

**INSURANCE ADVISORY BOARD MINUTES**  
**City of Fort Lauderdale**  
**100 North Andrews Avenue**  
**8<sup>th</sup> Floor Conference Room**  
**Wednesday, October 3, 2007 – 8:00 a.m.**

Board Members	Meeting Attendance	1/07 – 12/07 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	P	5	1
Mark Schwartz, Vice Chair	P	6	0
Randy Swensen	A	3	3
Ted Hess	P	6	0
Christopher Pretera	P	5	1
Roger Bond	P	6	0
Joe Piechura, Sr.	A	4	2

Staff and Guest

Betty Burrell, Director of Finance  
Marilyn Mullen, Employee Benefits Coordinator  
Guy Hine, Risk Manager

Roll Call

The meeting was called to order by Chair Joseph Cobo at 8:06 a.m.

Approval of Minutes – June 28, 2007

**Motion** made by Mark Schwartz and seconded by Roger Bond to approve the minutes of the June 28, 2007 Board Meeting. Motion passed unanimously.

Introduction of the Risk Manager

Guy Hine stated he was formerly with Gallagher Bassett and his career has been based in claims. He stated that he was with Nationwide Insurance for eight years in Harrisburg, Pennsylvania and then worked with Gallagher Bassett for the past 11 years, most recently as a claims manager. He added that he had done some substantial studying in the insurance field, including obtaining designations in Risk Management, and is currently working on CPCU. For the last four years he had worked with the City of Miami, as a vendor, and worked very closely with the Director of Risk Management.

Betty Burrell, Director of Finance, stated that Mr. Hine came in a close second during the past interviewing, and she believed they were fortunate to have him on board. She added that Marilyn Mullen would step out of these meetings unless there were items related to the health side of the insurance.

Unfinished BusinessFM Global Update

Mr. Hine stated that FM Global's engineers were asking for various things to be upgraded and things were progressing. Each of the locations were being defined and the biggest hang-up appears to be the roof situation. FEMA agrees with their figures and FM Global was informed that they were standing with those figures and would expect reimbursement. There were some issues regarding mold.

FM Global is ready to settle, but their numbers were substantially lower than the City's numbers.

Ms. Burrell stated that about nine months ago this Board was asked for their opinion regarding the acceptance of advance payment which amounted to approximately \$500,000, but that never made it through the agenda process due to the Legal Department's concerns regarding risking further payment from FM Global if the advanced payment was accepted. She stated that they have not pushed the issue and it would probably behoove them to wait and simply ask for the settlement instead of the advance payment.

Ms. Burrell explained that Mr. Hine has kick-started more meetings with FM Global so the outstanding claims could be resolved. She stated that she is baffled as to why FM Global is making such a big deal about the cost of the roof repairs. Government has rules to abide by in connection with the procurement of goods and services, and that was done and there was only one bidder. She believes this matter should have been settled a while ago. She stated that there were approximately 20 odd facilities in question and the total dollar value is around \$4 Million.

It was asked for staff to provide a memorandum providing more detail information regarding this situation.

Mr. Hine further said that part of the problem with FM Global was that they got an advisor from out-of-state who was unfamiliar with the situation here.

It was stated that the Board thought the City did not collect the \$500,000 because of the Legal Department, and then there was not a place to allocate the funds.

Ms. Burrell stated that one of the facilities had sustained damages in excess of that so the monies could have been applied to that facility. She explained that repairs have not been withheld based on the fact that the funds had not yet been received. She stated that they would convey to the Legal Department that this Board, as insurance experts, was advising that they accept the advance proceeds.

Ms. Burrell further advised that they have been working with PBS&J, as a third party, who agree with the City's numbers.

It was suggested that numbers be obtained from other roofing companies in the area to substantiate the amount being requested. It was further stated that in connection with attempting to obtain materials for the repairs, the City was competing with materials for the O-4 storms such as Charlie and Francis, and that drove up the prices.

Ms. Burrell stated that they would provide this Board with the spreadsheets that they were working from, and would convey the Board's sentiments to the Legal Department, along with considering the suggestion made in respect to obtaining competing prices for the repair work during the crisis.

Ms. Burrell advised that all the work has not yet been completed.

#### Software Update

Mr. Hine stated that the City Commission approved the updates on September 18, 2007 and updates are coming from the Risk Master and Sort Master. Now, they had to get the software implemented and the training done.

Marilyn Mullen, Employee Benefits Coordinator, stated that Mr. Hine might possibly share his experience in working with this system.

Mr. Hine stated that he had used the Risk Facs System which was very similar and Build-A-Record is the same as Risk Master. He explained that he had spoken with the Risk Manager in the City of Boca Raton and the Risk Manager in Davie and was informed that this was a good system. The upgrade was supposed to be more user-friendly, and therefore, he was optimistic that this would be a good thing. He explained they would be able to isolate the exposures and then be able to do something about them. The coding in the present system includes items that have nothing to do with the City, and therefore, volumes of codes have to be paged through in order to obtain the relevant ones.

#### Workers' Compensation Update

Mr. Hine stated that the exposure was huge in this instance and that there had been some staff positions open and the staff had not really had the leadership available. He believed that more clerical work had been done instead of claim work. They are now reviewing the DSRs, working on the reserves, and were being more aggressive regarding settlements. He stated that he wanted to get into annuities for some of the indemnity exposures they have, and would appreciate any comments from this Board. He advised that they had a new Service Clerk and he wanted that individual doing more of the clerical work. He stated they needed to make sure things were moving in the right direction.

Chair Cobo stated that this Board hoped things were getting back on track so they would be able to receive the reports they had been given in the past that provided potential claims and losses.

Chair Cobo stated that he asked the Mayor whether this Board was of any value and whether their advice was being taken seriously because each individual had their expertise and they wanted to provide their input from a private sector standpoint. He feels they have achieved a great deal over the years. Otherwise, everyone's time should

not be wasted. He further stated that everyone's time was valuable, but some of the issues raised today could have been brought to light at other meetings and things possibly could have gotten done more efficiently and faster in the best interest of the City. He realized there had been a rotating door regarding the Risk Manager, and the department was understaffed. He was informed by the Mayor that this Board was of value and their input was needed.

#### New Business

#### Sunshine Law

Chair Cobo stated that a response was sent to an e-mail regarding the meeting which was not a violation of the Sunshine Law. He explained that the Board Members could not communicate between one another in regard to anything that might be voted upon. He suggested that the City Attorney attend a meeting and explain this law further.

Ms. Burrell stated that she had some confusion regarding what Chair Cobo had just stated with what she had been told in the past. She explained that it was her understanding that anything relating to the Board was not to be communicated among the Board. She stated that she would obtain further clarification regarding this law from the City's Assistant City Attorney who taught the Sunshine Law.

Chair Cobo further stated that possibly the Assistant City Attorney could attend a meeting and elaborate on this law, but he would also like to see her documentation and back-up material regarding this matter. He did not feel it was healthy for this Board to cancel their meetings for several months in a row and not good for the City.

Mr. Schwartz stated that they were not sure their voices were being heard, and therefore, they would like to see some cases at their meetings once in a while. Expertise was being provided by this Board.

The situation regarding Dave Fortune was discussed involving insurance requirements. Mr. Schwartz asked how much money was the City saving in not having a contract with Mr. Fortune. Ms. Burrell stated that she believed he was charged about \$300 per meeting.

Mr. Schwartz asked for an update regarding the ADA Coordinator position.

Ms. Burrell stated that the position had been advertised and applications had been received, but the position had not yet been filled.

Mr. Prestera stated that he agreed with the comments made by this Board, but he was fixated with the property settlement, and believed that should be a priority.

Mr. Hess stated that he agreed with the comments being made, and he believed everyone enjoyed serving on this Board. He further stated that the matter with FM Global should not drag on any further. He stated that this Board was here to help the City in any way they could.

Mr. Bond stated that he too agreed with the comments Chair Cobo had made, but he was discouraged about the comments made by the City Manager in connection with eliminating advisory boards because they were costing the City money.

It was stated that the City Manager also took credit for the monies saved on health insurance that could be due to recommendations made by members of the Advisory Board.

Chair Cobo complimented Ms. Burrell for her outstanding work. He believed it was important for this Board to maintain their meetings, even if short. He added that he did not feel complete reports were given at today's meeting, and he believed they were necessary in order for this Board to provide their recommendations, and he would like to see such reports next month.

Ms. Burrell stated that staff believed the reports the Board had been getting did not have any real analysis, and were not as useful as what she would like to see come to the table. She remarked that she was not educated in risk management, but she believed she had been exposed enough to recognize the situation. She believed that with what Mr. Hine was working on meaningful reports could be provided to this Board.

Mr. Bond asked if there was a mechanism in this State that once a proof of loss was submitted to an insurance carrier they had 60 or 90 days to respond. He asked if such mechanism had been used.

Mr. Hine stated that he was not sure if that had been done, but would research the matter and report back to the Board.

Ms. Burrell reiterated that was proof positive that this Board was valuable, and such recommendations and information was very useful. She stated that, at the wish of the Board, meetings would not be canceled for a few months in a row.

Chair Cobo stated this Board wanted to be involved and were willing to provide their time and expertise to help their City.

It was asked if the new software would provide more detailed information. Mr. Hine confirmed and stated that the Sort Master would extract the data provided and the necessary reports would be prepared. He advised that reports would be provided to this Board, but the new system would take some time to organize.

Mr. Schwartz asked how long Rutherford had been in the picture. Ms. Burrell stated that they have been involved for about two years. He explained that he liked when they went to the broker selection due to it being fragmented back then, but he was not sure he was convinced how much interaction there was at this time. He felt that Rutherford had entered the picture because two risk managers ago had known them and had invited them to bid.

Ms. Burrell stated that she had relied heavily on Rutherford during the absence of a risk manager because they were the backstop with respect to what should be done in various situations. They had been very responsive.

Ms Burrell stated we did get a quote for Excess Workers Comp insurance.

Chair Cobo asked for a motion to be made to recommend that the City Commission accept staff's recommendation on renewing the policy at the discounted rate.

**Motion** made by Mr. Schwartz and seconded by Mr. Bond that the City Commission accept staff's recommendation on renewing the policy at the discounted rate. Board unanimously approved.

Mr. Hine stated that he understood the comments about using local consultants, but in the three months he had been here Rutherford had been fantastic, and he utilized them on a daily basis.

Chair Cobo stated that he had been appointed by the Governor to the North Broward Hospital District Board of Commissioners, now known as Broward Health, and when issues regarding the North Broward Hospital District would come before this Board, he would be abstaining from discussion and voting so there would be no conflict of interest.

Schedule Next Meeting

The next meeting would be scheduled for November 7, 2007.

**Motion** was made to adjourn the meeting. Board unanimously approved.

There being no other business to come before the Board, the meeting was adjourned at approximately 9:13 a.m.

Respectfully submitted,

Margaret A. Muhl