RESOLUTION 15D-03

RESOLUTION AUTHORIZING AN AGREEMENT TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY AND BOILER INSURANCE POLICIES IN AN AMOUNT NOT TO EXCEED $16,480

RESOLVED, by the Duluth Economic Development Authority (DEDA) that the proper DEDA officials are hereby authorized to enter into an Agreement, substantially in the form of that attached hereto (DEDA Contract No. _____) with the City of Duluth pursuant to which certain DEDA property will be insured under the City of Duluth's property and boiler insurance policies for the period from February 16, 2015, to February 16, 2016, in an amount not to exceed $16,480, $10,300 payable from Fund 0866, Dept. 860, Obj. 5362 for the MRO Building and $6,180 payable from Fund 860, Dept. 860, Obj. 5362, for the Temple Opera, Norshor Annex, and Norshor Theatre.

Approved by the Duluth Economic Development Authority this 28th day of January, 2015.

ATTEST:

APPROVED AS TO FORM

JMC

DEDA Attorney

APPROVED FOR PRESENTATION

CJE

Executive Director

_____

Executive Director

STATEMENT OF PURPOSE: This resolution authorizes DEDA to enter into an Agreement with the City of Duluth pursuant to which DEDA-owned buildings will be insured under the City's property and boiler insurance policies which will provide property insurance for DEDA's property at a cost which will represent a substantial savings to DEDA. The City has a full blanket property policy with a $100,000 deductible. The cost breakdown is as follows: an amount not to exceed $10,300 for the MRO facility and an amount not to exceed $6,180 for the Temple Opera Building, the Norshor Annex, and the Norshor Theatre, for a combined total not to exceed $16,480. This is a 3% increase over last year's figures.

DEDA will be listed as a lien holder on the policies. If DEDA were listed as a named insured, DEDA could be held responsible for premium payments should the City not pay them as well as for litigation related to City-owned buildings. The City is required to pay over to DEDA any claim settlements related to the DEDA property.

AGREEMENT TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY INSURANCE POLICY

Pertaining to the period of February 16, 2015 to February 16, 2016

This Agreement is by and between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY ("Authority"), and the CITY OF DULUTH ("City").

WHEREAS, buildings owned by the City are insured with Affiliated FM Insurance Company located at 300 S. Northwest Highway, Suite 100, Park Ridge, IL 60068 through the City's insurance agent, Robert Zimmerman of Liscomb-Hood-Mason Co.; and

WHEREAS, the City maintains equipment breakdown insurance coverage (commonly referred to as "boiler insurance") and inspection through Hartford Steam Boiler Inspection and Insurance Company located at 595 East Swedesford Road, Wayne, PA 19087 through the City's insurance agent Paul Johnsen of Henry A. Anderson Agency, Inc.; and

WHEREAS, the City's property insurance coverage and boiler insurance coverage runs from February 16, 2015 to February 16, 2016; and

WHEREAS, the Authority desires to insure certain of its property through the City's policies of insurance.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. <u>ALL RISK BLANKET POLICY AND BOILER POLICY</u>

The City hereby agrees to include the following Authority properties on the City's boiler policy and on the City's all risk blanket policy which covers buildings and business personal property:

a. MRO Building, 4400 Stebner Road, Duluth, MN 55811
b. Opera Temple Building, 201, 203 and 205 East Superior Street, Duluth, MN 55802
c. Norshor Annex, 207, 209 and 213, East Superior Street, Duluth, MN 55802

d. Norshor Theatre, 211 East Superior Street and 8 N. 2nd Avenue East, Duluth, MN 55802

The value of the MRO Building for purposes of property insurance is $15,655,133 with business personal property of $25,000 for a total insurable value of $15,680,133. The combined value of the Opera Temple, Norshor Annex and Norshor Theatre for purposes of property insurance is $9,097,707 with business personal property of $50,000 for a combined total estimated insurable value of $9,147,707. The MRO Building, the Opera Temple Building, the Norshor Annex and the Norshor Theatre hereinafter together referred to as the "Authority Buildings". Authority shall be named a lien holder on the insurance policies. The City agrees to immediately pay over to Authority any claim settlements on any of the Authority Buildings. Additionally, Authority shall immediately be provided any notices pertaining to the Authority Buildings. The Authority shall immediately notify the City's claims investigator/adjuster or designee (the "City Adjuster") of any changes that may affect the value of any of the Authority Buildings.

2. TERM OF INSURANCE COVERAGE

The Authority Buildings shall be insured for the period of February 16, 2015 to February 16, 2016.

3. PAYMENT BY AUTHORITY.

Authority agrees to pay City for insuring the MRO Building in an amount not to exceed $10,300 (this includes an estimated amount for property insurance, boiler insurance and contingency) payable from DEDA Fund 0866, Dept. 860, Obj. 5362 and for insuring the Temple Opera Building, the Norshor Annex and the Norshor Theatre in amount not to exceed $6,180 (this includes an estimated amount for property insurance, boiler insurance and contingency) payable from DEDA Fund 0860, Dept. 860, Org. 8646, Obj. 5362, for a total amount not to exceed $16,480.

4. MUTUAL COOPERATION

The Authority shall immediately give notice to the City of any damage to the Authority Property. The City Adjuster in cooperation with Authority's Executive Director will handle the processing of any claims involving the Authority Buildings. The City and Authority shall fully cooperate with the insurance companies in processing any claims.

5. POINT OF CONTACT

The point of contact for each of the parties to this Agreement shall be as follows:

City of Duluth: Don Douglas
City of Duluth
410 City Hall
411 West First Street
Duluth, MN 55802
(218) 730-5276

Authority: Christopher T. Eng
Duluth Economic Development Authority
402 City Hall
411 West First Street
Duluth, MN 55802
(218) 730-5310

6. WAIVER

Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision.

7. APPLICABLE LAW

This Agreement, together with all of its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota. However, litigation in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota.

8. SEVERABILITY

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

9. ENTIRE AGREEMENT

It is understood and agreed that the entire agreement of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

CITY OF DULUTH

By_____
Mayor

Attest:_____
City Clerk

Countersigned:

_____
City Auditor

Approved as to form:

_____
City Attorney

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By_____
President

By_____
Secretary