPORTERS SOCIETY ESTABLISHING THE TERMS OF THE DONATION.

WHEREAS, the Parsippany Animal Supporters Society (“PASS”), having a mailing address of P.O. Box 5077, Parsippany, NJ 07054 has offered to donate ten thousand dollars (\$10,000) to the Township of Parsippany-Troy Hills (the “Township”) to fund upgrades to the dog runs and kennels at the Parsippany Animal Control and Shelter (the “Shelter”) to the standards set forth in the current laws and regulations of the State of New Jersey governing the Shelter (the “Project”); and

WHEREAS, the Mayor and Council of the Township wish to accept the donated funds from PASS; and

WHEREAS, the Township and PASS desire to enter into a Memorandum of Understanding setting forth conditions to which the donation will be subject.

NOW, THEREFORE BE IT RESOLVED, by the Township Council of the Township of Parsippany-Troy Hills, County of Morris and State of New Jersey as follows:

1. The recitals set forth above are hereby incorporated into the body of this Resolution as if set forth at length herein.
2. The Township’s Business Administrator is hereby authorized to accept the donation from PASS on behalf of the Township, which monies shall be used exclusively to fund upgrade of the dog runs and kennels at the Shelter to the standards set forth in the current laws and regulations of the State of New Jersey governing the Shelter (the “Project”).
3. The Mayor and Clerk are hereby authorized to execute and witness, respectively, a Memorandum of Understanding in the form annexed to this Resolution.

Memorandum of Understanding

The *Parsippany Animal Supporters Society* (PASS), whose mailing address is Post Office Box 5077, Parsippany, NJ 07054 agrees to donate the sum of USD \$10,000.00 (ten thousand dollars) to the *Township of Parsippany-Troy Hills*, located at 1001 Parsippany Boulevard Parsippany, NJ 07054, with both parties in agreement with the following:

1. **Funds are to be used specifically for the upgrade of the dog runs/kennels at the Parsippany Animal Control and Shelter (the "Facility") to meet current State of NJ regulations on such.**
2. **The funds are not to be used for any other purpose.**
3. **Work on the upgrade must begin no later than December 31, 2009.**
4. **PASS must be presented with copies of paid invoices for the project at the end of each quarter after work begins until \$10,000 has been fully expended.**
5. **The Township shall not be obligated to undertake any work requiring the expenditure of any funds beyond the sum donated by PASS.**
6. **Should any of the above conditions not be met, all funds will be returned to PASS no later than the end of the quarter following termination of the project.**

Agreed this _____ day of _____, 200__.

Parsippany Animal Supporters Society:

Witness:

Township of Parsippany-Troy Hills:

Witness:
