

**City of Coral Gables City Commission Meeting
Commission Chambers
Agenda Item I-4
October 13, 2020
405 Biltmore Way, Coral Gables, FL**

City Commission

**Mayor Raul Valdes-Fauli
Vice Mayor Vince Lago
Commissioner Jorge Fors, Jr.
Commissioner Pat Keon
Commissioner Michael Mena**

City Staff

**City Manager, Peter Iglesias
City Attorney, Miriam Ramos
City Clerk, Billy Urquia
Chief Procurement Officer, Celeste Walker
Risk Manager, Raquel Elejabarrieta**

Public Speaker(s)

Agenda Item I-4 [Start: 12:41 p.m.]

A Resolution accepting the recommendation of the Chief Procurement Officer to award Risk Management & Insurance Brokerage Services contract to Arthur J. Gallagher Risk Management Services, Inc., the highest ranked responsive-responsible proposer pursuant to Section 2-763 of the Procurement Code entitled “Contract Award and Request for Proposals (RFP 2019-041).

Mayor Valdes-Fauli: Next item is I-4, Mr. City Manager.

City Manager Iglesias: Yes Mayor. Celeste Walker will be presenting this item from Procurement.

Procurement Officer Walker: This is a recommendation to move forward with Arthur J. Gallagher for the provision of Risk Management Services. They are the highest ranked proposer and this particular item has been amended from its last presentation to be a three-year with one, two-year renewal solely at the discretion of the city. So, we ask for your Commission to move forward.

Mayor Valdes-Fauli: Do I hear any comments? – Mr. Manager?

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City Manager Iglesias: Mr. Mayor we also have a cancellation by convenience on this contract. We will add the three-year period completely, before the three-year period to completely evaluate it again and the two-year period is simply – I think what’s happening in 2020, we realize that we need to have certain things, who could have predicted what we went through today. But we will look completely, relook at this contract before the three-year period is up and certainly there is a cancellation for convenience also that we can use.

Vice Mayor Lago: Mayor, if I may. I’m in support today and I’ll be voting in favor and I’m very happy to see the Procurement Department move in a direction where we no longer give these long extended contracts where the city doesn’t have control, the entity who is serving the city has control with this automatic kicker five and ten year agreements, you know, additional agreements where we basically spiral into these long term agreements which shouldn’t even happen. The city should always maintain control of that, and I want to reiterate that. I just have a few questions. I would have liked to see a two-year agreement versus a three. I think when you look at other cities, for example, when you look at other cities like Coral Springs, Hallandale, Sunrise, Plantation, their timeframe for insurance RFP’s usually are a max of two years. I’m not an insurance professional, but that’s what I’m seeing on the street, so, me personally, maybe two years is best. I know the market is constantly fluctuating, so again, we have to go out anyways to insurance every year, correct, so why give them three years. We should go out to market every two years and get more competitive bidding, so that’s number one. Number two, I want to make sure that their brokerage fee, which was \$120,000 a year before is down to what now?

Procurement Officer Walker: \$90,000.

Vice Mayor Lago: \$90,000 – and I think that’s an example of saving the city money. They have been the broker for the city for 30 years, correct? I mean, I wish I could have a contract for 30 years. Every five years, four years, two years, I have to go before, like I mentioned, and fight even though I’ve done a great job, for whatever public entity or private entity it may be, I still have to go up there and show them my qualifications.

City Manager Iglesias: Mayor, let me just say that we came back on this contract because of our accord, not because we couldn’t extend it.

Vice Mayor Lago: I know. I know. I’m just happy to see that its \$30,000. \$30,000 is in our pocket, which is the resident’s pocket. Another thing that again, I’m not an insurance professional, I’ve just been asking people who are. Once they are engaged in May, we pay them a fee of \$90,000 to go to market. Once they do go to market and they finalize our umbrella insurance, our entire coverage that’s required, do they make a commission of five or ten percent on what we actually buy?

Risk Manager Elejabarrieta: So, I can answer that Vice Mayor. So, there is a five percent intermediary commission cap and that commission cap is given to the wholesalers that they use or the intermediaries that they use. If they use an intermediary – they do use sometimes, because its

more convenient for the city, an intermediary that is owned by Arthur J. Gallagher, that five percent goes to that company.

Vice Mayor Lago: So, if we spend, let's say, so if we bind coverage and we spend \$2 million, is that what we spend a year?

Risk Manager Elejabarrieta: Yes.

Vice Mayor Lago: That's not our coverage, our coverage is a lot more. What I'm saying what it cost us \$2 million, correct?

Risk Manager Elejabarrieta: Correct.

Vice Mayor Lago: So, they are making \$100,000 on top of the \$90,000.

Risk Manager Elejabarrieta: Not they.

Vice Mayor Lago: I want to make sure, be very clear. I want to make sure.

Risk Manager Elejabarrieta: The wholesalers are the intermediaries that are used.

Vice Mayor Lago: So, this is not going to Arthur J. Gallagher, that \$100,000.

Risk Manager Elejabarrieta: Not unless they use one of intermediaries owned by Arthur J. Gallagher and I think last year they probably received anywhere between \$20 or \$30,000 of commissions.

Vice Mayor Lago: What I would like to do is, I would like to make sure that its written in our RFP that if they use somebody that's owned by Arthur J. Gallagher that money is kicked back to the city.

Procurement Officer Walker: That's not how its written right now.

Vice Mayor Lago: It should be, because if they are using a wholesaler in the middle, they are already getting paid \$90,000, they are already making a fee to go to market. If they are now going to make another 5 percent and squeeze even more money out of the deal that's \$100,000 if you bind \$2 million.

Risk Manager Elejabarrieta: So what they do for those is, they go out to market and they provide the city with several proposals and some of the proposals are by – they use an intermediary that's owned by them and then other proposals are not owned by them. So, we don't look at the intermediary – they are not only using their intermediary, they are using a whole bunch of different ones; and then, so when they come in, we select the one that we feel is best on the terms. So many times, we do not go with an intermediary owned by Arthur J. Gallagher.

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Vice Mayor Lago: But I want to make sure that if we do go with them, that is owned by Arthur J. Gallagher, that money – we look at what other cities are doing. Let's kick that money back to the city. We are trying to find every penny we can during Covid. I think that's an important caveat that we need to make sure that we address before we sign this contract. So, number one, I don't know if my colleagues will support me. I want to go to two years, from three years to two with the discretion of the city for another two years, I think its important, at our discretion, not at theirs, and that if we find out that there is additional commissions on the other side that are made that that money gets, that there is additional commissions, that that money comes back to the City of Coral Gables, because they are already getting paid \$90,000 for their job. Again, to me, that looks like a little double-dipping scenario.

Mayor Valdes-Fauli: That doesn't affect us. I'm very much against our questioning or second-guessing – this is a City Manager form of government and they have negotiated the best agreement they could negotiate and that's what's being presented to us.

Vice Mayor Lago: Mr. Mayor.

Mayor Valdes-Fauli: I very much object to this form of questioning.

Vice Mayor Lago: And that's fine Mr. Mayor, but with all due respect, this form of government is a City Manager form of government, but we are entrusted with the people's money. So, if I can save a little here and save a little there, and bring it back to the city, just like all my colleagues, we are not going after the Manager. As a matter of fact, the Manager will tell you, I told him that line of questioning that I was going to say before I got on this dais. So, it's not like I'm going outside and bamboozling him with or catching him off guard, and there is nothing wrong with this line of questioning. I'm not an insurance professional.

Mayor Valdes-Fauli: Make a motion to reject this then.

Vice Mayor Lago: No, I'm not.

Mayor Valdes-Fauli: Make a motion to approve it.

Vice Mayor Lago: I said I'm going to approve it, but I would like to hear from our director here, who is very well respected and does a great job, but I just have questions. This is our job to give questions.

Procurement Officer Walker: I appreciate that. From what I hear you want us to, of course try to negotiate some different things from how the solicitation was initially proposed, because again, as director said, that's not the information that was put in the proposal. We do hear your concerns. I do just want to point out to you that even though you may not be as comfortable with it, initially the project was issued as a three-two-two, and that does make a difference on how people actually propose in their pricing. So, for us to go back and continue to amend the terms, that does have an

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effect on what they are actually going to end up agreeing to, as far as negotiations are concerned too. So, I just want you to be aware of that, because again, everybody's understanding of the terms of the contract again dictated how they responded to it as far as pricing is concerned.

Vice Mayor Lago: So, let me ask you a quick question, not ask a question, let me highlight to the Mayor's point. As per this back and forth that we've had and this renegotiation, we save the city on a five-year contract, we saved the city \$150,000, that's a lot of money. If we would have gone the status quo, we would have been at \$120,000 a year versus \$90,000, and it would have cost the city an additional \$150,000.

City Manager Iglesias: Vice Mayor, if I may say that we initiated that.

Vice Mayor Lago: No, I know.

City Manager Iglesias: In addition to that, they have been very effective in helping us negotiate when we've had claims, very effective.

Vice Mayor Lago: I understand that.

City Manager Iglesias: That is something that can help the city.

Vice Mayor Lago: But for 30 years we've been paying \$120,000 and when you look at what came in on the RFP, its important to say look, again, we were able to go back as a city and say, we need you to be at a reduced amount, and they came back and they came in at \$90,000. So, I just want to always have the flexibility in terms on our side, because having the Coral Gables name that they are doing business with us, again, gives them a lot of business. So, if I can squeeze a little bit here and squeeze a little bit there, we are a little bit more agile, especially during these very difficult times.

Procurement Officer Walker: The initial two-year term and the initial three-year term with the two-year renewal is strictly at the city's discretion. So, if at that time the city chooses not to exercise that additional two, that is perfectly within our right. So, you still have the flexibility and the discretion as to whether or not you want to move forward past the initial three-year period.

Vice Mayor Lago: Just for the Manager's comments, because I know Commissioner Keon was interested in that. I voted against and I was very clear when this came that I would not support this, that's why we are here today, along with some of my colleagues on this Commission. So, I don't care what anybody says, we would have been at \$120,000 a year, now we are at \$90,000, because there wasn't support for this. So, moving forward just like we did with construction, just like we are doing with insurance, we need to be very, very, very diligent and shake the trees for every dollar that we can find. So, I'm willing to support this today and I think we are heading in the right direction. I think we made a good move, shook the tree, but I'm always going to do my best and try my hardest to see where I can find every penny, even if I have to look under a mattress for it, because I do it in my own house, I'm going to do it here in the city.

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Procurement Officer Walker: Thank you.

Mayor Valdes-Fauli: Will you make a motion.

Commissioner Keon: I thought that the contract when it came to us was at \$90,000. I thought the original submission was \$120,000, you negotiated it.

Procurement Officer Walker: The original submission was \$90,000. He is speaking of the current contract was \$120,000.

Commissioner Keon: The old contract was at \$120,000, but what came before us and what we voted on...

Procurement Officer Walker: Was \$90,000.

Commissioner Keon: Was \$90,000.

Vice Mayor Lago: Also, was the issue to the fact that the extension of time was a lot more than this now, and it was basically automatic. It was never at the city's discretion for two and two.

Procurement Officer Walker: Actually, it was.

Vice Mayor Lago: But its two now only. Now its only one term two.

Commissioner Keon: It was at the city's discretion for two and two.

Procurement Officer Walker: Both were at the city's discretion.

Vice Mayor Lago: But it was not two and two though.

Procurement Officer Walker: It was originally three with two, two-year renewals.

Vice Mayor Lago: Yes – two-two. So now it's just one.

Procurement Officer Walker: Just one.

Commissioner Keon: But before it was at the city's discretion.

Vice Mayor Lago: There were changes made to it.

Procurement Officer Walker: Oh, absolutely, we made some changes.

Commissioner Keon: You know, unless someone has real expertise in this field and does this on a regular basis, I really feel that it is incumbent upon us to trust what staff is doing if, when you read it, it seems reasonable and it seems to be the industry standard that we should – I'm not comfortable in rejecting all of Procurement, because someone else tells us some other information when I think we have the information we need, oftentimes to make the decisions we make, and the time periods, I'm going to assume that you do, because those are the ways that they went out or that's generally the way things are contracted or do. I'll support it and I'll move the item. I'm sorry, you can speak. Go ahead.

Commissioner Mena: No, that's okay. Look, I hear what you're saying, and I have the utmost respect for the job you guys do and nothing personal, its our job to trust but also verify our comfortable with what's going on here.

Commissioner Keon: Absolutely. Yes.

Commissioner Mena: And I'm okay with the revisions that have been made. I'll be honest and the same comment I made last time about sort of the process, and the results of the process, I still feel the same way about them. I think we have to, and I've had conversations with the Manager broadly about this, I'd really like to see a process where there is just a more nuanced view of how what the requirements are and how we qualify people. My main and only objective being more competition, more people getting to the part of the process that is actually competitive, so that we can get the best result. That's it. You guys explained to me last time, sort of the particulars about the years of experience and I gave you my opinion about how much weight, I think a broker's experience or the entity under which a broker operates his experiences worth. I think, my understanding is, a lot of these people have plenty of experience. You explained to me, which I appreciate the fact that had it been a joint venture versus a sub on the one example would have been different. I appreciate that. I'd just like to see that, again, I said it last time I was here, I'll say it again, I don't want our procurement to be more of a test about who's better at procurement. I want it to be more, let's get the best company for the job that we are procuring for. I don't like technicalities. I know that procurement is froth with technicalities. I appreciate that. I really do, but there's been a few times now that these technical things have gotten in the way of competition. Not in the way of Company A, Company B, or Company C, that's irrelevant to me. What I want to see is competition, so we get the best product. And particularly with what I would describe as professional service agreements, right so, we are not talking about somebody who is going to build us a building, right, where the last thing you want is to say well, we hired this two-year company to build us a building and there was a problem with the building. Talking about brokering for insurance and the people in all these companies all have plenty of experience doing that. I don't know why that was such an important criterion here, I still don't fully understand that, but I do understand it was a criterion. So, I just ask you to continue to take a look at that. Let's show the same flexibility for those things to people competing for contracts that we want when, for example, we hone in on certain products or things in other contracts that we've talked about. So, that's my general comment. I want to see more competition, period, end of story. I wasn't total satisfied with this one. I don't want to hold up the process. I'm glad that it's a shorter contract or at least less of an option period. And I

apologize if this was asked already. The option is at the – if it comes to the Commission or it comes to the City Manager’s office?

Procurement Officer Walker: It’s the discretion of the Director and the City Manager, so its at the discretion of the city, but its handled by administration.

Commissioner Mena: I would as a sort of friendly, I don’t know if it’s a friendly amendment or what you want to call it, I would like to ask that if this type of option is going to be exercised that it comes back to us.

Vice Mayor Lago: I agree. If I may, Commissioner Mena, you hit on something, I forgot the President that said it, but trust but verify. This is what it is. Its basically trusting but verifying. And at the end of the day its for the best interest of the city. And like one of my colleagues mentioned, we need to trust staff. I wholeheartedly trust you. I have no reason not to trust you, but I’m going to lean on the professionals that I know in this community to teach me about something like insurance. In my own business, I have general liability, I have workers comp, I have an umbrella, professional. I have a litany of insurances. So, what did I do? I pay for it. I called him and I said, sir, I need to sit down, I need to go over this with you. I need to understand, you teach me, even though you don’t do city insurance, I need to learn a little bit more about this. And then I also leaned on several individuals in this community that are very well versed on insurance and they gave me some pointers, and I think that’s important, because when you stand up here, you want to ask the tough questions. You don’t just want to say yes, yes, yes to everything. So, I think Commissioner Mena’s comments about having these items, especially this item, which is millions of dollars a year in city dollars, it should come after three years for renewal, it should come for ratification after the review and consent of the Manager. It should come, obviously to the Commission for ratification. And I would like for you to do me a favor and please get me some clarity, so I can educate myself, on this issue of, if there are additional commissions on the other side and this broker that they are using is owned by Gallagher, it seems to me that they are double-dipping. They are making their \$90,000 plus they are making that additional five percent, which could be over \$100,000, that’s a significant amount of money. Can you educate me on that? Can you find out if that’s the case at the end of the day, because they are making it seem as if they are only making \$90,000, but they could be making more.

Risk Manager Elejabarrieta: So, we asked for commission disclosure after each renewal period. So, we see exactly who is receiving the five percent commission. And based on previous years, I think Arthur J. Gallagher, or we chose to go with an insurance in which Arthur J. Gallagher has used their own intermediary, only maybe for 20 to \$30,000 of additional commission that goes to, not to Arthur J. Gallagher, to the wholesaler that is owned by Arthur J. Gallagher. So, they do not place all of our insurance through their wholesaler. Actually, the majority of our insurance is placed with different wholesalers.

Vice Mayor Lago: Okay.

Risk Manager Elejabarrieta: But we always have the option. When they provide us with all the different quotes, they'll give us quotes for property insurance or liability insurance and we'll get four or five different quotes for each line of coverage. And each line of coverage, some of them they can go directly, some of them they have to go through an intermediary or a wholesaler. We know exactly which wholesaler they are using and so they disclose that. Everything is very transparent and is disclosed at all times.

Vice Mayor Lago: So, can we approve this resolution today with an amendment to include Commissioner Mena's language about, before the two-year renewal get approved, it comes before the Commission for final ratification. I'm asking the City Manager.

City Manager Iglesias: I have no issue with Vice Mayor.

City Attorney Ramos: So, Commissioner Keon needs to accept Commissioner Mena's friendly amendment to her motion.

Commissioner Keon: Its just to acknowledge it.

Mayor Valdes-Fauli: I'm not accepting it. I vote against it.

Commissioner Keon: Its an acknowledgement of what he chooses to do.

Mayor Valdes-Fauli: I think we have a City Manager form of government and this discussion leads to a strong Mayor form of government and I'm very much opposed to that in Coral Gables.

Commissioner Keon: We are not going to vote on whether – I agree with you, that I'm not going to vote on whether you are going to extend it for two more years. That the Manager just now, like now we get some sort of notification if you spend a contract over \$25,000 or whatever that is, that you notify us. If you are going to renew a contract, you just notify us that you are going to renew the contract, which I think we do anyway, don't we? I think you have.

City Manager Iglesias: Commissioner, we are notifying you of every contract no matter what the cost is.

Commissioner Keon: And every time a contract is extended or whatever, we are always notified. So, I understand.

Commissioner Mena: I don't understand the reluctance, if we are voting on right now, a three-year contract, why anybody is uncomfortable with three years from now. This Commission deciding whether to give another two years.

Mayor Valdes-Fauli: I'm against that principle.

Commissioner Keon: I trust the Manager is going to do it. If the Manager doesn't do that job, it's the Manager we need to get rid of.

Commissioner Mena: I trust the Manager too. I hope he knows that. We've had many conversations and I think he knows that. But we have a job to do here. We are the City Commission, it's the nature of our role to vote on certain things, we are voting on it now and I understand, but I'm speaking, so I'd just like to finish my comments.

Mayor Valdes-Fauli: Please.

Commissioner Mena: With all due respect Mayor, you know, you say things all the time and you have no problem exercising strong Mayor muscles when it suits you.

Mayor Valdes-Fauli: I do not.

Commissioner Mena: So, when somebody else decides to do that, I think it's a little unfair to now take the position that that is a strong Mayor form of government, because when you want something to get done, Mr. Mayor, you are a very strong Mayor, and we all know that. So, let's stop with the strong Mayor, City Manager, trust issues. Everybody here trusts each other. We work together, is nothing crazy about saying, we are voting on the three-year contract today, why can't it come back to us in three years for the extension and at that point this Commission can say, hey, give the extension or let's put it back out to RFP. What's the downside?

Mayor Valdes-Fauli: Let me bring this to order.

Commissioner Keon: But the problem is with that Commissioner Mena is that, if at the end of the contract you come back and say, we are not happy with this, then you have to go out for a whole other RFP. You are going to have to extend it anyway for two years. That's why I'm saying, they notify us that it is up for an extension and if you don't feel that it should be extended, at that point then you can say, you know what, you are going to go ahead and extend it, but I want you to also prepare an RFP and go out for the RFP, because it takes a while to do the RFP.

Commissioner Mena: You don't have to wait until the last day of the third year.

Mayor Valdes-Fauli: Okay folks. Let me bring this to order.

Commissioner Keon: And I agree with you. There is oversight, but I don't think that it is our role to involve ourselves in the day-to-day operations of the city. We sit as a board that provides oversight.

Commissioner Mena: I understand.

Commissioner Keon: And those are the day-to-day operational issues that I do think you have allowed them to do.

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Commissioner Mena: I'm trying to compromise a little.

Commissioner Keon: I understand.

Commissioner Mena: But let me explain myself. I didn't like the process here. I've explained why I didn't like the process here. I didn't think we got enough competition. My compromise is that it comes back to me in three years and if we want to go back out for competition, we can do that at that point and this Commission will have an opportunity to revisit it, if necessary. But the alternative is, let's through the whole thing out and have the competitive process, but that's not what I'm trying to do.

Vice Mayor Lago: What I don't understand, is for example, you have right now...

Commissioner Keon: If you read their memo, they invited other brokerage firms to bid. They were very proactive in looking for the type of firm...

Vice Mayor Lago: And they got one.

Commissioner Mena: One competitor.

Commissioner Keon: That's right because they chose not to.

Commissioner Mena: We got one competitor go through to the competitor process.

Commissioner Keon: Because brokerage firms like Aon or Willis, or some of the bigger brokerage firms in the country chose not to. They don't want to do municipal or whatever else.

Commissioner Mena: But three others chose to, and we disqualified them because the LLC that they created as their brokerage house didn't have five years.

Commissioner Keon: They had other reasons for that.

Mayor Valdes-Fauli: Motion has been made by Commissioner Keon and you have offered an amendment. Let's vote on the amendment.

City Attorney Ramos: I think Commissioner Keon has not accepted it as a friendly amendment. So, if she gets a second to her motion...

Mayor Valdes-Fauli: She has not accepted it.

Commissioner Keon: There is no second to my amendment.

Commissioner Fors: Why don't you bring it as a separate resolution.

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Commissioner Keon: What?

Commissioner Fors: Bring it as a separate resolution. If this renewal is something you want to pay close attention to, do a separate resolution, doesn't have to be at this meeting, to require Commission approval of exercising that first two-year renewal.

City Attorney Ramos: In every contract or in this contract?

Commissioner Mena: This one.

City Attorney Ramos: Then it needs to be part of this approval. So, because there is a motion on the table, we either need a second or the motion dies.

Mayor Valdes-Fauli: I'll second that motion.

Vice Mayor Lago: If I may just one second, Mayor. This contract, and correct me if I'm wrong, starts May of 2021, so we have time, we have time. This is not going to be sunseting any moment.

Risk Manager Elejabarrieta: But we do, Vice Mayor, because we start procuring insurance in November.

Vice Mayor Lago: I know, but again, we have time, we have time. And if I may one second. I have a little bit of experience in the RFQ world, probably more than anybody on this Commission. When somebody looks at a potential contract, I do it all the time, I always look to see what is the entity that has had the contract before, and why have they been there so long. So what turns a lot of people off entities from getting involved, insurance, construction, AE, legal, whatever it may be, accounting, is when they see a company that has been involved for 10, 15, 20, 30 years, because they feel as they call in our industry like its "cooked" for that one entity. So that's why you have so little participation of competition here, along with certain requirements that make it very difficult for certain entities to be able to get engaged. But like the Manager will tell you, again, like we talked about before, I sat down with the Manager last week and we talked about construction projects and how can we find ways to get more people engaged, maybe ten years of experience is too much, let's go down to five. There are great construction companies in this town that have been around for five years, but they can't get engaged on certain projects, and you know what I'm talking about. So, this is not like we are doing this here on the Commission floor trying to catch anybody by surprise. We are just trying to be more competitive and get the best pricing and best end result for the community. So, I want to move forward with Gallagher, its just a simple friendly amendment on the fact that if the Manager thinks its appropriate and he feels its appropriate in three years, he says listen, just bring it for ratification here before the Commission. It happens all the time. This is a major multi-million-dollar contract. We need to have as many eyes and ears on it as possible. So, I think that we are just going around in circles when its just a simple amendment to bring it before the Commission.

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Chief Procurement Officer to award Risk Management & Insurance Brokerage Services*

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Commissioner Keon: What is the cost of the contract?

Procurement Officer Walker: \$90,000 with the five percent.

Commissioner Keon: Its not a multi-million-dollar contract.

Vice Mayor Lago: Yes, it is a multi-million-dollar contract. When you are talking about insurance. Can you please.

Risk Manager Elejabarrieta: Our insurance premiums every year range usually around \$2 million, between \$2 million and \$2.2 million.

Vice Mayor Lago: That's taxpayer dollars, that's a lot of money.

Risk Manager Elejabarrieta: Those premiums go to our insurance carriers; our broker takes \$90,000 of that.

Commissioner Keon: And if you compare you to any other city of this size or magnitude, they would have a similar type, when you compare it to a private entity with assets of that or corporate entity with that, they would be saying the same thing. So, I don't think that – and the contract is with Gallagher, so it's a \$90,000 contract.

Procurement Officer Walker: Yes.

Commissioner Keon: The cost of insurance is related to your assets.

Vice Mayor Lago: But its not only cost of insurance, it's the fact that you're paying somebody \$90,000 and its going to cost the city over \$2 million dollars to get how much insurance, how many millions of millions of millions of dollars are we getting.

Mayor Valdes-Fauli: Put it out to bid.

Vice Mayor Lago: I understand that.

Commissioner Keon: Put it out to bid.

Vice Mayor Lago: I understand that, but you only got two people, two entities that bid on it.

Mayor Valdes-Fauli: No other companies were interested in it.

Vice Mayor Lago: No, there were. There were about two or three others that did not qualify, correct me if I'm wrong, two or three because of one reason or another. But that's neither here nor there. We are getting caught in the weeds. I don't want to talk about that.

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Mayor Valdes-Fauli: We've spent an hour talking on it.

Vice Mayor Lago: We've learned from that and we've now been able to kind of amend that type of situation and we are doing it in other procurements, for example, construction that we talked about, so we can have a lot more people bid and we can have a healthy competition. We just have a simple friendly amendment to bring it to the Commission.

City Attorney Ramos: The question is whether the mover...

Commissioner Keon: I move the item as its written.

Mayor Valdes-Fauli: And I second that.

Risk Manager Elejabarrieta: Just to clarify Vice Mayor. The broker goes out every year and we do get a lot of competition, so we do get different insurance carriers and underwriters bidding for our actual insurance.

Vice Mayor Lago: And I understand that, but this is the first time in 30 years that we actually moved down from \$120,000 to \$90,000.

Risk Manager Elejabarrieta: So, we've gone out to bid every four to five years we've gone out to bid.

Vice Mayor Lago: How much did we pay last year?

Risk Manager Elejabarrieta: Last year \$120,000.

Vice Mayor Lago: The year before?

Risk Manager Elejabarrieta: We paid \$120,000 for the last four years. We were paying over \$200,000 prior to that when we had two brokers, we had Aon, who I think – Aon handled property and I think Arthur J. Gallagher handled liability, and we were paying close to \$200,000 a year. And then Arthur J. Gallagher about seven or eight years ago, decided to do both lines, and then they reduced their cost to \$120,000 and its been \$120,000 for four or five years, and now they came back at \$90,000.

Vice Mayor Lago: Like I told you, if I can get it lower, I'm going to press to get it lower.

Risk Manager Elejabarrieta: So, the procurement process worked.

Mayor Valdes-Fauli: As a Commissioner, I would like to call a question, motion has been made and a second, I'd like to call the roll.

Commissioner Fors: We are voting on whether to...

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Vice Mayor Lago: Just like this.

City Attorney Ramos: You are voting on it as written.

Vice Mayor Lago: Without the amendment.

Commissioner Keon: With a two-year extension, and the Manager will notify us as they do with everything else, but it doesn't have to be ratified.

Commissioner Fors: Alright – yes.

Commissioner Keon: Yes

Vice Mayor Lago: No

Commissioner Mena: No

Mayor Valdes-Fauli: Yes

(Vote: 3-2)

Mayor Valdes-Fauli: Thank you very much.

Procurement Officer Walker: Thank you.