

CORAL GABLES INSURANCE ADVISORY COMMITTEE

Minutes of October 30, 2017 – 8:00am

2801 Salzedo Street – Human Resources Department
Coral Gables, Florida

MEMBERS	O	N	D	J	F	M	A	M	J	J	A	S	APPOINTED BY
	17	17	17	18	18	18	18	18	18	18	18	18	
Gary Reshefsky	P												Mayor Raul Valdes-Fauli
Jose Soto	E												Vice-Mayor Frank Quesada
James Blough	E												Commissioner Pat Keon
Juan C. Diaz Padron	P												Commissioner Vincent Lago
Patricia Fuller	E												Commissioner Michael Mena

A = Absent
E = Excused Absence
P = Present
- = No meeting
* = New Board Member

STAFF:

Raquel Elejabarrieta, Director Office of Labor Relations & Risk Mgt
David Ruiz, Risk Manager

GUESTS:

Public Attendee: Mr. Anthony Mulai – Mass Mutual Miami

RECORDING SECRETARY:

Eglys Hernandez, Administrative Assistant

OPENING:

The Chairperson, Juan C. Diaz Padron, opened the meeting and everyone introduced themselves for the record. Meeting was called to order at 8:16 am. Quorum was not reached. Not enough members present, therefore no voting took place.

MINUTES APPROVAL:

No minutes were approved.

SECRETARY’S REPORT:

Next meeting scheduled for Tuesday, November 28, 2017 – To be discussed: Program results and report on market conditions – Arthur J. Gallagher.

BOARD MEMBERS REPORTS: None

OLD BUSINESS: Tree Succession Plan

Mr. Diaz Padron stated there is no quorum therefore, for purposes of this meeting until a quorum is reached, there will be a discussion on the secretary's report and old business regarding the tree succession program.

Ms. Elejabarrieta advised that the date of the next meeting is November 28, 2017. Ms. Elejabarrieta stated that the meeting was originally scheduled for November 16, 2017, but upon being advised by board member Mr. James Blough of his inability to attend due to a conflict the meeting date was changed.

Ms. Elejabarrieta stated regarding the tree secession that Mr. Ruiz, the legal department and she reviewed the contract with regards to possibly having the contractor (SFM) that planted the trees, replace the trees that need replacement as a result of Hurricane Irma at no cost to the City. Ms. Elejabarrieta stated that the contract with SFM seems to be broadly worded, however when she spoke with Mr. Craig Leen, City Attorney they were not 100% sure if SFM would be obligated to replace the trees at no cost to the City as it is not clear that acts of nature are covered. Ms. Elejabarrieta stated this will be looked into further by the City Attorney's Office.

Ms. Elejabarrieta stated that Mr. Ruiz had spoken with Mr. Bob Boberman, Landscape Foreman, late last week who advised that there are approximately 50 trees that were part of the tree succession program, which need to be replaced. Mr. Ruiz stated that at this time the plan is that within the next six months these 50 trees be replaced. Mr. Ruiz stated that there are approximately another 400 trees, which need to be replaced that were not part of the tree succession program. Mr. Ruiz advised that the average cost is approximately \$850.00 per tree.

Mr. Diaz Padron stated the in the past when the tree succession program came up, he was under the impression that Arthur J. Gallagher stated not to worry about it because there were contracts in place that addressed the issue. Ms. Elejabarrieta stated that City planted and replaced close to 3,000 trees. Mr. Reshefsky asked how long has this been going on. Ms. Elejabarrieta stated that the contract for the tree succession program was signed in 2015 and should have been completed but there have been some delays, and now Hurricane Irma will most likely cause an additional delay. Mr. Ruiz advised that if the City does incur cost of replacing the trees which are part of the succession plan as well as the 400 that were not part of the program; a FEMA claim would be filed.

Mr. Reshefsky asked Mr. Diaz Padron if his concern was what would happen from a risk stand point. Mr. Diaz Padron answered in the affirmative and stated that he has 2 concerns. Mr. Diaz Padron stated one of them is that these trees have the 2 x 4 wooden braces and when looking at a Category 4 or 5 storm whether those are to be removed or left; which can come off and become flying projectiles. Mr. Diaz Padron asked who would be responsible in regards to the leaving or removal of the braces.

Mr. Diaz Padron stated the second issue is if the City has just spent and continues to spend a lot of money on that program and so therefore who is responsible for the replacement of relatively new planted trees. Mr. Diaz Padron stated that south of Bird to US-1 on Alhambra the City planted a lot of Mahogany trees which due to being new during Hurricane Irma, just snapped. Mr. Diaz

Padron stated that he had spoken with Mr. Brook Dannemiller, Landscape Service Division Chief who advised him that Mahogany trees are strong but after they are mature, when young they are very thin and therefore can just snap.

Mr. Diaz Padron stated that he reviewed the contract and found it was very broad when with regards to maintenance portion of it – it states that SFM has to maintain and is responsible for the trees up to twelve months after installation, which includes defect in installation. Mr. Diaz Padron wanted to know who would bear the cost if the trees fell due to a defect in installation. Mr. Diaz Padron stated he feels they were told one thing and now the City may or may not pursue it. Mr. Diaz Padron feels that the City should have a game plan to address this and start conversation. Mr. Reshefsky stated he feels the City should pursue SFM since it is within the twelve months the trees were planted.

Mr. Reshefsky stated that the cost per tree (\$800) sounded pretty steep. Mr. Ruiz stated that when he stated \$850.00 it was not only for the trees which were part of the succession plan but city wide trees. Mr. Ruiz stated it was 400 trees which were not part of the succession plan and 50 which were part of the succession plan that were damaged during the hurricane. Mr. Diaz Padron stated that 50 sounds pretty low and feels this number may go up. Ms. Elejabarrieta advised that she had previously heard it was 50, which amounts to less than 1% of what was planted. Mr. Ruiz advised that there is a software program the Landscaping Department utilizes for tracking and that is the number he has been given.

Mr. Reshefsky stated that typically as Mr. Diaz Padron stated replacement of trees is usually not covered, however such insurance coverage can be written. Mr. Reshefsky stated that the City should look at where their exposure is due to hurricanes and that as a City with this much foliage, it may be worth to have an insurance policy. Mr. Diaz Padron asked what FEMA will actually cover. Mr. Ruiz advised that he would have to contact the City FEMA consultant to be better informed.

Mr. Diaz Padron asked if there was anything further to discuss and due to potentially the board voting either way reference Arthur J. Gallagher would it be ok to discuss Arthur J. Gallagher without making any motions and then vote on it next meeting. Ms. Elejabarrieta stated that she believed that it would be ok to discuss as long as no vote took place but if they prefer to be on safe side, not to discuss. Ms. Elejabarrieta reminded the board that at the next meeting Arthur J. Gallagher would be present.

Mr. Reshefsky asked if Ms. Elejabarrieta had provided an update regarding the contract with Arthur J. Gallagher. Ms. Elejabarrieta advised that copy of the letter and contract were provided for discussion to the board members. Mr. Diaz Padron stated that the last email Ms. Elejabarrieta provided stated that the contract could be canceled within 30 days, for convenience. Mr. Reshefsky asked Ms. Elejabarrieta if the contract was exclusive and if there could be a competitive process at the same time of having the contract running currently. Ms. Elejabarrieta stated it would be exclusive and if there were to be another broker they would have to go through the RFP process.

Mr. Diaz Padron asked Mr. Reshefsky if the RFP which they had presented was the one that contained the requirements of a large number amount of public entities. Mr. Reshefsky stated that in the area public requirements he had scored them with maximum points, however in the area of

bringing creative solutions he scored them zero. Mr. Diaz Padron stated that he liked Mr. Reshefsky's idea of scheduling a meeting in December prior to the insurance market reacting. Mr. Diaz Padron stated that they will address this request with Arthur J. Gallagher.

Mr. Diaz Padron stated that he can see why prior qualifications regarding RFP was such a big deal and made it difficult to receive responses from other insurance brokers as not that many firms have the requirements the City is looking for. Mr. Diaz Padron stated that he does not have a problem with current broker, and feels that they are doing a great job and has never heard any complaints regarding the service they are providing the City as well as also that of George Erickson from Siver. Mr. Diaz Padron stated that his concern is regarding competition. Mr. Diaz Padron mentioned why was it that during last property renewal it took a big push from the board for Arthur J. Gallagher to go back for a better number.

Mr. Diaz Padron stated that he believes simplifying the requirements in the RFP process will allow for better competition and more responses from perspective brokers. Mr. Diaz Padron stated that he reviewed briefly the memo which was composed by George Erickson of Siver Consulting addressed to former Human Resources Director Elsa Jaramillo-Velez outlining significant concerns he had with going out to market often and market blocking. Mr. Diaz Padron stated he is not sure regarding real market blocking in that arena. Mr. Diaz Padron stated in his world which is small middle market commercial it has become almost nonexistence; he has not seen it in a while.

Mr. Diaz Padron asked regarding cost of George Erickson's services. Ms. Elejabarrieta stated Mr. Erickson is on an hourly basis and is contacted as needed. Mr. Diaz Padron asked if George Erickson is contacted outside of these types of meetings. Ms. Elejabarrieta stated it is very rarely but Mr. Ruiz does contact him when dealing with a difficult contract in order to assure proper insurance is obtained, but it is rare. Mr. Ruiz stated he may speak with Mr. Erickson approximately three times during the year. Mr. Diaz Padron asked why would Mr. Erickson be contacted and not Arthur J. Gallagher for this type of question. Mr. Ruiz advised he contacts Mr. Erickson because there are certain questions, which he feels more comfortable addressing with Mr. Erickson. Mr. Ruiz stated it depends on scenario but cannot think of a particular issue now.

Mr. Reshefsky asked how many times Arthur J. Gallagher is contacted throughout the year regarding service wise. Mr. Ruiz replied approximately six times a year in regards to various insurance issues and questions. Mr. Reshefsky stated that it seems it is not an overall heavy service account; program seems to run itself.

Mr. Diaz Padron stated that George Erickson due to his experience with so many municipal clients would be able to advise what would be fair compensation for a broker for this type of account.

Mr. Reshefsky stated he feels that the City should change the RFP to a RFQ and ask the brokerage community what they could do for the City of Coral Gables. He feels that if City goes through that process, the City would end up with probably the best insurance deal, lower compensation and getting it from pretty good quality brokerage firms, and more competition. Mr. Reshefsky feels he would like for the process to change to RFQ.

Mr. Diaz Padron feels that at this moment there is not enough time for changing this now.

Mr. Diaz Padron stated Arthur J. Gallagher has not done a bad job, but it is important to have competition. Mr. Diaz Padron stated Arthur J. Gallagher may be providing best deal but he would like to see more competition. Mr. Diaz Padron stated he would like to see more attempts to assure that City is receiving best deal out there and if it does turn out to be that Arthur J. Gallagher is providing best deal, City can then go back to processing in the same way as before.

Mr. Reshefsky stated that a short list of three could be created from the response to an RFQ and then they would go out and get pricing. Ms. Elejabarrieta asked why would any broker go out and get pricing when they know there are two other entities. Mr. Reshefsky stated there could be a big pay day.

Ms. Elejabarrieta stated that she is not convinced it would be beneficial changing from RFP to RFQ, she would like to review and study the issue.

Mr. Diaz Padron asked if in RFP there was a defined request for qualifications. Ms. Elejabarrieta stated there should have been. Mr. Reshefsky stated that RFP for qualifications determined Arthur J. Gallagher was the more qualified; however the City's concern should be in regards to the RFP which happens every April where these guys go out and RFP the City's insurance.

Mr. Reshefsky stated that the deal is not the same every year, depends on insurance needed. Ms. Elejabarrieta stated that it is an RFP for the broker; therefore Arthur J. Gallagher was selected. Mr. Diaz Padron stated that it was an RFQ by means of it. Ms. Elejabarrieta stated it was an RFP. Mr. Diaz Padron stated it was an RFP by name, however regardless only one responded.

Mr. Reshefsky stated that for an example a three broker short list be created from those who respond to an RFQ and in February a memo regarding accepting proposals for property insurance can be sent out to them requesting they provide one year or two year policies, letting City know cost and what they will be charging, within sixty days. Mr. Reshefsky stated he feels these brokers will see it as an opportunity to be creative and come back to City with interesting proposals. Mr. Reshefsky stated that he feels that Arthur J. Gallagher does not have to do any of this due to being in a contract for the next three years.

Mr. Diaz Padron asked if it was a three year contract. Ms. Elejabarrieta advised it is a three year contract until 2019, which was executed in February 2016. Mr. Reshefsky stated he does not see what the harm would be in putting out a document to go into process in concurrence with current document. Mr. Diaz Padron stated either way he believes Arthur J. Gallagher would still be a contender in a new RFQ process. Mr. Reshefsky stated that in 2010 at City of Miami he put out an RFQ and Arthur J. Gallagher was short listed along with two other firms.

Mr. Diaz Padron stated that when he researched City of Doral it is not the same thing, however they do have a lot of competition. Mr. Diaz Padron stated though the City of Doral does not have top shelf brands broker wise, they do have carrier wise which is the easiest part. Mr. Diaz Padron stated that City has expert staff that other cities don't have, expert consultants on as needed purposes and at end of day the City is buying contracts via someone and City dictates which paper to secure, then they obtain for City. Mr. Diaz Padron stated therefore he does not see any downside in confirming that there is no other better broker firm to handle City account.

Mr. Reshefsky stated that the City needs to get closer to the insurance market and feels the RFQ competition will allow for this to happen.

Ms. Elejabarrieta stated that she would look into an RFQ in the future, however it is not realistic for next renewal.

Mr. Reshefsky asked if City puts out any part of coverages out to bid. Ms. Elejabarrieta stated the City does not. Mr. Diaz Padron stated that there is a very big difference between health and this type of insurance.

Mr. Ruiz stated that every year he speaks with Britt and has bullet points of why City of Coral Gables is a good risk.

Ms. Elejabarrieta stated next meeting is scheduled for November 28, 2017, where Arthur J. Gallagher will be part of. Mr. Diaz Padron stated it would be best to speak with Arthur J. Gallagher in order to lock in property coverage and perhaps then can meet sometime early next year.

Mr. Reshefsky asked regarding the RFQ idea would City put out property to bid for this renewal. Ms. Elejabarrieta stated that for this renewal City will go with Arthur J. Gallagher. Mr. Diaz Padron asked when was renewal and why so quick to state will go with Arthur J. Gallagher. Ms. Elejabarrieta stated that is because there is an existing contract. Ms. Elejabarrieta states it takes approximately four to six months for procurement process to prepare for RFP; therefore there is not enough time.

Mr. Diaz Padron asked what the difference between RFP and bid is. Ms. Elejabarrieta stated bid is to select always lowest price no matter qualifications.

Mr. Diaz Padron stated that the 2015 RFP was based 50% if not more on experience and qualifications, that being public entity type clients which he feels is a problem.

Mr. Diaz Padron stated that board will set up a meeting for January 2018 and renewal with Arthur J. Gallagher and by end of year 2018 City would put it back out. Mr. Diaz Padron asked how many days in advance does it go out. Ms. Elejabarrieta stated that this last one was advertised September 11, 2015 and contract was done February 2016.

Ms. Elejabarrieta stated that Mr. Diaz Padron and Mr. Reshefsky are bringing up very good points. Ms. Elejabarrieta stated that along with Mr. Ruiz they can review how and when if anything can be done prior to the November 2017 meeting, however due to the timing it cannot be done during this renewal period. Mr. Diaz Padron stated that doing something so new and so quickly is not a good thing. Ms. Elejabarrieta stated if City were to change the process from RFP to RFQ, it would be a big change considering that the City has been conducting business in this way over 20 plus years.

Mr. Diaz Padron stated only way would be if it were to be a bid with certain product criteria's such as ratings above all in order to be selected. Mr. Reshefsky stated that what is needed is to have a consultant to do the bidding for City, which he believes Arthur J. Gallagher is doing regarding insurance, and they are supposed to be doing here but it is not transparent. Mr.

Reshefsky stated that sometimes a city's procurement department puts out to bid certain coverages and acts like that type of consultant.

Ms. Elejabarrieta stated that the City will explore all of their options and that Mr. Diaz Padron as well as Mr. Reshefsky have brought up very good points. Ms. Elejabarrieta stated that City will try to think outside of the box instead of maintaining status quo which is what has been done in past. Ms. Elejabarrieta stated document has not changed much since 2008 and it will take time to review.

Mr. Diaz Padron stated that the two resolutions passed by the Board were taken to City Commission and both adopted - a study regarding bollards which he believes City has started process with special consultants and Insurance Advisory Committee name changed to Insurance and Risk Management Advisory Board.

Mr. Diaz Padron stated that he has observed many trees with hanging limbs in area of Bird Road, which he is aware is a State issue but would like for someone from City to reach out to them regarding this issue. Mr. Reshefsky asked if City controls the waterway, due to some trees down in canals which are actually damming up canals in area of Biltmore. Mr. Ruiz replied that the City does control some waterways. Ms. Elejabarrieta stated that the City has specific crews out specifically looking out for hanging tree branches.

ADJOURNMENT

The meeting was adjourned at 09:07am.