

Item # 53

ADDITIONAL MATERIAL

SUBMITTED AT THE REQUEST OF

**FINANCE & ADMINISTRATIVE SERVICES
DEPARTMENT**

December 1, 2009

10:00 a.m.



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT
PURCHASING DIVISION

115 S. Andrews Avenue, Room 212 • Fort Lauderdale, Florida 33301 • 954-357-6065 • FAX 954-357-8535

MEMORANDUM

November 30, 2009

TO: Board of County Commissioners

THRU: Melissa Heller, Interim CFO/Director *MAH*
Finance and Administrative Services Department

FROM: Brenda J. Billingsley, Director *BJB*
Purchasing Division

SUBJECT: December 1, 2009 Commission Meeting – Agenda Item #53
Agreement with Edify, LLC, for General Benefit Consulting Services.

Attached is a letter regarding Agenda Item #53, General Benefit Consulting Services, from Edify, LLC.

BJB/
attachment

c: Bertha Henry, County Administrator
Darlene George, Director, Risk Management Division
Evan Lukic, County Auditor
Jeffrey Newton, County Attorney



401 EAST LAS OLAS BLVD., SUITE 1120
FT. LAUDERDALE, FL 33301
PHONE 954.832.9492 FAX 954.832.9863

Via Hand Delivery

Ms. Brenda J. Billingsley
Director
Broward County Purchasing Division
115 South Andrews Avenue, Room 212
Fort Lauderdale, FL 33301

Re: RLI No. R0731709R1
December 1, 2009 – Agenda Item #53

Dear Ms. Billingsley:

The events of the last month have unfortunately placed into the public domain a lot of misleading information regarding Edify, LLC., (“Edify”) and I wanted to take this opportunity to address the issues raised and provide you with specific information to clarify our ownership structure. Therefore, in respect of the Broward County Ordinance regarding the Cone of Silence, we hereby submit this communication and respectfully request that you distribute the same by Yellow Sheet, to the Board of County Commissioners, in advance of their December 1, 2009 meeting.

Edify is an employee benefits consulting business originally started in 1996. Together, the founding partners have over 50 years of experience providing unparalleled service and extraordinary results to our clients. We fully expect to replicate the level of service previously enjoyed by the county should our contract renewal be approved by the Commission on Tuesday.

In 2006 we responded to the competitive solicitation for Benefits Consulting Services issued by the County and were subsequently awarded the contract. Since that time, our team of professionals have saved the County millions of dollars, streamlined the delivery of health benefits and worked hand in hand with your staff to improve your employees’ health and wellness. In short we believe we have delivered more than the contract calls for and done an outstanding job for the Board of County Commissioners and the people of Broward County.

In 2009, with the expiration of our current contract near, the County went out to bid for Benefits Consulting Services. After a very competitive process, we were overwhelmingly chosen by the Selection Committee to proceed to contract negotiations. The result of those contract negotiations is before the Board for approval on Tuesday. We are poised to further improve the County’s benefits package while saving costs through aggressive negotiations, plan design, and employee wellness.

In 2008, well after we were awarded our original contract with the County, one of our founding partners, Gregg Lickstein, decided to pursue other career opportunities and asked to be bought out from his stake in the company. At the time, the ownership structure of Edify was as follows: I owned 55% of Edify, Carlos Castresana owned 20% of Edify, Rich Rodgers owned 5% and Gregg owned the remaining 20%. In July 2008, a new investor, IS Management LLC (WAWW9, LLC) assumed Edify's

obligation to purchase Gregg's interest. That investor was a company in which Mr. Rothstein was the managing member. WAWW9 was directly responsible for the purchase of Gregg's interest.

Like others that have been affected by Rothstein, by August, 2009 – well before the news broke of Rothstein's circumstances -- WAWW9 had defaulted in its obligations to Gregg by ceasing to make timely payments. We are advised that the interest held by WAWW9 will be forfeited as a consequence of the default. In early November, we commenced the necessary legal actions to recapture the interest held by WAWW9, which proceedings are on-going.

We wish to assure you that at not time did WAWW9 or Mr. Rothstein have any management role in Edify nor did WAWW9 or Mr. Rothstein sit on the management meetings of our company. At all times material to the performance of our services to Broward County, the only managers of our business are – and have been -- Carlos Castresana and myself.

Notwithstanding the difficult economic circumstances in which we all find ourselves, we are proud to report that Edify continues to prosper and employs additional hard-working specialists and consultants who take pride in the performance of their roles.

As part of the selection process, we made full disclosure of our financial records to your staff no more than 60 days ago. We wish to be clear that neither WAWW9 or Mr. Rothstein has ever been paid any financial benefits on account of the WAWW9 interest.

We, like so many others in our community, are upset by the alleged conduct of Mr. Rothstein. We wish to assure you that we have fully cooperated with governmental investigators who have made inquiry in respect of the WAWW9 investment. We are also disappointed in the behavior of our competitors and others and their attempts to use this unfortunate situation to forward their own agenda.

We hope that this brief response to some of the questions that have surfaced in the media has squelched any reasonable concern about our commitment to Broward County or our prior relationship with Mr. Rothstein. We stand ready to renew our contract so as to further advance the Healthcare benefits of the employees of Broward County and to further the relationship commenced in 2006 ; a relationship that has been, by all accounts, highly beneficial to people of Broward County.

We welcome any questions or comments.

Respectfully submitted,



Howard Gruverman, CEO
EDIFY, LLC

Cc: Evan Lukic, County Auditor