

**MINUTES**  
**CITY OF KEY COLONY BEACH CITY COMMISSION**  
**SPECIAL MEETING – INSURANCE**  
**Tuesday, September 29, 2009 9:30 a.m. City Hall Auditorium**

The Key Colony Beach City Commission was called to order at 9:30 a.m. by Mayor Sutton. *Present were:* Mayor Ron Sutton, Vice-Mayor Geraldine Zahn, Commissioner Jeff Vorick, Commissioner Tucker DeGraw and Commissioner Mary Schmidt. *Also Present:* City Clerk Vickie Bollinger. Public: 3

Mayor Sutton stated the special meeting was called to review the city insurance policies for property, liability, worker's compensation, auto, boat, and equipment. He said that several months ago the city was approached by Debbie McAfee of TR Jones who offered to provide a quote for the city's insurance policies. After meetings with Ms. McAfee and our current agent, Bill Danaher, of Johnsons Insurance, it became evident that the full commission should be convened to review and discuss the proposals. If the commission decided to change insurance agents, the coverage needed to begin on October 1, 2009, so a decision needed to be made today. Mayor Sutton stated that Mr. Danaher is a well-respected agent and has served the city very well for many years as our agent, as well as, being a resident of our city and involved in the community.

**Property and Crime Insurance including Fire, Wind and Flood**

Mayor Sutton said that the quote from TR Jones did not include basic flood coverage and that would need to be purchased at a cost of about \$16,000. In total, this would mean the proposed coverage would cost about \$700 more than our current policies. However, the proposed policy provided more coverage for flood, ordinance and law, and contents. Mayor Sutton said that Mr. Danaher agreed that the proposed policy provided better coverage and provided coverage his company could not offer.

Mr. Danaher was present and said that the proposed policy did provide coverage that was not available through his company, such as insuring buildings for replacement cost, costs to comply with law and ordinance changes, additional flood coverage, and loss of income if the Annex building is destroyed during a storm. In addition, the current policy has maximum contents coverage of \$1,000,000 making city hall underinsured. He acknowledged the premium is higher, but the extra coverage is desirable, especially at the proposed cost.

Ms. McAfee stated that this coverage included the boat and inland marine equipment.

Mr. Danaher stated that he informed the commission a couple years ago that city hall was underinsured and at that time the commission decided not to purchase any additional coverage.

Ms. McAfee thanked Mr. Danaher for his honesty and candor in his comparisons of the two policies. She provided a brief introduction of herself and the company she represents.

Mayor Sutton stated that the city will have to pay for appraisals for all city properties and that the premium amounts may change based on the appraisals. He also said that the city would have to pay some penalties if our current coverage was canceled as of October 1. However, Mr. Danaher and

Ms. McAfee agreed that a transition could be worked out to eliminate or minimize any penalties that would need to be paid. Mayor Sutton said that now the policies have different expiration dates and that for purposes of budgeting and review it would be helpful if they all expired on the same date.

Commissioners, Mr. Danaher and Ms. McAfee discussed the proposed and current policy differences and the estimated cost of each. Commissioners would like to find some way to save money for the taxpayers, but should a disaster strike, they agreed it was important to maintain adequate coverage on the buildings and contents.

#### General and Professional Liability, Worker's Compensation, Auto

Mayor Sutton said that this insurance is now through the Florida League of Cities (FLC) and the city has been well served without any problems. He said the costs of General and Professional Liability and Auto insurance would be cheaper through FLC, and the Worker's Comp is cheaper through TR Jones. However, the FLC premium for the liability and auto would increase almost \$2,600 if the city no longer purchases worker's comp through them. The Mayor said the city may be better served to keep all three policies with the FLC. He said that if the city keeps all three policies with FLC, they had agreed to reduce the premium of worker's compensation by \$1,500.

There was a discussion about worker's comp insurance and coverage for workers who may be injured while working from the boat—such as public works trimming the mangroves along the Causeway. The proposed policy included coverage for this type of event called Jones Act; it was unclear if this would be covered by FLC.

The Mayor called a recess to try and get clarification from FLC. The agent was reached, was unsure if some event like trimming mangroves from the boat required such special coverage, and he agreed to research the issue. The meeting reconvened.

Commissioners, Mr. Danaher and Ms. McAfee discussed the three policies and agreed that FLC was probably a better deal with the exception of the question about the Jones Act.

#### Boiler and Machinery

Mr. Danaher explained that this policy is for equipment failures and this coverage is not a separate policy but is a part of another policy currently being provided. Ms. McAfee said the proposed policy pays if there is a power surge that damages equipment or there is some equipment failure. She explained that the Inland Marine policy is for equipment that moves, like tractors; and Boiler and Machinery is for things like air conditioners or fixed generators. She said the coverage for this equipment includes wind and flood damage.

**Motion** – Moved by Mayor Sutton, seconded by Mary Schmidt, to purchase Property & Crime and Boiler & Machinery insurance through TR Jones. Roll Call Vote: Unanimous approval.

Commissioners briefly discussed the policies with FLC and the differences with the proposed coverage through TR Jones. The Mayor confirmed that the basic flood policy would still need to be purchased; that the TR Jones policy did not include standard flood; and that Johnsons Insurance would still provide the standard flood policy. Commissioners agreed that a new motion should be made to cover all these items.

**Motion** – Moved by Mayor Sutton, seconded by Mary Schmidt, to purchase Property & Crime and Boiler & Machinery insurance through TR Jones, to purchase standard flood insurance through Johnsons Insurance, approve paying the required appraisal fee, and transition the policies so that all expired at the same time. Roll Call Vote: Unanimous approval.

Commissioners briefly discussed worker’s comp insurance regarding premium costs, maximum coverage, and the possibility of changing companies mid year.

**Motion** – Moved by Mayor Sutton, seconded by Commissioner Vorick, to purchase General & Professional Liability, Worker’s Compensation, and Auto insurance through Florida League of Cities at the costs of \$18,618, \$17,485 and \$3,824 respectively. Roll Call Vote: Unanimous approval.

The meeting was adjourned at 10:50 a.m.

---

Vickie L. Bollinger, City Clerk

Note: A mechanical recording has been made of the meeting of which these minutes are a part, and a copy is on file in the office of the City Clerk, as a public record.