

**NEW JERSEY CYBER RISK MANAGEMENT
OPEN MINUTES
August 25, 2023
VIA TELECONFERENCE – 10:30 PM**

Chairman Tom Merchel called the meeting to order, read the statement of compliance open public meeting act and led the pledge of allegiance.

ROLL CALL OF 2023 FUND COMMISSIONERS

Tom Merchel, Chair	PMM JIF - Township of Moorestown	Present
Joy Tozzi, Secretary	Mid-Jersey JIF - Township of Robbinsville	Present
Megan Champney	Suburban Municipal JIF - City of Summit	Present
Steve Rovell	Suburban Metro JIF - Belleville Twp.	Present
Jim Gant	Monmouth JIF - Sea Girt Borough	Present
Joseph Wolk	Camden JIF - Borough of Mount Ephraim	Present
Bernard Rutkowski	NJUA JIF - Toms River MUA	Present
Marc Schrieks	South Bergen JIF - Lodi Borough	Present
Lisa McLaughlin	Atlantic JIF - Margate City	Present
Paul Tomasko	Bergen JIF - Borough of Alpine	Present
Meghan Jack	Burlco JIF - Riverside Twp	Present
Casey Wagner	Central JIF - Woodbridge	Present
Joe Criscuolo	Central JIF Alternate – East Brunswick	Present
Chris Burnett	FIRST JIF - Mt. Laurel Twp. Fire Dist. #1	Present
Adam Brewer	Morris JIF - Pequannock Township	Present
Diane Lapp	Ocean JIF - Manchester Twp	Absent
John Clarke	PHA JIF - New Brunswick Housing Authority	Present
James Ulrich	NJSI JIF - Clark Township	Present
Michael Razze	Trico JIF - Pitman Borough	Present
Frank Elenio	PAIC JIF - Ridgefield Borough	Present

PROFESSIONALS PRESENT:

Executive Director/Adm	PERMA Risk Management Services Joseph Hrubash, Cathleen Kiernan
Deputy Executive Director	Risk Program Administrators Paul Forlenza, Kamini Patel
Claims Adjustor	CB Claims LLC Chris Botta, Esq.
Chief Financial Officer	Pauline Kontomanolis, CPA
Attorney	Dorsey & Semrau Sue Sharpe, Esq., Fred Semrau, Esq.
Claims Manager	Robyn Walcoff, Esq.

Planning Consultant **Barbara Murphy**

Treasurer **Charles Cuccia**

ALSO PRESENT:

Michael Avalone, Conner Strong & Buckelew
Alison Kelly, Danskin Insurance Agency
John Casagrande, Danskin Insurance Agency
Chuck Casagrande, Danskin Insurance Agency
Dave Vozza, The Vozza Agency
Lindsay Klein, Acrisure
Robin Racioppi, Acrisure
Ezio Altamura, GEM-Otterstedt Insurance Agency
Frank Covelli, PIA
Ed Cooney, Conner Strong & Buckelew
Jonathon Tavares, Conner Strong & Buckelew
Jackie Lindsey, Conner Strong & Buckelew
Dave Grubb, PERMA
Pauline Kontomanolis, PERMA
Brad Stokes, PERMA
Steve Sacco, PERMA
Robin Walcoff, PERMA
Zareena Majeed, PERMA
Tracy Lopez, PERMA
Nancy Ghani, PERMA
Brandon Tracey, PERMA
Steven Krolian, PERMA

MINUTES: Chairman Merchel said included in the agenda were the open minutes of June 22, 2023.

Motion To Approve June 22, 2023 Open Minutes:

Moved:	Commissioner Wolk
Second:	Commissioner Clarke
Vote:	Unanimous

CORRESPONDENCE: Chairman Merchel referenced a letter from The New Jersey Counties Excess Liability JIF (NJ CEL) requesting membership in the NJ Cyber JIF. The NJ CEL is well known as the JIF currently uses many of the same fund professionals. In response to Chairman Merchel, Executive Director said they can work with the fund professionals and the Risk Control Committee to discuss how coverage would work for the NJ CEL. Commissioner Tozzi agreed saying it is good timing to evaluate how this process might work when a JIF requests membership. Executive Director said the topic would be added to the next Risk Control Committee meeting.

EXECUTIVE DIRECTOR REPORT:

Risk Control Committee: The Risk Control Committee met on July 31st to review responses to Competitive Contract RFP #23-01 Training/Phishing and RFP #23-02 for External Scanning. The committee is making a recommendation to award both contracts to D2 Cybersecurity and the resolutions for both awards are included in the agenda. Chairman

Merchel thanked the committee members as the process was time consuming and required a lot of discussion.

Motion to adopt Resolution 46-23 Authorizing the Award of Competitive Contract #23-01 for Training/Phishing and Resolution 47-23 Competitive Contract #23-02 External Scanning to Appliedinfo (D2 Cybersecurity).

Moved: Commissioner Tozzi
Second: Commissioner Brewer
Roll Call Vote: Unanimous

Assistant Executive Director said Resolution includes “not to exceed” amount which are based on assumptions; actual fee is based on participation & will not likely reach those amounts.

Executive Director said the board needs to discuss how JIFs with the cyber services currently under contract would be managed. Chairman Merchel gave an overview of a memo that he sent to the board this week for three potential member scenarios. First, if a member had contracted services up until September 1st, there would be no reimbursement. Second, a member that has contracted services until the end of the year could receive a pro-rated reimbursement with a cap of 30-35% of their assessment and possibly taking into consideration the actual costs of the current contract. The third scenario concerns JIF’s with renewal options on their current contracted services. Chairman Merchel said he welcomes input from all members and all input will be shared with the Risk Control Committee as they move towards a policy to present at the September meeting.

In response to the Fund Attorney, Chairman Merchel said they would hope to offer a resolution at the September meeting unless further discussion is warranted, and asked the members provide feedback promptly.

Commissioner McLaughlin asked the committee to consider reimbursements to JIF’s that are already paying for cyber services.

Cybersecurity Loss Control Program: Executive Director said most members are struggling with the current cyber compliance standards and the Underwriting Manager was asked to prepare a proposal to revise the Cybersecurity Framework to provide members an opportunity to meet an abbreviated set of critical security controls.

The Underwriting Manager said there has been a lot of feedback and members are working diligently to complete the requirements, however they would like to provide deductible relief to more members. Underwriting Manager discussed 6 primary goals for a first ‘basic’ level of compliance, all goals were taken from the current ‘Minimum Security’ list. Compliance at this ‘basic’ level would bring the deductible down from \$110,000 to \$85,000 and 20% coinsurance of the next \$300,000.

In response to Mr. Grubb, Executive Director suggested the board holds off on action today and asked the Risk Control Committee to finalize the names of the various levels of compliance for clarity purposes. Chairman Merchel agreed, and said the higher levels are challenging to achieve. In response to Mr. Altamura, Underwriting Manager said once the board approves the recommendation, the updated program would most likely be rolled out January 2024. Commissioner Criscuolo said there must be a commitment of the governing body to spending money to achieve the minimum cyber controls and avoid the higher costs of not making the

investment. Underwriting Manager said they would continue to encourage members to keep pushing for more cyber controls. Ms. Lindsay asked if members should be notified of the change; Assistance Executive Director suggested it would relieve some frustration to notify members that a ‘basic’ level is being developed for the new year. Underwriting Manager said it could be added to an upcoming communication from his team.

Executive Director said the Risk Control Committee would like the board to contemplate extending the term for “grandfathering” those members compliant with the prior risk control program, given that we are nearing the end of year and the delayed timing for delivering cyber services. Several commissioners expressed agreement, and all agreed on the new deadline of July 1, 2024.

Risk Management Plan: Payment Authority – Executive Director said enclosed in the agenda is a recommended revision of the Fund’s Risk Management Plan to address the ability to respond in a timely manner to certain types of cyber claims. The Fund’s policy with XL provides for payment excess of the retention of \$350,000 for extortion on a reimbursement basis only. Given the nature of the types of cyber-related claims, it can require the Fund to provide financing almost immediately. As a result, we are recommending forming a Claims Review Committee that can work with the Executive Director, Fund Attorney and Local JIF Executive Director to authorize payments up to the policy limit, subject to confirmation from the carrier to reimburse the Fund. Chairman Merchel said he agrees on the formation of a Claims Review Committee and asked for volunteers. Volunteering for the committee in addition to the Chairman is Commissioners Wagner, Champney, Gant, Schrieks, and Tozzi. Treasurer asked to also be included in the committee to ensure funding is available for short turn around. Assistant Executive Director said typically a claims committee has scheduled meetings however given the nature of cyber claims, meetings will be called on an as-needed basis.

Motion to Amend the Payment Authority section of the Risk Management Plan.

Moved:	Commissioner Tozzi
Second:	Commissioner Tomasko
Roll Call Vote:	Unanimous

Chairman Merchel confirmed that payment would only be authorized if we had confirmation from the carrier that they will cover the claim and reimburse the fund, and the fund had the monies available.

NJ Cyber Website: Executive Director said the NJ Cyber website was launched in May. The MEL contracts website services with Princeton Strategic Communications Group (PSC). PSC transitioned the section of the MEL webpage and launched the Cyber JIF webpage and worked with the Underwriting Manager and Executive Director on other required updates. PSC provided the NJ Cyber JIF with an invoice for development, website hosting and updates for the full year for 2023 which totaled \$5,000.

At the last meeting, the board suggested the Fund consider creating a “members only” section of the webpage to better protect risk control efforts. Princeton Strategic Communications has projected this to cost \$5,000.

In response to Chairmen Merchel, Underwriting Manager said the professionals can provide a list of items that will be moved to a ‘members only’ view.

Motion to authorize the creation of a “members only” section of the

Cyber JIF webpage.

Moved: Commissioner Schrieks
Second: Commissioner Rovell
Roll Call Vote: Unanimous

Chairman Merchel suggested no new information be added to the website until the evaluation of the content is completed. Assistant Executive Director said PSC will begin to create the member login and the content to be moved will be communicated with the board.

Technology Stack Questionnaire: The technology stack questionnaire developed by the Chertoff Group was emailed to Origami users on June 7, 2023, with the deadline of June 30th. The survey will allow the Fund to better tailor the cybersecurity framework and provide broadscale advice to the members. Of the 605 members, 382 completed the survey for 63% participation. Underwriting Manager said he received the Chertoff report just last night and will be working with Risk Control to discuss how the information will be used and what to distribute to the members.

NEXT MEETING: Executive Director said the next meeting is scheduled for Thursday, September 21, 2023, at 2:00 PM.

UNDERWRITING MANAGER: Underwriting Manager said the compliance program with the updated security framework has approximately 20 submissions and they are receiving questions and feedback. They hope to see an increase in compliance during renewal.

TREASURER:

RESOLUTION 48-23 CONFIRMATION OF PAYMENT – JULY 2023

2023	\$32,029.22
TOTAL	\$32,029.22

RESOLUTION 49-23 CONFIRMATION OF PAYMENT – AUGUST 2023

2023	\$43,055.82
TOTAL	\$43,055.82

Motion to confirm Bills List Resolution 48-23 July 2023 and adopt Resolution 49-23 Approving the August 2023 Voucher List as submitted:

Moved: Commissioner Tozzi
Second: Commissioner Gant
Roll Call Vote: Unanimous

Motion to go into Executive Session for Certain Specified Purposes, Personnel, Safety, Property and Public Litigation.

Moved: Commissioner Schrieks
Second: Commissioner Wolk
Vote: Unanimous

Motion to Return from Executive Session and Approve the PAR File #2024311424 as Presented:

Moved: Commissioner Champney
Second: Commissioner Wolk
Vote: Unanimous

NEW BUSINESS:

Assistant Executive Director said the next steps for moving forward with the cyber vendor will be to distribute any paperwork that might be required and begin to schedule webinars.

OLD BUSINESS:

None.

PUBLIC COMMENT:

None.

MOTION TO ADJOURN:

Moved: Commissioner Gant
Second: Commissioner Brewer
Vote: Unanimous

MEETING ADJOURNED: 11:35 pm

NEXT MEETING: September 21, 2023 – 2:00 PM via Zoom

Sandra Cantwell, Assisting Secretary

For

JOY TOZZI, SECRETARY

RESOLUTION 46-23

**Resolution of The New Jersey Cyber Risk Management Fund (hereafter known as ‘Fund’)
Authorizing the Award Of CC# 23-01 To Appliedinfo, dba D2 Cybersecurity for Cyber
Training/ Phishing**

WHEREAS, the Fund has authorized competitive contract procurement for Cyber Training/ Phishing through Resolution 6-22; and

WHEREAS, the Fund duly advertised the competitive contract proposal for a minimum of 20 days, and received proposals on July 20, 2023 at 9:00 A.M. and

WHEREAS, the Fund established a rating committee rating the proposals upon the standards of Price and Other Factors, those factors being Technical, Managerial and Cost, in accord with N.J.A.C.5:34-4; and

WHEREAS, Appliedinfo Partners, Inc, dba D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873 has provided a proposal deemed the most advantageous based upon Price and Other Factors under the New Jersey Local Publics Contract Law (N.J.S.A.40A:11-4.4.b,) and (N.J.A.C. 5:34-4); and

WHEREAS, the report produced by the committee, recommending Appliedinfo Partners, Inc, D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873, was made available to the public and governing body at least 48 hours prior to the meeting of the governing body in accord with N.J.S.A 40A:11-4.5d and N.J.A.C 5:34-4; and

WHEREAS, it is the recommendation that the Fund enter into an agreement for services under CC#23-01 with Appliedinfo Partners, Inc, dba D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873 for a period of one (1) year with an options to renew as per N.J.S.A. 40A:11-4.1 et. Seq.,

NOW, THEREFORE, BE IT RESOLVED by the NJ Cyber Risk Management Fund as follows:

That the Fund Chairperson is authorized to execute contract with Appliedinfo Partners, Inc, dba D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873, under the precepts of CC#23-01 for Cyber Training/ Phishing for a one (1) year contract with an option to renew as per N.J.S.A. 40A:11-4.1 et. Seq, based on attached fee schedule exhibit but not to exceed \$530,000 over a 12-month period.

ADOPTED this _____ day in _____:

Tom Merchel, Chairperson

Joy Tozzi, Secretary

RESOLUTION 47-23

**Resolution of The New Jersey Cyber Risk Management Fund (hereafter known as ‘Fund’)
Authorizing the Award Of CC# 23-02 To Appliedinfo, dba D2 Cybersecurity for External
Scanning**

WHEREAS, the Fund has authorized competitive contract procurement for External Scanning through Resolution 6-22; and

WHEREAS, the Fund duly advertised the competitive contract proposal for a minimum of 20 days, and received proposals on July 19, 2023 at 1:00 P.M.; and

WHEREAS, the Fund established a rating committee rating the proposals upon the standards of Price and Other Factors, those factors being Technical, Managerial and Cost, in accord with N.J.A.C.5:34-4; and

WHEREAS, Appliedinfo Partners, Inc, dba D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873 has provided a proposal deemed the most advantageous based upon Price and Other Factors under the New Jersey Local Publics Contract Law (N.J.S.A.40A:11-4.4.b,) and (N.J.A.C. 5:34-4); and

WHEREAS, the report produced by the committee, recommending Appliedinfo Partners, Inc, D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873, was made available to the public and governing body at least 48 hours prior to the meeting of the governing body in accord with N.J.S.A 40A:11-4.5d and N.J.A.C 5:34-4; and

WHEREAS, it is the recommendation that the Fund enter into an agreement for services under CC#23-01 with Appliedinfo Partners, Inc, dba D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873 for a period of one (1) year with an option to renew as per N.J.S.A. 40A:11-4.1 et. Seq.,

NOW, THEREFORE, BE IT RESOLVED by the NJ Cyber Risk Management Fund as follows:

That the Fund Chairperson is authorized to execute contract with Appliedinfo Partners, Inc, dba D2 Cybersecurity, 28 Worlds Fair Drive, Somerset, NJ 08873, under the precepts of CC#23-02 for External Scanning for a one (1) year contract with an option to renew as per N.J.S.A. 40A:11-4.1 et. Seq., based on attached fee schedule exhibit and not to exceed \$225,000.

ADOPTED this _____ day in _____:

Tom Merchel, Chairperson

Joy Tozzi, Secretary

**NEW JERSEY CYBER RISK MANAGEMENT FUND
BILLS LIST**

Resolution No. _____

JULY 2023

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 2023

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
001060			
001060	CB CLAIMS LLC	CLAIMS ADMIN FEE 07/23	2,083.33
			2,083.33
001061			
001061	QUAL-LYNX	MONTHLY BANKING SERVICES 07/23	500.00
			500.00
001062			
001062	PERMA RISK MANAGEMENT	POSTAGE 06/23	52.93
001062	PERMA RISK MANAGEMENT	ADMINISTRATOR FEE 07/23	10,416.67
			10,469.60
001063			
001063	ARTHUR J. GALLAGHER RISK MGMT SERVICES, LLC	DEPUTY ADMIN 07/23	4,166.67
			4,166.67
001064			
001064	THE ACTUARIAL ADVANTAGE	ACTUARY FEE 07/23	2,083.33
			2,083.33
001065			
001065	CHARLES CUCCIA	TREASURER FEE 07/23	2,083.33
			2,083.33
001066			
001066	CONNER STRONG AND BUCKELEW	UNDERWRITING MANAGER FEE 07/23	4,166.66
			4,166.66
001067			
001067	THE CANNING GROUP	QPA SERVICES 06/23	1,250.00
			1,250.00
001068			
001068	COURIER POST	ACCT CHL-993 AD 5757464 7/5/23 AWARD	38.17
001068	COURIER POST	ACCT CHL-993 AD 5751907 6/29/23 23-02	41.39
001068	COURIER POST	ACCT CHL-993 AD 5750879 6/29/23 MEETING	10.75
001068	COURIER POST	ACCT CHL-993 AD 5751882 6/29/23	41.39
			131.70
001069			
001069	NJ ADVANCED MEDIA	ACCT 1000975964 AD 10681572 6/28/23	24.08
001069	NJ ADVANCED MEDIA	ACCT 1000975964 AD DATE 06/28/23	70.52
			94.60
001070			
001070	PRINCETON STRATEGIC COMM GROUP LLC	WORD PRESS WEBSITE AND HOSTING 6/23	5,000.00
			5,000.00
		Total Payments FY 2023	32,029.22
		TOTAL PAYMENTS ALL FUND YEARS	32,029.22

Chairperson

Attest:

Dated: _____

I hereby certify the availability of sufficient unencumbered funds in the proper accounts to fully pay the above claims.

Treasurer

**NEW JERSEY CYBER RISK MANAGEMENT FUND
BILLS LIST**

Resolution No. _____

AUGUST 2023

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 2023

<u>Check Number</u>	<u>Vendor Name</u>	<u>Comment</u>	<u>Invoice Amount</u>
001071			
001071	CB CLAIMS LLC	CLAIMS ADMIN FEE 08/23	2,083.33
			2,083.33
001072			
001072	QUAL-LYNX	BANKING SERVICES 08/23- INV 52965	500.00
			500.00
001073			
001073	PERMA RISK MANAGEMENT	POSTAGE 07/23	15.84
001073	PERMA RISK MANAGEMENT	ADMINISTRATOR FEE 07/23	10,416.67
			10,432.51
001074			
001074	ARTHUR J. GALLAGHER RISK MGMT SERVICES, LLC	DEPUTY ADMIN 08/23	4,166.67
			4,166.67
001075			
001075	THE ACTUARIAL ADVANTAGE	ACTUARY FEE 08/23	2,083.33
			2,083.33
001076			
001076	RISK & LOSS MANAGERS, INC	PLANNING CONSULTANT 2ND QTR 2023	3,750.00
			3,750.00
001077			
001077	DORSEY & SEMRAU	3RD QTR RETAINER 2023	12,500.00
			12,500.00
001078			
001078	CHARLES CUCCIA	TREASURER FEE 08/23	2,083.33
			2,083.33
001079			
001079	CONNER STRONG AND BUCKELEW	UNDERWRITING MANAGER FEE 08/23	4,166.66
			4,166.66
001080			
001080	THE CANNING GROUP	QPA SERVICES 07/23	1,250.00
			1,250.00
001081			
001081	COURIER POST	ACCT CHL-993 - 8/4/23 ORDER 5787865	10.75
001081	COURIER POST	ACCT CHL-993 7/23/23- ORDER 5777466	10.32
			21.07
001082			
001082	NJ ADVANCED MEDIA	ACCT 1000975964 AD 10694449 7/5/23	18.92
			18.92
		Total Payments FY 2023	43,055.82
		TOTAL PAYMENTS ALL FUND YEARS	43,055.82

Chairperson

Attest:

Dated: _____

I hereby certify the availability of sufficient unencumbered funds in the proper accounts to fully pay the above claims.

Treasurer