

INSURANCE ADVISORY BOARD MINUTES
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, January 9, 2008– 8:00 a.m.

Board Members	Meeting Attendance	1/08 – 12/08 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	P	1	0
Mark Schwartz, Vice Chair	P	1	0
Randy Swensen	A	0	1
Ted Hess	P	1	0
Christopher Prestera	P	1	0
Roger Bond	P	1	0
Joe Piechura, Sr.	P	1	0

Staff and Guest

Guy Hine, Risk Manager

Roll Call

The meeting was called to order by Chair Joseph Cobo at 8:00 a.m.

Approval of Minutes – December 5, 2007

Mr. Schwartz stated that in the December 5, 2007 meeting minutes under the Air & Sea Show Insurance Premium matter it stated: “Mr. Schwartz stated that he spoke with Dr. Lee...” but he believed that had been Mr. Prestera. That correction was correct.

Motion made and seconded to approve the minutes of the December 5, 2007 Board Meeting. Motion passed unanimously.

Unfinished Business

FM Global Update – Hurricane Wilma OCT 2005 Loss

Guy Hine, Risk Manager, stated that he was pleased with how things were going and all final estimates should be in by January 16, 2008. An internal meeting was scheduled with everyone concerned so they could make sure that all items had been addressed, and then a meeting would be scheduled with FM Global. He hoped that would be the final meeting, but it might not because of the hang-up with the mold and roofs. There was a concern regarding the dollar figure per square foot in connection with the roofing, but he believed they could negotiate on that matter.

Air & Sea Show Insurance Premium

Mr. Hine stated that a Board Member had asked at a previous meeting whether there had been any claims in the past, and a loss run from the broker had been provided to this Board, which stated "no claims."

It was stated that this was the first year that a major sponsor had pulled out from the show. If a sponsor did not step up soon, there might not be a show this year.

Renewal of the Crime Policy

Mr. Hine stated that coverage forms had been provided to the Board, and specifications had been submitted to Purchasing who was now working on the RFP. There was no claim history. He added that this policy covered the entire City. He further stated that they had recently discovered that they must go through the RFP process or negotiate with the City Manager, as opposed to using their broker services contract that had been approved by the City Commission, which they had uncovered was in violation of the City's ordinance. The ordinance specifically stated that either of the processes must be followed.

Mr. Schwartz asked if the broker services had to be renewed every year. Mr. Hine stated it did not have to be renewed every year, but could be continually renewed. He was also advised that someone could submit a change to the ordinance that was identified as 2-199 – Purchase of Insurance. Mr. Schwartz asked if the broker could provide alternatives. Mr. Hine stated that he was advised that could not be done.

Mr. Hine advised that he had checked with the City of Boca Raton who informed him that they had where anything under \$25,000 was done through the broker. He further stated that Kirk Buffington, Director of Procurement Services, informed him that changing the ordinance would be an option. He advised that Ms. Burrell had provided a change to the ordinance, but it was his understanding that it would not get approval since it had appeared somewhat drastic. He stated that he believed any such change would have to be presented to the City Commission. He continued stating that there were some other options available and they were going to meet and discuss them.

Mr. Schwartz stated that every organization had exemptions regarding the RFP process, and he asked if that had been explored further. He further asked how long this contract had been in place. Mr. Hine stated that the contract had been in place for two years. He further explained that it was admitted that they had not been aware that they were in violation of the ordinance and had discovered that fact approximately one year ago. He further stated that he was concerned because they had paid \$60,000 for the broker record services, and if they go through the RFP process, they would end up paying for a broker commission. Mr. Schwartz confirmed and stated such a fee would be paid if they got someone from the outside. Mr. Hine remarked that the initial contract with Rutherford was for two years.

Mr. Schwartz suggested that a motion be proposed to look at an RFP for a broker to provide for all services.

Mr. Hine stated that the idea was that Rutherford could get the insurance for all EPL, Public Officials, Workers' Compensation, Airport, etc., which had been done in the past year and a half, but it was discovered that was a violation of the City's ordinance.

Mr. Schwartz clarified that last time the broker stated why they wanted to be the broker and explained their services, but when they became the broker it was based on their attendance or claim service, along with the services provided in-house and other expertise in the concerned area. He further stated it had nothing to do with the price of the insurance. The company also took a fee in lieu of a commission.

It was stated that if they saved 10%, which was highly unlikely, by putting out an RFP, it would cost more than \$800 to do that, including all the time involved.

It was asked if possibly some of the Board Members should attend a City Commission meeting and speak publicly about this situation and explain what might be more cost effective. It was further stated that this Board was supposed to be using their fiduciary responsibility to control costs, but by doing the RPF more dollars would be spent. The RFP process was to give everyone a fair opportunity and obtain the best price, but in regard to this matter that would not be the case. It was further stated that a minimum should be set such as Boca Raton's \$25,000, but would that require them to do an RFP for every amount greater than the \$25,000 which it appears would defeat the purpose of having a broker. A presentation should be given as to why the Board chose their past process. The purpose of the ordinance was to make sure they were getting the best possible price and that no "deals" were being made. It was asked when this matter could be placed on the Commission's agenda.

Mr. Hine stated that the February agenda would probably be the soonest this matter could be scheduled. There was a consensus that they would attempt to schedule this matter for the second Commission meeting in February 2008.

Mr. Hine asked if it would be a good idea if they could lock themselves into a multi-year policy. The Board stated that should be done at this time.

New Business

Purchase of Insurance

This matter was covered in the previous item.

Schedule Next Meeting

The next meeting would be scheduled for February 6, 2008 at 8:00 a.m.

Certificate of Insurance

A question was raised regarding the Certificate of Insurance that was provided to the Board.

Mr. Schwartz explained that was pertaining to the Air & Sea Show, which could be a moot point at this time.

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 8:30 a.m.

Respectfully submitted,

Margaret A. Muhl