

**SPECIAL MEETING  
OF THE CITY COUNCIL  
OF THE CITY OF CAPE MAY, NJ  
Wednesday, November 14, 2012, 1:00 P.M.**

The special meeting of City Council of the City of Cape May was called to order by Mayor Mahaney at 1:00 P.M. Wednesday, November 14, 2012 in the Cape May City Hall Auditorium. The Clerk called the roll and the Pledge of Allegiance was recited.

Present: Mayor Edward J. Mahaney, Jr.  
Councilmember William H. Murray  
Councilmember Terri L. Swain  
Deputy Mayor Jack Wichterman  
Also Present: City Manager Bruce MacLeod  
City Solicitor Anthony Monzo  
City Clerk Louise Cummiskey  
Deputy Clerk Patricia Harbora  
Absent: Councilmember Deanna Fiocca

Mayor Mahaney announced that under the Open Public Meetings Law, notice of this meeting was sent to the Cape May Star and Wave and The Press and a copy of the agenda was delivered to each Member of Council and was posted on the City Hall Bulletin Board.

Mayor Mahaney announced that the sole purpose of this special meeting is to discuss Flood Insurance for the Convention Hall building.

Minutes do not reflect the actual order in which the events occurred.

**RESOLUTION**

Resolution 261-11-2012 - A Resolution Providing for a Meeting Not Open to the Public in Accordance with the Provisions of the New Jersey Open Public Meetings Act, N.J.S.A. 10:4-12 – Flood Insurance

Jerry Gaffney – 810 Columbia Avenue, Cape May, asks how Council can justify a closed session resolution on this matter if it does not pertain to Litigation, Personnel or Union/Contract negotiations.

Mr. Monzo replies that the City wants to be sure that all the necessary procedures were followed in accordance with Federal, State, and Local Codes and Ordinances and he has recommended a closed session.

Charles Hendricks, 106 Trenton Avenue, Cape May, NJ asks for the basis to conduct a closed session meeting.

Mr. Monzo advises that the City needs to ensure that all the codes have been satisfied and that Council will discuss this matter with the City's Insurance Risk consultants in a closed session.

Charles Hendrick – 106 Trenton Avenue, Cape May, comments that he objects to a closed session. Mr. Hendricks asks if the closed session meetings are recorded.

Mr. Monzo replies that the closed sessions are not recorded.

Deputy Mayor Wichterman comments that he would prefer not to go into closed session but after speaking to Mr. Monzo, he feels that a closed session meeting is necessary.

Councilmember Murray comments that there are certain procedures which must be followed and at this time, it is necessary to go into closed session.

Councilmember Swain feels she would like to hear all of the facts that pertain to this matter before a decision is made.

Mayor Mahaney states that this closed session is to protect the interests of the people. This is an administration matter which has come before Council.

Motion made to go into closed session

Motion:	Wichterman
Second:	Swain
Roll Call:	
Fiocca	Absent
Murray	no
Swain	yes
Wichterman	yes
Mahaney	yes

Open session resumes at 2:30 P.M.

City Manager, Bruce MacLeod, informs all that he had previous meetings with the City's Risk Management Consultant Firm, Marsh & McLennan Agency, and Harleysville Insurance Agency. Mr. MacLeod wants the public and news media to know that the City is a member of the Atlantic County Municipal Joint Insurance Fund (ACMJIF) and as part of the Municipal Excess Liability (MEL) coverage held through the ACMJIF, there is currently \$2.5 million of Flood Insurance on the Convention Hall Building. A proposal for flood insurance was received from FEMA with options to purchase with different levels of deductibles. The deductibles range from a minimum of \$1,000.00 and go up to the maximum of \$50,000.00. City Council will make a decision before November 28, 2012 to contract for some level of coverage based on the proposals received. Mr. MacLeod advises that the initial level of coverage for \$500,000.00 is provided through FEMA. The next \$2.5 million of coverage is provided through the MEL and the City's Risk Management consultant has requested quotes from three companies for additional excess coverage in the amount

of \$3 million dollars. The value of the Convention Hall building is \$8.5 million. Mr. MacLeod commented that the City Council will consider some level of self insurance and that the City will create a reserve through the annual budget appropriations for flood insurance.

Councilmember Murray comments that the City will have flood insurance and the public will have access to the figures by November 28, 2012.

**PUBLIC PORTION:** Those wishing to publicly comment shall come forward, give their name and address and speak into the microphone. Each speaker will be limited to five (5) minutes.

Charles Hendricks – 106 Trenton Avenue, Cape May asks Mayor Mahaney when he learned that Convention Hall did not have flood insurance. The Mayor responds that he learned of the fact from Mr. MacLeod right before Hurricane Sandy. Mr. Hendricks suggests that Mayor Mahaney should have informed the public of that fact.

Councilmember Murray comments that finger pointing at this time will not advance the ball and the issue at hand is for the City to obtain flood insurance.

Mr. Hendricks asks Deputy Mayor Wichterman when he learned that the City did not have flood insurance. Deputy Mayor Wichterman replied that he received a phone call in the beginning of November. Mr. Hendricks asks Deputy Mayor Wichterman if he feels Council let the City down and Mr. Wichterman replied “no, that’s why the City hires professionals.”

Mr. Hendricks then asks Mr. MacLeod if he is the Chief Operating Officer under the Council /Manager Form of Government and if he is the person responsible for purchasing the flood insurance coverage. Mr. MacLeod advises that he participated with others on a committee that worked on the design of the Convention Hall. In addition, Mr. MacLeod advises that he is in charge of the day to day operations in the City of Cape May.

Mr. Monzo interrupts Mr. Hendricks explaining that this is a public comment portion of the meeting and he doesn’t feel it is fare to the City Manager or Council to be questioned on some of these issues. Council is addressing the issue and Mr. Monzo’s legal advice is for Council not to get into a question and answer session.

Jerry Gaffney – 810 Columbia Avenue, Cape May, NJ asks Mr. MacLeod if there is a premium for the MEL coverage and comments that if the City is considering self-insurance, that would mean that the public would be the insurers. Mr. MacLeod responds that the coverage is already in the annual assessment and the City will make a decision by November 28, 2012 regarding flood insurance and thereafter, there will be a 30 day waiting period.

Councilmember Murray comments that the City wants the opportunity to receive quotes and collect all information needed to make a wise decision regarding this matter. He asks the City Manager to create a spreadsheet with the different options.

Mr. Gaffney asks Mr. MacLeod if he has any idea as to the premium for the base flood insurance with FEMA. Mr. MacLeod responds that the City Council will make the best decision for the City and the information will be shared with the residents.

Jim Moffit - 806 Sewell Avenue, Cape May, NJ asks if the City budgeted for flood insurance for Convention Hall and Mr. MacLeod confirms that it did.

Jim Wyatt - 292 Windsor Avenue, Cape May, NJ talks about the plan to remove the seawall and inquires as to whether there is a Certificate of Occupancy for the building. In addition, he asks about the level of the pilings. Mr. MacLeod responds that presently the City is holding a Temporary Certificate of Occupancy which is good through December 31, 2012 and that the pilings have been placed as designed.

Councilmember Murray comments that the City will soon receive their Certificate of Occupancy and that the City does have flood insurance coverage through the MEL. Additional flood insurance will be in place by November 28, 2012.

Mr. Monzo comments that the flood insurance has no impact on the Certificate of Occupancy.

Al Beale, 1224 Idaho Avenue, Cape May, NJ suggests that the City Council should consider a Press release on the matter of flood insurance so that the public can understand all the facts.

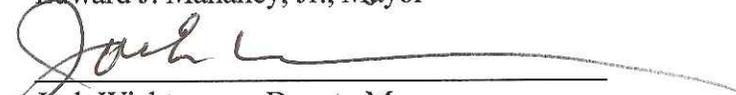
Susan Smigo, 1041 Illinois Avenue, Cape May, NJ asks why the City didn't have flood insurance if the City has a Risk Management Consultant and also whether or not the City pays the insurance consultant and asks of their responsibilities. Mr. MacLeod advises that the City of Cape May annually selects a paid Risk Management Consultant and that Consultant is not a City employee. The consultant's responsibility is to guide the city in making insurance decisions.

Charles Hendricks – 106 Trenton Avenue, Cape May, NJ asks Mr. MacLeod why he didn't know that the City had flood insurance at the last meeting. Mr. MacLeod advised that he had an opportunity to meet with the Risk Management Consultant since the last Council meeting and it was then that he learned that there was flood insurance in the amount of \$2.5 million.

### ADJOURNMENT

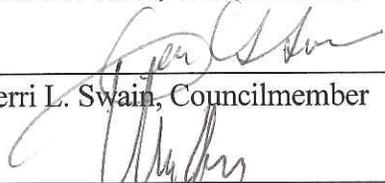
Motion made by Mayor Mahaney seconded by Deputy Mayor Wichterman to adjourn. The meeting adjourned at 3:15 P.M.

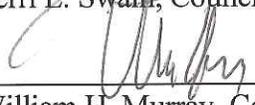
  
Edward J. Mahaney, Jr., Mayor

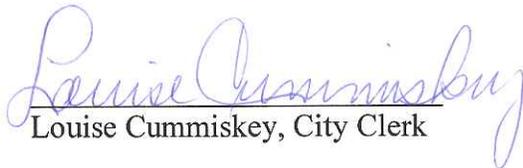
  
Jack Wichterman, Deputy Mayor

ABSENT

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Deanna Fiocca, Councilmember

  
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Terri L. Swain, Councilmember

  
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William H. Murray, Councilmember

  
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Louise Cumiskey, City Clerk

