

**MINUTES
CITY COUNCIL SPECIAL MEETING
CITY OF ST. CLAIR SHORES
27600 JEFFERSON CIRCLE DRIVE
ST. CLAIR SHORES, MI 48081**

Monday, June 22, 2009

PRESENT:

Mayor
Council Members

Robert A. Hison
Matthew S. Ahearn
Ronald J. Frederick
Beverly McFadyen
Mark J. Moffitt
David J. Rubello
Kip C. Walby

ALSO PRESENT:

City Manager
City Clerk
City Attorney
Finance Director/Treasurer
Community Development Director
Communications Director
Recording Secretary

Kenneth R. Podolski
Mary A. Kotowski
Robert D. Ihrie
Tim Haney
Chris Rayes
Mary Jane D'Herde
Raluca Munteanu

CALL TO ORDER

Mayor Hison called the special meeting to order at 8:36 p.m. and noted that there was a quorum present.

1. CONSIDERATION OF INSURANCE PROPOSALS FOR THE FISCAL YEAR BEGINNING JULY 1, 2009

Mayor Hison announced that this item has been tabled from the June 15, 2009 Council meeting.

Mr. Haney announced that he received an insurance proposal for the year beginning July 1, 2009 from Arthur J. Gallagher Risk Management Services with a price of \$348,986. The proposal is from Travelers, Ins. Companies for liability and crime and the Chubb Group for property. The City also received a proposal from our current provider, Michigan Municipal Risk Management Authority. They've updated their proposal a few times and their final proposal is \$399,563, which is a 5% reduction in price from the current year.

Mr. Smith discussed the two types of insurance. Coverage on an occurrence basis means the insured is covered no matter when a claim is presented. On the other hand, claims made coverage means that a claim has to be made while the policy is in force. There is a difference in the cost of the proposals, but the City has an instated relationship with MMRMA and we've received many rebates from them through the Surplus Distribution Program.

Mr. Haney recommended to stay will Michigan Municipal Risk Management Authority because they provide full occurrence coverage.

Mr. Jack Tallerico, Arthur J. Gallagher Risk Management Services, stated that his company removes the stress of the insurance purchasers. They've been in business for many years, locally in St. Clair Shores, and they are leaders in the state and country for insuring municipalities. Mr. Tallerico thought he could have saved the City money in previous years as well.

Mr. Moffitt addressed his concern that MMRMA only reduced their price when they felt threaten by another insurance company. The City should have done sealed bids for insurance services too and there would have been a clean awarding. Mayor Hison added that because the insurance is expiring this month, there is not enough time to go back to the bid process.

Mr. Keith Potter, IBEX Insurance Agency, stated they've been working with St. Clair Shores since 1993. The MMRMA is a program for government entities only. In addition, the MMRMA's work is very specific to Michigan.

1. CONSIDERATION OF INSURANCE PROPOSALS FOR THE FISCAL YEAR BEGINNING JULY 1, 2009 cont'd

Over the years, the Board of Directors decided to distribute surpluses to the 350 MMRMA members. St. Clair Shores had \$430,000 returned in excess surplus distribution because of the stock market in the last few years.

This year, it was determined that no surplus will be distributed and therefore they are able to lower the insurance premium. Mr. Potter accentuated their great work relationship with the City.

Mr. Reiner, Executive Director of MMRMA, spoke of their work and service quality. They hope to do distributions in the future as the stock market improves.

Mr. Rubello would like to see the City do business with a local business and at a lower price. Mr. Tallerico listed numerous other municipalities they are involved with and how they are aware of the local issues.

Mr. Ihrie discussed Mr. Walby's situation of not being able to discuss or vote on this item, per Charter provision, because he is an employee of Arthur J. Gallagher Risk Management.

Mr. Haney stated that the City invited other insurance companies to quote on this proposal, but they did not follow through completely. He added that St. Clair Shores received on average per year \$143,000 in returns from MMRMA in the last three years and that they guarantee no more than 3% increase in premium for the next year. This would be a year to year contract.

Mayor Hison stated that Council needs to decide wheatear to continue with the current insurance provider.

Moved by Frederick, seconded by McFadyen to approve the renewal of the City's insurance policy with Michigan Municipal Risk Management for the year beginning July 1, 2009.

A roll call vote was taken.

Ayes: Frederick, McFadyen, Ahearn, Hison

Nays: Moffitt, Rubello

Abstain: Walby

2. AUDIENCE PARTICIPATION

Richard Swanquist, 21815 Bon Brae, requested Council to take into consideration bidding out contracts and not waiting until the last minute.

3. ADJOURNMENT

Motion by McFadyen, seconded by Ahearn to adjourn the meeting at 9:23 p.m.

Ayes: All (7)

(THE PRECEDING MINUTES ARE A SYNOPSIS OF A CITY COUNCIL MEETING AND DO NOT REPRESENT A VERBATIM RECORD.)

ROBERT A HISON, MAYOR

MARY A. KOTOWSKI, CITY CLERK