

SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS

This Settlement Agreement and Release (“Agreement”) is entered this ____ day of _____, 2021 by and between the League of Minnesota Cities Insurance Trust (LMCIT) and the City of Northfield (City) (hereinafter, at times, referred to collectively as “the Parties”).

RECITALS

WHEREAS, at all times relevant, City owned property located at 1450 MN-3, Northfield, MN 55057, commonly referred to as the City of Northfield Wastewater Treatment Plant (“The Premises”);

WHEREAS, at all times relevant hereto, City was insured by LMCIT under a Municipal Property coverage form, said LMCIT Covenant Number CMC 1000837-2 which provided coverage subject to its terms, conditions, deductibles, coverages, exclusions and other policy conditions (“The Covenant”);

WHEREAS, City reported a claim to the LMCIT regarding a claim for loss, (fire, LMCIT File No.: CP59185) and other damage arising from an incident that occurred on May 29, 2018 and therein made claims for first-party loss and damage under The Covenant for damages occurring at The Premises, including but not limited to damage to the building, biosolids storage, plumbing, piping, aeration system, electrical, equipment, and general components related to biosolids processing (“The Claims”);

WHEREAS, the LMCIT made certain payments for damages alleged to have occurred at the Premises arising out of The Claims asserted by the City. Payments totaled \$5,189,894.89, and the City paid its deductible of \$1,000.00.

WHEREAS, the Parties thereafter disputed whether additional payments were due and owing for loss and damage occurring at The Premises on or about May 29, 2018.

WHEREAS, the LMCIT and City now desire to resolve any and all first-party coverage disputes between them regarding insurance coverage under The Covenant for any and all first-party property damage, business interruption and associated damage claims that were or could have been made arising out of or in any way related to The Loss under or pursuant to The Covenant, and the Parties have reached a settlement of all first-party coverage disputes.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the LMCIT and City agree as follows:

I. **DEFINITIONS**

As used in this Agreement, unless otherwise defined herein, the following terms have the following meanings:

A. “The Claims” means any and all first-party claims, causes of action, demands or claims for loss or damage of any kind or nature that were or could have been asserted by City against LMCIT, whether known or unknown, anticipated or unanticipated, asserted or not asserted that relate to, involve, have involved, or in the future may involve The Loss and any and all claims of any kind arising out of The Loss. The Claims released are those related to first-party coverage as between City and LMCIT, and do not contemplate release of any unknown or potential claims that may be asserted by third parties against City. By distinguishing between first-party claims herein, City nor does LMCIT concede such coverage. Any future third-party claims will be evaluated for coverage on their own merits if and when asserted, but this Release shall have no bearing on said evaluation.

B. “Effective Date” means the first date on which both of the Parties have executed this Agreement.

C. City means City of Northfield, along with their agents, attorneys, successors, and assigns.

D. Insurer means the LMCIT, together with its parent companies, affiliates, subsidiaries, predecessors, successors, and assigns.

E. “The Loss” means loss from the fire incident of May 29, 2018 and all resulting damage, business interruption, extra expense, or any other damages associated with the incident, investigation design or reconstruction.

II. PAYMENT TO THE CITY

The LMCIT shall make payment to the City in the amount of Sixty-Four Thousand Two Hundred Eighty-Five and 71/100 dollars (\$64,285.71), the sufficiency of which is hereby acknowledged. The payment will be issued within five (5) business days of receiving the completed and signed release from the City of Northfield.

III. RELEASE OF ALL CLAIMS

In consideration of the payment to be made pursuant to Paragraph II of this Agreement, the City does hereby release, acquit and forever discharge the LMCIT and its past, present and future officers, directors, employees, agents, parent companies, affiliates, subsidiaries, insurers, reinsurers, successors and assigns, of and from any and all Claims, damages, loss, actual or potential liability and from any and all past, pending, future, legal, equitable, fixed, contingent, matured, liquidated, unliquidated, known or unknown claims, asserted or un-asserted, rights, demands or causes of action, or any other coverage or benefits under The Covenant (or with respect to any aspect of the LMCIT's performance of its obligations thereunder) that arise from The Loss and The Claims that resulted or could have resulted from The Loss, including but not limited to any and all Claims that were or could have been asserted as a result of or arising out

of The Loss and The Claims made by the City under The Covenant arising from The Loss. The Claims released are those related to first-party coverage as between City and LMCIT, and do not contemplate release of any unknown or potential claims that may be asserted by third parties against City. By distinguishing between first-party and third-party claims herein, City does not assert that all future claims may be covered by the referenced Covenant, nor does LMCIT concede such coverage. Any future third-party claims will be evaluated for coverage on their own merits if and when asserted, but this Release shall have no bearing on said evaluation.

IV. MISCELLANEOUS

A. Benefit of Counsel. The City acknowledge that they read this Agreement carefully and completely; that they had the advice and assistance of legal counsel and have not been influenced to any extent whatsoever by any representations or statements made by the LMCIT or their agents other than those contained in this Agreement; and they knowingly and voluntarily execute this Agreement. Any ambiguities in this Agreement are not to be construed for or against either party.

B. No Promises. This Agreement is a compromise and settlement of a disputed demand for insurance coverage under The Covenant and is the product of arms-length negotiations. No promises, inducements or consideration have been offered and accepted or given except as set forth herein.

C. Integration Clause. This Agreement constitutes the entire agreement among The Parties with respect to the subject matter of this Agreement, and there are no other terms, obligations, covenants, representations, statements or conditions except as set forth in this Agreement. No change or amendment to this Agreement shall be effective unless in writing and signed by each of the Parties to the Agreement. Failure to insist upon strict compliance with

any term or provision of this Agreement shall not be deemed to be a waiver of any rights because of a subsequent act or failure to act.

D. Successors and Assigns. This Agreement inures to the benefit of and binds the Parties to this Agreement and their respective legal representatives, successors and assigns, without limitation, and wherever the terms the LMCIT and/or City appear in this Agreement, it shall be deemed to include such legal representatives, successors and assigns.

E. Costs and Expenses. Each party to this Agreement shall bear its own costs and expenses, including attorneys' fees, incurred in connection with the preparation and negotiation of this Agreement.

F. Jurisdictional Venue. This Agreement shall be governed by and construed and enforced in accord with the laws of the State of Minnesota.

CITY OF NORTHFIELD

Dated: _____, 2021

By: _____
Its: Mayor

By: _____
Its: City Clerk

By: _____
Its: City Administrator

LMCIT

Dated: _____, 2021

By: _____
Its: Claims Manager