

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' RISK MANAGEMENT COMMITTEE MEETING
LAS VEGAS, NEVADA

The Board of Trustees' Risk Management Committee of the Las Vegas-Clark County Library District met in the Clark County Library, Las Vegas, Nevada, at 5:00 p.m., Thursday, March 11, 2010.

Present: Committee: V. Davis-Hoggard, Chair
K. Benavidez C. Reese
F. Barron, ex-officio

Board: L. Carrasco

Counsel: G. Welt

Absent: M. Saunders

Staff: Jeanne Goodrich, Executive Director
Steve Rice, General Services Director

Guests: None

V. Davis-Hoggard, Committee Chair, called the meeting to order at 5:03 p.m.

**Roll Call
(Item I.)** All members listed above represent a quorum. Board Chair and ex-officio member Barron arrived at 5:05 p.m. Committee member Trustee Saunders was unable to attend due to a work-related obligation (excused absence). Trustee Carrasco, not a Committee member, arrived at 5:18 p.m.

Agenda (Item II.) Chair Davis-Hoggard dispensed with the approval of the agenda. The proposed agenda was adhered to throughout the meeting.

Discussion and possible Committee action regarding the appointment of Broker of Record for General Services

General Services Director Steve Rice explained that the current appointment for the District's Broker of Record for property and casualty insurance would expire on July 15, 2010. The appointment is for a one year contract with three one year extensions if the vendor performs to the District's satisfaction.

property and casualty insurance coverage.
(Item III.)

Mr. Rice said that the District sent out a Request for Qualifications (RFQ) and included in the document a note that the choice would not be based upon commissions or fees. Rice noted that last time the commission was negotiated AFTER the Board had chosen the vendor. The RFQ was advertised in the *Review-Journal* and the community based minority newspapers. Additionally, the RFQ notice was faxed to all minority Chambers of Commerce and to agencies listed in the Clark County and City of Las Vegas MBE, WBE, SBE, and PBE business directories.

Mr. Rice reported that a total of three submittals were received. One was subsequently deemed non-responsive due to the lack of items submitted in the required format. Rice noted that six submittals were received four years ago and said he was surprised at the low rate of response during this round.

Minutes - Board of Trustees' Risk Management Committee Meeting

March 11, 2010

Page 2

An evaluation panel comprised of representatives from Public Services, Human Resources and General Services performed the evaluation process. The process included a technical review and scoring of each submittal based on established criteria and assigned point values and an interview:

Broker Ranking Based on Technical Review (Maximum Score = 400)

	<u>Score</u>
1) Wells Fargo Insurance Services USA, Inc.	385
2) Absolute Insurance Services, Inc.	128

Upon completion of the technical review and scoring of the submittals, two brokers were interviewed by the evaluation panel:

Broker Ranking Based on Interview

- 1) Wells Fargo Insurance Services USA, Inc.
- 2) Absolute Insurance Services, Inc.

Wells Fargo Insurance Services USA, Inc. (WFIS) was ranked number one overall.

Mr. Rice said that Charles E. Dorsey, Managing Director, will be the District's Account Executive. He has been the District's Account Executive throughout the District's contract with WFIS and also with the District's former insurance broker who is no longer in this particular line of business in Nevada. Dorsey has 31 years of property and casualty insurance experience including 29 years in the state of Nevada. Mr. Dorsey holds the designations of Certified Insurance Counselor (CIC) and Certified Risk Manager (CRM) awarded by the National Alliance for Insurance Education and Research.

Mr. Rice added that Mr. Dorsey has extensive experience in both the public and private sectors designing and implementing risk transfer and risk management programs. His public sector client experience includes:

- Las Vegas-Clark County Library District
- Las Vegas Convention and Visitors Authority
- Las Vegas Valley Water District and Southern NV Water Authority
- Clark County
- Clark County Department of Aviation
- Clark County Department of Parks and Recreation
- Las Vegas Metropolitan Police Department
- City of Las Vegas
- State of Nevada

Mr. Rice said that, as with the last time, the appointment will be for the policy year commencing on July 15, 2010. The initial appointment will be for one year with three optional one-year extensions. The Broker of Record receives no direct remuneration from the District. Remuneration is typically received from the insurance company in the form of a

Minutes - Board of Trustees' Risk Management Committee Meeting

March 11, 2010

Page 3

commission, however, in the interests of saving the District money, staff asked about a new way to determine the broker's remuneration.

Mr. Rice continued to say that WFIS is among the largest insurance brokerage firms in the world. They employ 9,600 associates and have over 200 offices across the nation. WFIS is the largest insurance broker in the State of Nevada and the largest broker of public entities in the State with 33 clients.

Chairman Davis-Hoggard wanted to confirm that both responsive companies received an interview. Mr. Rice also answered her questions about Absolute Insurance Services, the other responsive company.

Mr. Rice then discussed the extensive risk management services that have been provided by WFIS, which he finds very important as the District has no in-house staff to handle these issues. Rice also said that WFIS's submittal was concise, thorough, tailored to the District's needs and spoke to both their local, regional and national resources available in support of the District's risk management program.

WFIS has been the District's broker of record since July 2006. During this 4 year period, WFIS has been successful in reducing the District's total premium cost by 21.4% as total values increased by 91%.

In the interests of containing and stabilizing District expenditures, Mr. Rice said that he asked WFIS to look at working for a flat fee. The Broker of Record receives no direct remuneration from the District. This will continue to be the case, however, WFIS will agree to a flat annual fee of \$29,000 for the term of the agreement, and extensions thereof, in lieu of its current 12.5% commission rate. This rate guarantee will contain costs to the District by eliminating broker fee increases related to potential premium cost escalation in subsequent policy years. Also, Rice noted that the District has an agreement with the Philadelphia Insurance Companies (Philadelphia), the District's current insurer, for a three year guaranteed rate for all but two of the product lines utilized by the District. The guaranteed rate is tied to the District's loss ratio. If yearly losses do not exceed 35% of the annual premium, the rate will stay the same for the duration of the agreement. The two product lines not covered by the agreement are the cyber liability policy and the excess umbrella policy.

Mr. Rice showed a comparison of the compensation to WFIS over the last four year period based on the current 12.5% rate:

Policy Year	Total Premiums	Compensation
2009-2010	\$233,235	\$29,154
2008-2009	\$233,090	\$29,136
2007-2008	\$279,038	\$34,879
2006-2007	\$296,847	\$37,105

Mr. Rice said that commissions paid by the insurance company on current lines would be credited against the flat fee. If commissions paid

Minutes - Board of Trustees' Risk Management Committee Meeting

March 11, 2010

Page 4

exceed the flat fee, WFIS will refund the difference to the District. WFIS will place new lines of coverage at 12% of premium cost.

Mr. Rice concluded his presentation by saying that staff highly recommended WFIS for approval due to their experienced, diverse and resourceful staff who have saved the District money by repackaging the insurance to get better rates, ensuring that the District is not over or under insured in various areas and making sure the District's property values have been kept up to date. He felt that Mr. Dorsey's experience with the different brokers and insurers used by the District has been invaluable and has saved the District time and money.

Trustee Barron asked about the District's loss ratio in the last year. While Mr. Rice did not have that figure, he and Counsel Welt noted that it was much less than the 35% figure that would trigger rate increases. In answer to a further question, he noted that the loss ratio of 35% would be calculated as an aggregate of all the lines (except for the cyber liability and excess umbrella policies) covered by Philadelphia.

Trustee Barron then asked whether Mr. Rice thought there would be a need for additional lines of insurance. Rice said that he could not see a need for new lines, but noted that the cyber liability was a new line and WFIS had offered it to the District several years ago. Trustees chose to add the coverage.

Trustee Barron also asked about the 12% commission to be paid to WFIS on new lines of insurance as she felt that should be negotiated based upon the insurance offered. Mr. Rice said that he would include that in the new contract.

Trustee Barron and Mr. Rice then discussed the structured outline of the RFQ, the evaluation and scoring process, who was on the review committee and how the committee scored the submittals. In response to Barron's question, Rice noted that Absolute can request a copy of each submittal as well as each score summary once they have been advised of the Board's decision. The individual scores of the committee have been discarded.

Trustee Benavidez moved to recommend to the Board of Trustees that Wells Fargo Insurance Services USA, Inc. be appointed as broker of record for property and casualty insurance for the policy year commencing on July 15, 2010. There was no opposition and the motion was approved.

Mr. Rice then advised Committee members that a Committee meeting needs to be scheduled for June or July to approve the policy for the property and casualty insurance lines for the policy year commencing on July 15, 2010. Those present agreed to schedule the meeting for Thursday, June 10 at 4:00 p.m., subject to Mr. Rice's receipt of information. This meeting will take place prior to the regular Board meeting on the same day at 6:00 p.m. If the meeting cannot be held in June, it will be held prior to the July 8, 2010 regular Board meeting.

Minutes - Board of Trustees' Risk Management Committee Meeting

March 11, 2010

Page 5

Announcements None.
(Item IV.)

Public Comment None.
(Item V.)

Adjournment Chair Hoggard adjourned the meeting at 5:39 p.m.
(Item VI.)

Respectfully submitted,

Verlia Davis-Hoggard, Committee Chair