



Board of Directors Minutes for Monday, June 29, 2020

NOTE: IN ACCORDANCE WITH PROVISIONS OF THE ARIZONA REVISED STATUTES THE SUMMARIZED MINUTES OF NAIPTA BOARD MEETINGS ARE NOT VERBATIM TRANSCRIPTS. ONLY THE ACTIONS TAKEN AND DISCUSSION APPEARING WITHIN QUOTATION MARKS ARE VERBATIM.

The Board of Directors met in an Emergency Session on Monday, June 29, 2020 at 1pm in the Mountain Line Training Room, 3825 N. Kaspar Dr., Flagstaff, AZ 86004.

This was a WEB BASED meeting. Members of the Board attended by telephone or internet conferencing only. The public was invited to observe by electronic means only, due to the current public health emergency related to the Coronavirus.

BOARD MEMBERS PRESENT:

Jamie Whelan, (Chair) City Councilor, City of Flagstaff, (WebEx);
Steve Peru, (Vice Chair) Chief Development and Government Relations Officer, CCC, designee, (WebEx), joined at approximately 1:24pm;
Jim McCarthy, City Councilor, City of Flagstaff, (WebEx);
Dan Okoli, Vice President of Capital Planning and Campus Operations, NAU, designee, (WebEx)

**Three of our five Board member seats must be present to constitute a quorum.*

***The City of Flagstaff holds two seats.*

BOARD MEMBERS EXCUSED:

Art Babbott, Board of Supervisors, Coconino County;
Matt Ryan, Board of Supervisors, Coconino County, alternate

MOUNTAIN LINE STAFF IN ATTENDANCE:

Heather Dalmolin, CEO and General Manager;
Jon Matthies, IT Manager;
Rhonda Cashman, Executive Assistant and Clerk of the Board;
Scott Holcomb, Mountain Line Attorney, (WebEx)

GUESTS PRESENT:

None.

1. CALL TO ORDER -Chair Whelan called the meeting to order at approximately 1:08pm.
2. ROLL CALL





DISCUSSION / ACTION ITEMS:

3. CONSIDER FY2021 LIABILITY INSURANCE OPTIONS

-Heather Dalmolin, CEO and General Manager

Staff recommends the Board of Directors provide direction to the CEO and General Manager regarding FY2021 liability insurance coverage, including adoption of Resolution 2021-120 to join Transit Reinsurance Ltd, an industrial insured captive insurance corporation, and appointment of the CEO & General Manager to their Board of Directors. This action will direct staff to bind necessary insurance to meet the requirements of the Master IGA for FY2021.

Ms. Dalmolin reviewed a PowerPoint presentation with the Board. She pointed out that for purposes of this discussion, Worker's Compensation Insurance is not included, though it will be renewed. She showed slides of the current year actual coverage and cost and another slide with proposed FY2021 coverage and cost, with a quote for the \$10M excess layer of coverage still pending. The cost for this additional layer is anticipated to cost between \$80-\$300K. Ms. Dalmolin stated her insurance discussions began in February with the Albuquerque office we have been working with for years. In a restructure AON closed the Albuquerque office and our account was transferred to the Phoenix office. There were multiple delays as the Phoenix office scrambled to get our program to market. Our Master Intergovernmental Agreement (IGA) requires Mountain Line to carry \$30M in liability coverage. If, as part of future discussions, the Board determines that the 30M in liability coverage is cost prohibitive and/or is not necessary, the Master IGA would need to be amended. She was able to confirm that the insurance market has changed drastically, with significant capacity decreases during the month of June. One of our previous insurance providers pulled out of the transit insurance market completely. TransitRe, a pool of liability coverage like Northern Arizona Public Employee Benefit Trust (NAPEBT) for health insurance, provides policies for 55 transit agencies in Michigan and Ohio. They require the transit agency to be a public entity that employs their own operators and that does not offer rail service. There was a question about the coverage providers and limits. Ms. Dalmolin responded: \$5M of umbrella coverage from Travelers, \$5M of umbrella coverage from TransitRe, and an additional \$10M layer of excess coverage from Great American for a total of \$20M in coverage, at this point. We still need \$10M in excess coverage per the Master IGA. The proposed cost for this identified \$20M in coverage is \$383,682.00, approximately eight percent over budget. The additional layer of \$10M in excess coverage could cost an additional \$80K-\$300K in premiums. Vice Chair Peru joined the meeting and Ms. Dalmolin provided a brief overview of the discussion thus far.





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There was further discussion regarding the required \$30M liability insurance amount in total. Ms. Dalmolin shared that when the Board requested a review of premiums and coverage amounts in 2016, insurance was inexpensive and the small reduction in premium cost did not justify the substantial reduction in the amount of coverage. It was decided at that time to leave the coverage limits as it was stipulated. Things have changed. In order to change the insurance limits in the Master IGA, an amendment would need to be approved by the Flagstaff City Council and the Coconino County Board of Supervisors. Mr. Holcomb concurred. There was further discussion about what the limit should be and concern about reducing our coverage in light of our business and exposure. Ms. Dalmolin shared that TransitRe participants only carry \$10M and stated she was not certain if that is a standard or because Michigan and Ohio have state laws on liability limits at a maximum of \$10M. She also confirmed that Arizona does not have such limits. There was a recommendation for staff to research if there is a need for \$30M in coverage. Ms. Dalmolin stated the closure of the \$5M gap and identifying an additional layer of \$10M is required. After meeting requirements, if possible, she can talk to representatives at the City and County to see if they would support a reduction in coverage and an amendment to the Master IGA. If we purchase the additional \$10M in excess coverage and within the year we proceed with passage of an IGA amendment to reduce liability insurance requirements, the coverage could be cancelled and the remainder of the prorated premium would be refunded. Vice Chair Peru moved to approve as recommended. Director McCarthy seconded. There was no further discussion. All approved, none opposed. Motion carried.

NAME	YES VOTE	NO VOTE
Jamie Whelan	X	
Steve Peru	X	
Jim McCarthy	X	
Dan Okoli	X	

Chair Whelan, on behalf of the Board, directed staff to see if the \$30M in liability coverage is really needed. If not, then bring this item back to the Board for the potential Master IGA amendment.

ITEMS FROM COMMITTEE AND STAFF:

SCHEDULE NEXT MEETING DATE AND IDENTIFY AGENDA ITEMS

August/September Working Agenda

The next Board meeting will be August 19, 2020 and will be a WebEx meeting based in Flagstaff in the NAIPTA Training Room, 3825 N. Kaspar Dr., Flagstaff, AZ 86004 at 10a



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Parking will be available at 3773 N. Kaspar Dr. The public is invited to attend. August agenda items will include but not be limited to the Active Transportation Master Plan, Disadvantaged Business Enterprise (DBE) Goal, Annual Cybersecurity Report, Human Trafficking Campaign, Central Yavapai Metropolitan Planning Organization (CYMPO) Request for Service and IGA, Strategic Plan Updates, Annual Safety Report, Emergency Operations Center (EOC) Update, Pandemic Updates by Department, Maintenance Updates, and Delegation Authority Update: Agreements, Grants, and Procurements. The August agenda will be available for review on NAIPTA's website and at NAIPTA's public posting places (listed on the NAIPTA website) at least 24 hours prior to the meeting and should be consulted for a list of items that will come before the Board.

22. ADJOURNMENT -Chair Whelan adjourned the meeting at approximately 1:42pm.

Jamie Whelan, Chair of the Mountain Line Board of Directors

ATTEST:

Rhonda Cashman, Executive Assistant and Clerk of the Board



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