

## Minutes

### RTA Audit, Safety Compliance and Real Estate Committee Meeting

10:38 a.m. March 6, 2018

**Present:** Moss (Chair), Clough, Dixon, Elkins, Lucas, McCall, Norton, Serrano

**Not present:** Nardi, Welo

Also Present: Anderson, Benford, Bober, Boyd, Burney, Calabrese, Catalusci, Caver, Cottrell, Cripps, Davis, Feke, Fields, Garofoli, Gautam, Hampton, Jaszczak, Johnson, Kirchmeir, Krecic, Lincoln, Pierce, Pinkney, Raguz, Rusnov, Schipper, Shaffer, Smith, Sims, Vukmanic, Walton, Wiehe, Wilson, Zeller

Ms. Moss called the meeting to order at 10:38 a.m. The secretary called the roll and reported that four (4) committee members were present.

#### Casualty Insurance Broker

Judy Lincoln, director of Risk Management and Ashley Boger, contract administrator, made the presentation. RTA maintains a casualty insurance program for protection of its assets against catastrophic loss. The program contains several different lines of coverage. The first is a Master Access Liability program. It contains general liability, rail liability and auto liability coverage. The limited coverage is \$95 MI per occurrence. There is a \$5 MI self-insured retention or deductible per occurrence. That figure looks at catastrophic coverage. It's called excess liability because RTA doesn't carry a primary insurance program, being a sizable organization that can afford to carry a large self-insured retention. The next program is the Excess Workers' Compensation with a \$10 MI per occurrence limit and a \$750,000 self-insured retention. Public Officials coverage includes employment practices - \$5 MI coverage limit, \$250,000 self-insured retention.

The Casualty Insurance Broker is needed to access the insurance market. There are very few direct writers in the World. FM Global is the largest. They are RTA's property insurance carrier. Ninety-nine percent of the market has to be accessed through an Insurance Broker. The broker works for the RTA. They assist in evaluating the exposure presented by the RTA account, completing extensive applications, which becomes an underwriting submission, and is submitted to various insurance carriers. The submission contains information about RTA's fleet, ridership, service miles, description of the entire system, loss history, ten years' worth of liability claims, loss control efforts led by Safety and cameras and security efforts led by Transit Police. The broker meets with RTA early in the year to strategize the state of the market and to look at different carriers risk appetite. They submit proposals from multiple insurance carriers. The broker assist in analyzing the proposals, negotiating most favorable terms and conditions and the best pricing.

They check the policies to ensure the negotiated price is correct and provide ongoing risk management support through-out the year. One of the major areas is establishing appropriate insurance requirements for vendors and contractors who work for RTA. That involves specialized consultation on railroad protective liability coverage and environmental coverage. They have experts that can advise on bonding issues for contractors. They provide year-end actuarial study, which allows RTA to establish the outstanding liabilities that are reflected on the year-end balance sheet for liability insurance claims. Mayor Clough and Mr. Dixon have attended pitches to insurance underwriters. They can speak on the value of the broker in the process. It's a relationship business in getting right meetings with the right people. Mr. Dixon spent time with Judy and was impressed with her knowledge and relationship with people in the industry.

The RFP was issued December 2017, assessed by 11 interested parties and five firms proposed. Three firms were interviewed. The evaluation panel consisted of various RTA departments using evaluation criteria listed in the presentation. The recommended firm is USI Insurance Services, formerly Well Fargo Insurance Services, located in San Francisco, CA with a local office in Cleveland, Ohio. The DBE goal of 16% will be met by using the Rutledge Group, also located in Cleveland, Ohio. USI Insurance Services is RTA's current insurance broker in partnership with Price Forbes, who is a Lloyds of London broker since 2013. USI provides historical knowledge, technical rail knowledge and understanding of the Authority's issues. They have a long standing relationship with Price Forbes, which allows access to the London and Bermuda markets. Price Forbes is considered the best rail Lloyd's of London broker in London or Bermuda.

USI is one of the country's largest commercial insurance brokerage firms and they provide extensive experience in design and placement of insurance premiums. They have extensive experience in public transit in rail industries. Their strong market relations for transit accounts assures the Authority obtains the broadest and most competitively priced insurance coverage. Recent clients include RTA, Charlotte Area Transit System, Golden Gate Bridge and others. Staff requests that the Audit, Safety Compliance, and Real Estate Committee recommend to the Board of Trustees the award to USI Insurance Services in an amount not to exceed \$274,350.00 for the base three years, and in an amount not to exceed \$91,450.00 for each of the two option years, for a total contract amount not to exceed \$457,250.00 for the five year period. This amount is 5% less than the current contract.

Ms. Moss asked for a motion to move this to the full Board. It was moved by Mayor Clough, seconded by Chief McCall and approved by unanimous vote.

### Real Estate

Jim Rusnov, property manager, made the presentation. There are construction starts on two land sales closed in 2017. The Aspen Place apartments is under construction at the West 65<sup>th</sup> Street Eco Village Rapid Transit Station. After addressing an initial challenge of some unusual soil conditions, the contractor reports resolutions of those issues and an estimated completion date of December 2018. Contractor supplied a drone photo of the site work. Management of the Aspen Place project agreed to bulk purchase multi transit passes and will offer a pass to the 42 units as an amenity included in the monthly rent. Secondly, the Horizon Education Center is under construction at the Triskett Rapid Station. The contractor reports a 10-12 month construction schedule with completion scheduled early 2019. Completion of the project will provide a much needed service to the neighborhood and an appropriate asset at this station.

There are several major transactions ready to close in March. First is the sale of the Brooklyn Garage to MCPc, Inc. It is scheduled to close March 20. The buyer will take immediate possession of the property and will begin their business expansion plan. They will create a transformative, job creating project at this location. Second, the sale of the Harvard District Garage to Cuyahoga County will close in late March. The County will consolidate several garage and storage facilities into this central location after making a substantial investment in the renovation of this facility. The maintenance agreement is a companion agreement to this transaction. It has been completed and will commence immediately after closing.

Five transactions with the Little Italy Development, LLC will close in March 2018. These transactions will complete the acquisition of land use easements along with the vacation of obsolete easements and right away agreements. These transactions will provide RTA service employees with an efficient access to all the new facilities, while maintaining a safe and separate access for the public. The land acquisition also preserves RTA's ability to replace or expand the power substation in the future. Completing these transactions results in an efficient, new functional plat map and gives

incentive to Little Italy Development to proceed with their planned TOD project adjacent to the station. This effort concludes a very long negotiation and allows RTA to coexist as good neighbors.

Staff has concluded a detail analysis of multiple easement request from the Northeast Ohio Regional Sewer District, to help facilitate the construction of the new Doan Valley Tunnel Project. With negotiations completed for the initial phase, they agreed to pay the fair market value for the easements, which total more than \$180,000. A similar process will be utilized as additional phases of the tunnel are initiated in other parts of the city and county, wherever they impact RTA property. A lease is in place at the Windermere Station named Windermere In And Out Café. It will provide fresh food and service to customers, employees and residents. The café should open June 2018. Century Federal Credit Union has leased space at the Hayden District and will provide financial services to current and former RTA employees and their families. The credit union will open 120 days after the improvements are completed. Rev. Lucas asked for more information about who is running the cafe.

Two renewal leases are pending for dog parks, with the City of Euclid and the Downtown Cleveland Alliance. They are popular with the public. The Euclid site is adjacent to the Euclid Park & Ride. The downtown site is on RTA property near Settler's Landing in the Flats, adjacent to the Waterfront Line. Purchase offers have been received for two excess properties at two locations. There is an additional parcel at the Triskett Rail Station, which is across from the new construction of the day care center. An offer has been received. In addition, RTA vacant land at E. 55<sup>th</sup> in Euclid on the HealthLine. After the offers have been analyzed and approved by the appropriate stakeholders, additional information will be presented to the committee.

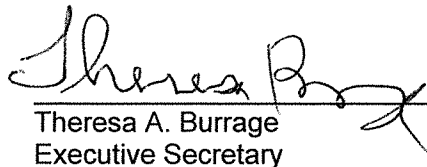
The Columbus Road property is positioned as a valuable TOD site for development. A RFQ is nearing final form and should be ready for distribution in April. The RFQ will be offered to attract and select the appropriate development team. This site is located along the Red Line between the W. 25<sup>th</sup> Street Market District and the Duck Island neighborhood. It's strategically located immediately adjacent to the Red Line and the new Red Line Greenway multi-use trail and in close proximity to the MetroHealth BRT Line along W. 25<sup>th</sup>. The property is approx. 80-85 ft. wide and to the west is the Red Line track and Red Line Greenway. To the east it has frontage on Columbus Road. Further east is the Duck Island neighborhood. The property is approx. 85 x 275 ft. It has 20ft. of topography from Columbus Road as it slopes down to the track. Interest has been expressed from a number of regional and local developers. The RFQ will be distributed in April after stakeholder feedback. There will be a number of meetings. This site has the potential of reaching most of the TOD goals established by RTA and FTA.

No action is required by the Board today. Ms. Moss asked that the local CDCs, Tremont West and Ohio City, are contacted when the RFQ is sent out.

Ms. Moss adjourned the meeting at 11:02 a.m.



Joseph A. Calabrese, CEO  
General Manager/  
Secretary-Treasurer



Theresa A. Burrage  
Executive Secretary