

NORTH ZUMBRO SANITARY SEWER DISTRICT
Joint Powers Executive Committee Regular Meeting
May 7th, 2025
11:00 A.M.
Zumbrota City Council Chambers
Zumbrota, MN

I. CALL TO ORDER

II. ROLL CALL

LR___ EH___ MB___ BG___

JM___ TR___ SO___ MO___

BA___ CB___ RS___ GG___ BT___

III. ADOPT AGENDA _____

***CONSENT AGENDA _____**

ALL ITEMS LISTED WITH AN ASTERISK (*) ARE CONSIDERED ROUTINE OR NON-CONTROVERSIAL BY THE EXECUTIVE COMMITTEE AND WILL BE APPROVED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION ON THESE ITEMS UNLESS A DIRECTOR OR ENGINEER SO REQUESTS, IN WHICH CASE THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND BE CONSIDERED IN ITS NORMAL SEQUENCE ON THE AGENDA.

- *A) **Executive Committee Minutes = 4/2/2025**
- *B) **Bills-Accounts Payable 3/22/2025 – 4/25/2025**
 - 1. WHKS Invoice #54161 for \$202,153.06**
 - 2. Goodhue County Treasurer Property Taxes**
 - a. PID 72.450.0010 for \$1,350 (\$675 due May 15)**
 - b. PID 72.450.0050 for \$12.00 (\$12 due May 15)**
- *C) **PFA Disbursement Request Form**

IV. PUBLIC COMMENTS

INDIVIDUALS MAY ADDRESS THE EXECUTIVE BOARD ABOUT ANY ITEM OF CONCERN. SPEAKERS MUST STATE THEIR NAME AND LIMIT THEIR REMARKS TO FIVE MINUTES. GENERALLY, THE EXECUTIVE BOARD WILL NOT TAKE OFFICIAL ACTION ON THESE ITEMS BUT MAY REFER THE

MATTER TO STAFF FOR A FUTURE REPORT OR DIRECT THAT THE MATTER BE SCHEDULED FOR A FUTURE MEETING AGENDA.

V. OLD BUSINESS

A) Bonding Bill Update

- a. MPCA suggested language
- b. PSIG/Bonding Bill/CWSRF funding discussion

B) Congressional Directed Spending

C) Land Ownership (rent, maintenance, insurance, etc.)

D) Regulatory Meetings

- a. MPCA permitting meeting (PEL, EAW, NPDES) – 4/7/2025
- b. MPCA permitting meeting (NPDES, sulfate limit) – 4/15/2025
- c. Wetland TEP meeting 4/23/2025
- d. EAW MPCA meeting 5/7/2025

E) Invoice from City of Pine Island – Reimbursement of legal fees for \$4,265.40

VI. NEW BUSINESS

A) IUP Applications for CWSRF – Due 6/6/2025

VII. ADJOURN

Time: _____ Motion: _____ Second: _____

**NORTH ZUMBRO SANITARY DISTRICT
Joint Powers Executive Committee Meeting
Wednesday, April 2, 2025 9:00 A.M.
Zumbrota City Council Chambers
Zumbrota, MN**

CALL TO ORDER: Chair Elizabeth Howard.

PRESENT: Executive Committee Directors: Brian Grudem – Zumbrota, Elizabeth Howard – Pine Island, Lisa Redepenning – Goodhue, and Michael Boulton – Wanamingo
Executive Committee Alternate Directors: Todd Robertson – Pine Island, Jason Mandelkow – Goodhue, and Michael Olson – Zumbrota

ABSENT: Executive Committee Alternate Directors: Stuart Ohr - Wanamingo

ALSO PRESENT: Bill Angerman – WHKS, Glenn Gustafson – WHKS, Craig Britton – Widseth, Reese Sudtelgte – ISG, Brandon Theobald – WHKS, and Tom Hanson – Winthrop & Weinstine

ADOPT AGENDA: Grudem motioned to approve, seconded by Redepenning. Passed 4-0-0.

CONSENT AGENDA: Boulton motioned to approve, Seconded by Grudem. Consent Agenda Items include: March 11, 2025 Executive Committee Meeting Minutes, WHKS Invoice #53877 for \$127,879.70, and PFA Disbursement Request Form. LMCIT Insurance Premium and City of Pine Island Invoice for Reimbursement were pulled from the consent agenda to be discussed in old business within land rent discussion. Passed 4-0-0.

PUBLIC COMMENTS: None

OLD BUSINESS:

Bonding Bill Update – Hanson stated that the House and Senate capital investment’s committee came out with target size of bonding bills. The current capacity, set by policy is around \$700 million. The Senate came out with a \$1.4 billion size. The House is expected to come out with a similar size target this week. The draft bonding bill will come out after Easter break. There is a possibility of a larger bonding bill in 2025 and another bonding bill in 2026. Hanson stated that the NZSSD Phase II options would be shared with legislators. Hanson gets the feeling that NZSSD will get some funding. Any funding will keep the project going. Howard asked what the funding number needed to keep going on the project. Angerman stated that the funding number varies. Angerman stated that each city is in a different situation for immediate need. The sanitary sewer district is a cheaper option than four separate WWTP. The engineers will refine the Phase II funding options and look closer into the number needed to keep the project going forward. Hanson will ask legislators what could be a reasonable capital request number for phase II. Engineers can then tailor Phase II based off the legislator’s thoughts on the reasonable capital request.

Congressional Directed Spending – Howard stated that the \$10.5 million applications for WWTP have either been or will be submitted to Senator Klobuchar, Senator Smith, and Congressman Finstad’s offices. Howard worked close with Nicki from Prairie Island’s Federal lobbyist to complete the application. Howard thanked everyone for obtaining letters of support from each of the communities so quickly. Howard stated that the project involving Prairie Island Indian Community allowed the funding sources to request out of non-traditional funds. Howard stated that the request is for the treatment facility and that we should request funds for another phase in the future.

Land Ownership (rent, maintenance, insurance, etc.) – Howard and Boulton signed the land rental agreement with Jim Wendt. Wendt signed the agreement last week and provided the 2025 cash rent check for \$4,984.50. Howard will file the original lease and send copies to the Wendt's'. Howard brought up the LMCIT Insurance Premium owed of \$2,382. Boulton moved to approve paying the LMCIT insurance premium of \$2,382 out of the cash rent, seconded by Grudem. Passed 4-0-0. Howard brought up the City of Pine Island Invoice for Reimbursement of \$4,265. Howard stated that there would be \$2,602.50 remaining from the cash rent. Grudem moved to approve reimbursement of \$2,602.50 from cash rent to City of Pine Island while the remaining \$1,662.50 will be invoice evenly (\$415.62) to each of Cities, seconded by Redepinning. Passed 4-0-0.

NEW BUSINESS:

Upcoming Meetings

- a. **MPCA permitting meeting 4/7/2025** – Angerman stated that we are moving out of the discharge limit phase with the MPCA. We are now moving into the environmental reviews and other departments within the MPCA. Angerman stated that reviews such as air quality, noise, and community impact will start to take shape. Gustafson stated that we have submitted anti-degradation and EAW. The MPCA will be reviewing and providing comments. Angerman stated that once the MPCA comments are provided and answered that there would be public hearings that will be scheduled for the EAW. Angerman stated that only the engineers would be required at the MPCA permitting meeting. Everyone else is welcome, but not needed to attend.
- b. **Wetland TEP meeting 4/23/2025** – This meeting is on-site with engineering team. Britton stated that everyone is welcome to attend, but are not required. Howard stated that everyone should be made aware of the meetings, but are not required to attend.

Funding – Phasing Discussion – Angerman stated that pumping to cities and grading is the most logical phase II portion of the project. Angerman had sent over details to Boulton for potential phasing. Goodhue – forcemain and lift station - \$5.55 million, Pine Island – forcemain and lift station - \$10.74 Million, Wanamingo forcemain and lift station - \$6.64 million, Zumbrota – forcemain and lift station - \$2.55 million, and WWTP site grading and entrance road - \$3 million. Angerman stated that any amount award could be tailored to phase II, however there should be a discussion on a minimum to accept and move forward. Angerman stated that the capital cost is similar but it is still slightly cheaper for regional option than individual plants. Angerman stated that there is significant savings in the operation and maintenance of long-term operation of a regional facility. Angerman stated that it is a timing issue as each of the communities have different timing needs for a WWTP. Gustafson stated that MN PFA will only provide funding to individual cities for PSIG. The loan portion could be broken out into percentages. Howard asked when a Sanitary Sewer District would officially be approved by the State and who would take on debt for local cost share portion. Boulton stated that the State would need to formally approve the Sanitary Sewer District with match funding, such as from a bonding bill. Boulton stated that if officially formed, the Sanitary Sewer District would take on the debt and be paid back by sewer rates from each of the communities.

PFA Annual Reporting/Audit – Howard had obtained a quote from Pine Island Auditors, Abdo, for \$10,000 to conduct the standalone audit. Boulton had received a quote from Smith Schafer & Associates for \$10,000 to conduct a standalone audit. Howard stated that NZSSD has spent roughly \$2.5 million on nine transactions. Howard stated that MN PFA will not allow grant funds to be utilized on an audit. The cities will need to split the costs of the audit. Grudem moved to approve Abdo quote for \$10,000 to conduct a standalone audit for the NZSSD while dividing the costs to be invoiced to each of the cities for \$2,500, seconded by Redepinning. Passed 4-0-0.

*The next meeting will be May 7, 2025 at 11:00AM.

Adjourn: At 11:34AM a motion to adjourn was made by Grudem and seconded by Redepenning. Passed 4-0-0.

Signed:

Attest:

Elizabeth Howard, Chair

Michael Boulton, Secretary



engineers + planners + land surveyors

2905 South Broadway
Rochester, MN 55904-5515
Phone: 507.288.3923
Federal ID: 42-0943938

May 05, 2025

Project No: 09870.00

Invoice No: 54161

Elizabeth Howard
Executive Committee Chair
North Zumbro Joint Powers Sanitary Sewer District
250 South Main Street
Pine Island, MN 55963

Project 09870.00 North Zumbro Joint WWTF and Conveyance

Professional Engineering Services from March 22, 2025 through April 25, 2025

Phase 011 Project Management and Administration
Technical Services 11,569.92

Total this Phase \$11,569.92

Phase 013 Executive Committee Meetings
Technical Services 1,459.20

Unit Billing

Co Vehicle Mileage 38.50

Total this Phase \$1,497.70

Phase 026 Prepare EAW
Technical Services 1,945.60

Total this Phase \$1,945.60

Phase 027 Establish Effluent Limits
Technical Services 277.76

Total this Phase \$277.76

Phase 028 NPDES Permit
Technical Services 1,669.12

Total this Phase \$1,669.12

Phase 042 Lift Stations and Forcemains Topo Survey
Technical Services 1,719.68

Unit Billing

Co Vehicle Mileage 42.00

Total this Phase \$1,761.68

Phase 071 Process Preliminary Design - WHKS Lead
Technical Services 116,514.40

Project	09870.00	North Zumbro Joint WWTF and Conveyance			Invoice	54161
Expense - Unit		80.50	1,912.56	1,993.06		
Totals		202,153.06	2,088,076.79	2,290,229.85		



I & S Group, Inc.
 115 E. Hickory St.
 Suite 300
 Mankato, MN 56001
 507-387-6651
 www.ISGInc.com

WHKS
 1412 6th St SW
 PO Box 1467
 Mason City, IA 50402-1467

Invoice Number 116652
 Date 03/31/2025

**Project 23-30164 North Zumbro
 Sanitary Sewer District WWTF -
 Goodhue, MN**

Progress billing for professional services provided through date of invoice

Invoice Dates: March 1, 2025 - March 31, 2025

Description	Contract Amount	Prior Billed	Current Billed
Phase 1: Project Management & General Meetings			
1.1 Project Management & Administration	\$ 58,000.00	\$ 10,885.00	\$ 500.00
1.2 Project Kickoff Meeting	\$ 7,380.00	\$ 7,380.00	
1.3 Executive Committee Meetings	\$ 7,400.00	\$ 2,132.50	\$ 200.00
1.4 Technical Committee Meetings	\$ 27,000.00	\$ 6,063.20	
1.5 City Council Meetings	\$ 7,700.00		
1.6 Agency Stakeholder Meetings	\$ 3,950.00		
1.7 Public Outreach	\$ 6,120.00		
1.8 Sanitary District Formation	\$ 10,390.00		
Phase 2: MPCA Coordination/Permitting			
2.2.d Goodhue	\$ 76,325.00	\$ 76,325.00	
Phase 3: Funding Assistance			
3.2 PPL, IUP + PSIG Application	\$ 4,740.00	\$ 585.00	
Phase 5: Land Acquisition Assistance			
5.2 Lift Stations & Force mains Land Acquisition & Easement Assistance			
5.2.D Goodhue Lift Stations & Force mains Land Acquisition & Easement Assistance	\$ 14,800.00		
Phase 6: Demolition & Abandon Existing Sites			
6.4 Goodhue Demolition & Abandon Existing Sites	\$ 27,850.00		
Phase 7: Preliminary & Final Plant Design WHKS lead			
7.1 Process Design	\$ 4,560.00	\$ 250.00	



I & S Group, Inc.
 115 E. Hickory St.
 Suite 300
 Mankato, MN 56001
 507-387-6651
www.ISGInc.com

Description	Contract Amount	Prior Billed	Current Billed
7.4 Process Electrical & Control Instrumentation	\$ 408,400.00	\$ 392.50	\$ 110.00
7.6 Site Landscaping Plan - Main Facility	\$ 28,375.00		
Phase 9: Lift Station Design			
9.1 Pine Island Lift Station Design	\$ 22,625.00		
9.2 Zumbrota Siphon Preliminary Design	\$ 24,525.00		
9.3 Wanamingo	\$ 22,625.00		
9.4 Goodhue	\$ 108,865.00	\$ 115.00	
Phase 10: Forcemain & Local Collection System Design			
10.4 Forcemain and Local Collection System Design	\$ 386,450.00	\$ 7,000.00	\$ 8,610.00
Reimbursables			
	\$ 1,258,080.00	\$ 111,128.20	\$ 9,420.00

Invoice Amount \$9,420.00

Payment Terms: Net 30 days from invoice date. Past due balances are subject to late fees in the amount of 1.5% per month.
 If you have a question regarding your invoice or are interested in receiving invoices electronically, please e-mail AR@ISGInc.com

Automated Clearing House (ACH) Instructions

Account Name: I&S Group, Inc.
ABA/Routing Number: 073000642
Account Number: 2348642289
Send Remittance to: AR@ISGinc.com



509 W. 5th Street
 Red Wing, MN 55066
 651-385-3040
 goodhuecountymn.gov

Taxpayer ID #: 54627

Property ID Number: RP 72.450.0010

NORTH ZUMBRO SANITARY SEWER DISTRICT JPA
 PO BOX 280
 PINE ISLAND MN 55963

Property Description: DOC#702416 LOT 1 BLK 1 NORTH ZUMBRO SUBDIVISION

Property Address:

2025 Property Tax Statement

VALUES AND CLASSIFICATION		
Taxes Payable Year:	2024	2025
Step 1	Estimated Market Value:	N/A 427,400
	Homestead Exclusion:	N/A 0
	Taxable Market Value:	N/A 427,400
	New Improvements:	N/A
	Property Classification:	N/A AG HSTD
		N/A
		N/A
		N/A
		N/A
<i>Sent in March 2024</i>		
PROPOSED TAX		
Step 2		N/A
		<i>Sent November 2024</i>
PROPERTY TAX STATEMENT		
Step 3	First half taxes due MAY 15:	675.00
	Second half taxes due NOVEMBER 15:	675.00
	Total Taxes Due in 2025:	1,350.00

\$\$\$ REFUNDS?

You may be eligible for one or even two refunds to reduce your property tax. Read the back of this statement to find out how to apply

Taxes Payable Year	2024	2025
1. Use this amount on Form M1PR to see if you are eligible for a property tax refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.	<input type="checkbox"/>	0.00
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.	N/A	
Property Tax and Credits		
3. Property taxes before credits	N/A	1,627.92
4. Credits that reduce property taxes:		
A. Agricultural Market Value Credits	N/A	-277.92
B. Other Credits	N/A	0.00
5. Property taxes after credits	N/A	1,350.00
Property Tax by Jurisdiction		
6. County: GOODHUE	N/A	873.28
7. City or Town: ZUMBROTA TWP	N/A	199.82
8. State General Tax	N/A	0.00
9. School District: 2805		
A. Voter Approved Levies	N/A	63.64
B. Other Local Levies	N/A	201.98
10. Special Taxing Districts:		
A. TIF	N/A	0.00
B. Other	N/A	11.28
11. Non-school voter approved referenda levies		
12. Total property tax before special assessments	N/A	1,350.00
Special Assessments on Your Property		
13. Special Assessments	N/A	
	N/A	
	N/A	
	N/A	
14. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	N/A	1,350.00

2 PAYABLE 2025 2ND HALF PAYMENT STUB

TO AVOID PENALTY PAY ON OR BEFORE NOVEMBER 15
 Property ID #: RP 72.450.0010
 Taxpayer ID #: 54627

Make Checks Payable to Goodhue County

SECOND 1/2 TAX AMOUNT DUE: 675.00

PENALTY: TOTAL:

Taxpayer: NORTH ZUMBRO SANITARY SEWER DISTRICT JPA
 PO BOX 280
 PINE ISLAND MN 55963

Goodhue County Finance & Taxpayer Services
 509 W. 5th Street
 Red Wing, Minnesota 55066



Call us at 651-385-3040 to set up automatic withdrawal. Initial payment must be arranged three weeks prior to due date.



Indicate Address Change

1 PAYABLE 2025 1ST HALF PAYMENT STUB

TO AVOID PENALTY PAY ON OR BEFORE MAY 15
 Property ID #: RP 72.450.0010
 Taxpayer ID #: 54627

Make Checks Payable to Goodhue County

FULL TAX AMOUNT: 1,350.00

FIRST 1/2 TAX AMOUNT DUE: 675.00

PENALTY: TOTAL:

Taxpayer: NORTH ZUMBRO SANITARY SEWER DISTRICT JPA
 PO BOX 280
 PINE ISLAND MN 55963

Goodhue County Finance & Taxpayer Services
 509 W. 5th Street
 Red Wing, Minnesota 55066



Call us at 651-385-3040 to set up automatic withdrawal. Initial payment must be arranged three weeks prior to due date.



Indicate Address Change

Detach and return this stub with your 2nd half payment.

Detach and return this stub with your 1st half payment.



MINNESOTA

PUBLIC FACILITIES AUTHORITY

Water Infrastructure Project Disbursement Request Form

Recipient - Contract ID: North Zumbro SSD_SPAP_01

Project Title: North Zumbro Sanitary District Project

Disbursement request details: Request Number: 12 Amount: \$202,153.06

notes:

Prepared by: Elizabeth R. Howard

Authorized by: Name (print) Elizabeth R. Howard

Title/phone City Administrator - 507-356-4591 ext. 9

Sign/date [Signature] 05/06/25

I hereby certify that this request for disbursement is, to the best of my knowledge and belief, true and accurate and made in accordance with the conditions of the project agreement, and that I am authorized to request disbursements on behalf of the recipient.

MPFA approvals:

Table with 4 columns: MPFA Loan Officer, date, MPFA Executive Director, date. Content: #N/A

The remainder of this form is reserved for MPFA Disbursement Coding.

The Note for this project is: N/A-grant only

Loan Officer - please check this box IFF this is the final request on this project: []

MN Public Facilities Authority - Water Infrastructure Project Disbursement Request Form

Instructions

Disbursement requests must be received by PFA no later than the 15th of each month in order to be paid during that month. Generally, disbursements will be processed on the Wed following the 4th Tue. Recipients are advised to include a provision in their contracts specifying contractor deadlines for invoice submittal, so that local approval can be coordinated with the PFA disbursement schedule.

To request funds, an authorized official of the recipient entity must sign a completed Project Disbursement Request Form, to be submitted by mail, e-mail or fax (**ONLY ONE**) to your MPFA loan officer. Copies of invoices and supporting documents must be submitted with the request. Retain a copy of the request and all documentation for your files.

The request form contains a certification. Each certification relates to the request and related back-up for expenditures, as to accuracy and compliance with agreement conditions.

In addition, if the PFA project funding includes or may include federal monies, the certification also includes language regarding labor standards compliance. U. S. Department of Labor Davis Bacon regulations at 29CFR 5.5(a)(1) require that covered employees are properly paid the full amount of required wages and fringes, that workers are compensated for the type of work being performed according to the classification, and additional classifications, if needed, were sought and employees paid the approved rate. For full text of 29 CFR 5.5(a)(1) see hyperlink below:

[29 CFR 5.5\(a\)\(1\)](#)

<-- this is the hyperlink; below is the full web url:

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&rgn=div5&view=text&node=29:1.1.1.1.6&idno=29#29:1.1.1.1.6.1.27.4>

If the Recipient has hired a consulting engineer or other consultant for labor standards compliance, obtain a signed and dated certification from that entity that states "To the best of our knowledge, the certified payroll records received in connection with invoice number (identify number) from (identify contractor(s)) are in compliance with the U.S. Department of Labor prevailing wage requirements of 29 CFR 5.5(a)(1)." Keep the signed certifications on file with the disbursement request.

The *Summary of Project Costs* form may be useful to track project costs through the disbursement phase. Please submit this form with the Disbursement Request Form and supporting documents.

Submit completed and signed the Project Disbursement Request Form and all supporting invoices and other documentation, by **ONLY ONE** of the following methods:

mail: Minnesota Public Facilities Authority
#N/A
332 Minnesota Street, W820
1st National Bank Building
Saint Paul, MN 55101-1378

OR e-mail: [#N/A](#)

OR fax: 651-296-8833

MN Public Facilities Authority
Project Disbursement Request - Summary of Project Costs

Recipient - Contract ID: **North Zumbro SSD_SPAP_01**

SPAP:	MPFA-SPAP-G-061-FY24	\$	10,000,000
			\$ 10,000,000

note to recipient: complete the yellow-highlighted boxes below for each request:

The costs detailed below relate to **Project Disbursement Request #:** 12

	Cost descriptions		Amounts
A.	Non-Construction: Engineering	\$	202,153.06
	Legal/Finance		
	Administration	\$	-
	Other		
	Total Non-Construction	\$	202,153.06
B.	Construction:		
	<u>Clean Water...</u>		
	<u>Drinking Water...</u>		
	Treatment Facilities	\$	-
	Treatment		
	Collector Systems	\$	-
	Transmission & Distribution		
	Interceptor	\$	-
	Source (Wells/surface water intakes)		
	Lift Station	\$	-
	Storage / Water Tower		
	Equipment	\$	-
	Other		
	Other	\$	-
	Total Construction	\$	-
C.	Total disbursement request (A + B):	\$	202,153.06
D.	Total of previous requests submitted to PFA ** (see pg 2 for detail):	\$	3,061,285.56
E.	Total requested to date (C + D):	\$	3,263,438.62
F.	Original award total from above:	\$	10,000,000.00
G.	Remaining un-drawn balance (F – E):	\$	6,736,561.38

Notes:

page 2 may be used by the recipient for tracking past disbursement requests on this project

** History of payment requests submitted to PFA:

Req #	Dated	Notes	\$ amount Requested	\$ amount Paid by PFA
1	05/16/24		\$ 894,082.89	\$ 894,082.89
2	06/11/24		\$ 97,365.45	\$ 97,365.45
3	08/14/24		\$ 145,397.77	\$ 145,397.77
4	09/16/24		\$ 60,053.89	\$ 60,053.89
5	10/15/24		\$ 1,029,827.54	\$ 1,029,827.54
6	11/14/24		\$ 124,868.17	\$ 124,868.17
7	12/12/24		\$ 117,642.42	\$ 117,642.42
8	01/16/25		\$ 110,208.82	\$ 110,208.82
9	02/05/25		\$ 152,346.73	\$ 152,346.73
10	03/07/25		\$ 201,612.18	\$ 201,612.18
11	04/01/25		\$ 127,879.70	\$ 127,879.70
12	05/06/25		\$ 202,153.06	
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total requested / paid prior to this request:			\$ 3,263,438.62	\$ 3,061,285.56

Covenant Number:
CMC_1005477-1

Previous Covenant Number:

COMMON COVERAGE DECLARATIONS
Coverage is Provided by:
**THE LEAGUE OF MINNESOTA CITIES
INSURANCE TRUST**
(Herein called LMCIT)



Item 1. **MEMBER and MAILING ADDRESS**
NORTH ZUMBRO SANITARY SEWER REGIONAL FACILITY

PO BOX 280
PINE ISLAND, MN 55963

COVERAGE PERIOD:
From: 04/24/2025 To: 04/24/2026

Item 2. **12:01 AM Standard Time at Mailing Address on
Common Coverage Declarations**

Item 3. **THE COVERED PARTY IS:** JOINT POWERS ENTITY

Item 4. **COVERAGE PARTS:**

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS COVENANT, LMCIT AGREES TO PROVIDE THE COVERED PARTY WITH COVERAGES SHOWN BELOW FOR WHICH A PREMIUM CHARGE IS STATED:

PROPERTY, CRIME, BOND, and PETROFUND	Premium
Property	<u>NOT COVERED</u>
Crime	<u>INCLUDED</u>
Bond	<u>NOT COVERED</u>
Petrofund	<u>INCLUDED</u>
FIRST PARTY CYBER	<u>\$ 893</u>
EQUIPMENT BREAKDOWN	<u>NOT COVERED</u>
MUNICIPAL LIABILITY	<u>\$ 1,399</u>
Medical and Related Expense	<u>INCLUDED</u>
AUTOMOBILE LIABILITY	<u>\$ 90</u>
AUTOMOBILE PHYSICAL DAMAGE	<u>INCLUDED</u>
TOTAL	<u>\$ 2,382</u>

Item 5. **GENERAL ANNUAL AGGREGATE DEDUCTIBLE:** DOES NOT APPLY

Item 6. **PREMIUM IS DUE AND PAYABLE:** 1-Pay (100% down, no Service Fees)

Item 7. **FORMS APPLICABLE TO ALL COVERAGE PARTS:**
CCM(11/23)

Item 8. **DECLARATIONS APPLICABLE:**
DEC-011(03/25) DEC-012(11/23) DEC-013(01/25) DEC-016(11/23)
DEC-022(01/25)

COMMON CONDITIONS

ALL COVERAGE PARTS INCLUDED IN THIS COVENANT ARE SUBJECT TO THE FOLLOWING CONDITIONS:

1. CANCELLATION AND NON-RENEWAL

- a. The *member* shown in the Declarations may cancel this covenant by mailing or delivering to *LMCIT* advance written notice of cancellation.
- b. *LMCIT* may cancel this covenant by mailing or delivering to the *member* shown in the Declarations written notice of cancellation at least:
 - (1) 10 days before the effective date of the cancellation if *LMCIT* cancels for nonpayment of premium;
or
 - (2) 30 days before the effective date of the cancellation if *LMCIT* cancels for any other reason.
- c. *LMCIT* will mail or deliver its notice to the *member* shown in the Declarations last mailing address known to *LMCIT*
- d. Notice of cancellation will state the effective date of cancellation. The coverage period will end on that date.
- e. If this covenant is canceled, *LMCIT* will send the *member* shown in the Declarations any premium refund due. If *LMCIT* cancels, the refund will be pro-rata. If the *member* cancels, the refund may be less than the pro-rata. The cancellation will be effective even if *LMCIT* has not made or offered a refund.
- f. If *LMCIT* decides not to renew this covenant, *LMCIT* will mail or deliver to the *member* shown in the Declaration written notice of the non-renewal not less than 30 days before the expiration date.
- g. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. CHANGES

This covenant contains all the agreements between *LMCIT* and the *member* concerning the coverage afforded. The *member* shown in the Declarations is authorized to make changes in the terms of this coverage agreement with the consent of *LMCIT*. The coverage terms can be amended or waived only by endorsement issued by *LMCIT* and made a part of this covenant or by acknowledgment by *LMCIT* that an endorsement will be issued at a later date.

3. RATING AUTHORITY AND EXAMINATION OF THE MEMBER'S BOOKS AND RECORDS

LMCIT shall have full discretionary authority to promulgate rates and establish the premium to be charged for the coverage period under this covenant.

LMCIT may, at its discretion or at the member's request, examine and audit the member's books as they relate to this covenant during the coverage period and up to one year thereafter and, accordingly, make any necessary adjustments in premium. No premium adjustments will be made after one year following the expiration of the coverage period.

4. INSPECTIONS AND SURVEYS

LMCIT has the right, but it is not obligated to:

COVENANT NUMBER: CMC 1005477-1

- a. Make inspections and surveys at any time.
- b. Give the *member* reports on the conditions it finds; and
- c. Recommend changes.

Neither *LMCIT's* right to make inspections nor its making any report thereon shall constitute any undertaking on behalf of or for the benefit of the *member* or others to determine or warrant that such property or *operations* are safe or healthful or free from hazard or are in compliance with any law, rule or regulation.

These conditions apply not only to *LMCIT*, but also to any rating advisory, rate service, or similar organization which makes inspections, surveys, reports, or recommendations.

5. PREMIUMS

The *member* shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums.

6. TRANSFER OF THE *MEMBER'S* RIGHTS AND DUTIES UNDER THIS COVENANT

The *member's* rights and duties under this covenant may not be assigned or otherwise transferred without the written consent of *LMCIT*.

7. OVERLAP OF COVERAGE

In the event of a dispute between *LMCIT* and one or more insurers as to which policy or coverage agreement applies to a covered loss, *LMCIT* shall indemnify the *member* for any legal or other expenses which are necessarily incurred by the *member* in determining whether *LMCIT* or the insurer(s) shall bear the loss. Such indemnification shall be made only if it is determined that payment of the loss shall be made under this covenant. If the loss is shared by *LMCIT* and one or more insurers, indemnification shall be made in the same proportion as the loss payment. The *member* and *LMCIT* shall cooperate in the development and execution of reasonable procedures to resolve the dispute.

8. ASSESSIBILITY

All *cities* in the joint coverage pool are jointly and severally liable for all claims and expenses of the pool. The amount of any liabilities in excess of assets may be assessed to the members of the pool when a deficiency is identified.

9. NUCLEAR HAZARD

LMCIT, under this covenant, does not cover any loss or claim for damage that is caused in part or in total by nuclear reaction or radiation, or radioactive contamination, however caused.

10. CONCEALMENT OR FRAUD

This covenant is void if the *member* has intentionally concealed or misrepresented any material fact or circumstance relating to this covenant.

11. OTHER COVERAGE

- a. Except as provided in paragraph b., this coverage is excess over the following:
 - (1) Any liability insurance policy of another party on which the *covered party* is an additional insured or additional named insured.

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- (2) Any other valid and collectible insurance policy or other coverage, whether such other policy or coverage is primary, excess, contingent, or any other basis, unless that policy or coverage is specifically written to be excess over this covenant.
- b. This coverage is primary for any of the following losses:
- (1) A covered loss of *business personal effects*, with respect to any coverage provided under the *employee's* homeowners' insurance or similar coverage.
 - (2) A covered loss of *contents or mobile property* in the *member's* care, custody and control that is used to maintain the *operations* of the *member*, with respect to coverage provided under an insurance policy of the owner covering that property.
 - (3) A covered loss resulting from the *member's* maintenance or use, including *loading or unloading*, of any *owned automobile* that is not a *trailer*.
 - (4) A covered loss resulting from the *member's* maintenance or use, including *loading or unloading*, of any *trailer* the *member* does not own but which is connected to an *owned automobile*.
 - (5) Any covered liability claim against a party who has been added by endorsement as an additional *covered party* under this covenant, unless that endorsement specifically provides that this covenant is excess.
 - (6) A covered loss to a *covered automobile* as provided by the Municipal Automobile Physical Damage Coverage.
 - (7) A covered loss to a *builder's risk property* as provided by *Buildings in the Course of Construction, Alteration or Repair Coverage*.

12. RECOVERIES

Except as otherwise required by statute, any "net recovery" from a third party on a covered loss will be allocated between the *member* and LMCIT in proportion to their respective shares of the total covered loss. "Net recovery" means the total amount recovered from a third party; minus the cost of obtaining that recovery; but "net recovery" does not include amounts LMCIT recovers from a reinsurer, The *member's* share of the covered loss includes any applicable deductible; any amounts for which the *member* is responsible under any co-pay provisions; and any amounts which exceed the applicable coverage limit.

13. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO LMCIT

Except as provided below, if any person or organization to or for whom LMCIT makes payment under this covenant has rights to recover *damages* from another, those rights are transferred to LMCIT to the extent of LMCIT's payment. That person or organization must do everything necessary to secure our rights and must do nothing before or after a loss to impair them.

- a. The *member* may waive the *member's* rights against another party in writing prior to a covered loss or *damage* but this does not apply to a covered loss or *damage* as provided by the Municipal Bond Coverage or Municipal Crime Coverage. The *member* does not need to notify LMCIT in writing.
- b. The *member* may waive the *member's* rights against another party in writing after a covered loss or *damage* as provided by the Municipal Property Coverage, only if at the time of loss that party is one of the following:
 - (1) Another *covered party* covered by this covenant
 - (2) Another entity
 - (a) Owned or controlled by the *member*, or

(b) That owns or controls the *member*.

14. DUTY TO COOPERATE

The *member*, or other *covered party*, including its officers, employees or agents, shall fully cooperate with LMCIT in the processing and investigation of claims under this covenant. In addition, the *member*, or other *covered party*, including its officers, employees or agents, shall not take any action nor do anything that would impair or prejudice the investigation or processing of any claim, or LMCIT's defense of any claim or *suit*. If the *member*, or other *covered party*, including its officers, employees or agents fails to cooperate or takes any action or does anything that impairs or prejudices the investigation or processing of any claim, or LMCIT's defense of any claim or *suit*, LMCIT shall have the right to withdraw coverage with respect to such claim or *suit* or to modify, cancel or not renew coverage. Notwithstanding the above, nothing herein shall be construed to apply to a legitimate response by the *member*, a *covered party*, or any of its officers, employees and agents, to a request for information made as part of a legal proceeding or pursuant to other statutory or legal obligation; nor shall it be deemed to apply to an action brought by a *covered party*, or any of its officers, employees or agents against the *member* or another *covered party*.

15. COVENANT EXPIRATION DATE

Covenant expires on the expiration date unless the *member* has requested that coverage be extended and LMCIT has sent a written confirmation of the extension to the *member*.

16. RIGHT TO OFFSET

Notwithstanding any other provision of this covenant to the contrary, if the *member* fails to make timely payment of amounts owed to LMCIT, including premiums, penalties, deductibles, co-pays, premium audit adjustments or retrospective rating plan charges, LMCIT, in addition to other remedies available to it, shall have the right to retain and offset any amounts owed to the *member* and apply the amounts so retained against the unpaid and overdue amounts. Amounts owed to the *member*, which are subject to an offset include, but are not limited to, dividends, premium audit adjustments, retrospective rating plan adjustments, and claims payments owed to the *member* by LMCIT.



Item 13. **COVERAGE PART THREE - BOND**

LIMIT OF COVERAGE PER OCCURRENCE: \$ _____

DEDUCTIBLE (Deductible applies per *occurrence* subject to General Annual Aggregate Deductible, if any, shown on Common Coverage Declarations):

COVERAGE PART THREE - BOND \$ _____ Per Occurrence

Item 14. **COVERAGE PARTS, FORMS, SCHEDULES AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE.**

Item 15. **COVERAGE PART FOUR - PETROFUND (Claims made)**

LIMITS OF REIMBURSEMENT BENEFIT	MAXIMUM
<i>REIMBURSABLE COSTS AND DEFENSE COSTS EACH TANK RELEASE</i>	\$ <u>250,000</u>
<i>REIMBURSABLE COSTS AND DEFENSE COSTS AGREEMENT TERM AGGREGATE</i>	\$ <u>250,000</u>
DEDUCTIBLE: COVERAGE PART FOUR - PETROFUND	<u>NOT APPLICABLE</u>

Item 16. **COVERAGE PARTS, FORMS, SCHEDULES AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE.**

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Item 17. **EQUIPMENT BREAKDOWN COVERAGE**

EQUIPMENT BREAKDOWN LIMIT: \$ _____
DEDUCTIBLE \$ _____ **ANY ONE ACCIDENT**

Item 18. **COVERAGE PARTS, FORMS, SCHEDULES AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE.**



**LEAGUE of
MINNESOTA
CITIES**

**MUNICIPAL PROPERTY COVERAGE
PART ONE**

MUNICIPAL PROPERTY, CRIME, BOND AND PETROFUND COVERAGE

WHAT IT IS AND WHERE YOU CAN FIND IT INDEX

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MUNICIPAL PROPERTY COVERAGE PART ONE

Various provisions in this covenant restrict coverage. Read the entire covenant carefully to determine rights, duties and what is or is not covered.

Words and phrases that appear in italics have special meaning, as given in SECTION VII - DEFINITIONS.

SECTION I - PROPERTY COVERAGE

1. COVERAGE AGREEMENT

We will pay for direct physical loss of or damage to *your* covered property unless the cause of loss or damage is not covered, as described under SECTION III - CAUSES OF LOSS AND DAMAGES NOT COVERED. The amount we will pay for loss or damage is limited as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.

a. COVERED PROPERTY

- (1) We will cover the following types of property:
 - (a) *Building/contents* described in the Schedule of Covered Property.
 - (b) *Property in the open* described in the Schedule of Covered Property.
 - (c) *Mobile property* if identified as covered on the Schedule of Covered *Mobile Property*.
- (2) We will pay for loss to *newly acquired or constructed building/contents* or *property in the open* at any one *location* as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.
- (3) We will pay for loss to *newly acquired or constructed mobile property* as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.
- (4) We will pay for loss to covered property in transit as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.
- (5) We will pay for loss to covered property that is temporarily at an *unscheduled location* that *you* do not own, lease or operate, as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.
- (6) We will pay for loss to *unscheduled seasonal or temporary buildings* as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.

b. PROPERTY NOT COVERED

We will not cover the following types of property:

- (1) *Aircraft*;
- (2) *Animals (except for police dogs)*;
- (3) *Automobiles*, vehicles, or self-propelled machines that are licensed for use on public roads;
- (4) Bills, currency, deeds, evidences of debt, money, notes or securities;
- (5) *Builders risk property*;

- (6) Bridges, roadways, walks, patios or other paved surfaces, except *golf course property*;
- (7) Contraband or property in the course of illegal transportation or trade;
- (8) Cost of excavations, grading, backfilling or filling;
- (9) Land, subsoil, crops or lawns except *golf course property*, materials necessary for a *green building* or materials necessary for a wastewater lagoon;
- (10) Pilings, piers, wharves or docks;
- (11) Underground and buried pipes, flues or drains including those that are part of the *member's* general collection system; except for underground and buried pipes, flues or drains that are:
 - (a) Part of the water treatment plant, wastewater treatment plant, lift station or gas reduction station; or
 - (b) Part of a geothermal heating and cooling system; or
 - (c) Part of a swimming pool or splash pad.
- (12) Foundations of *buildings*, structures, machinery or boilers if their foundations are below:
 - (a) The lowest basement floor; or
 - (b) The surface of the ground, if there is no basement.
- (13) Retaining walls that are not part of the covered property.
- (14) Electric power transmission and distribution system, including:
 - (a) Transmission and distribution lines, whether above or below ground; and
 - (b) Poles and equipment that are usual to the transmission of electricity in an electric power transmission and distribution system, except for those that are part of a substation, transformer or generation *location*.

Transmission and distribution lines means lines that carry electric energy to or from *locations* in an electric power transmission and distribution system.
- (15) Trees and shrubs that are not within 100 feet of a *building*.
- (16) Guardrails and bollards
- (17) *Cannabis products*, except for *low potency edible cannabinoid products*.

SECTION II - ADDITIONAL COVERED LOSS OR DAMAGE

1. COVERAGE AGREEMENT

We will provide coverage for the following loss or damage unless the cause of loss or damage is not covered, as described under SECTION III - CAUSES OF LOSS AND DAMAGES NOT COVERED. The amount we will pay for loss or damage is limited as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.

a. LOSS OF REVENUE, EXTRA EXPENSE AND EXPEDITING EXPENSE

We will pay for the actual *loss of revenue*, *extra expense* or *expediting expense* sustained by *you* due to the necessary suspension of *your operations* during the *period of recovery* caused by direct physical loss or damage to any covered property.

This coverage does not apply for:

- (1) The partial or total shut down or closure of property by order of governmental authority; or
- (2) The partial or total suspension of *your operations* by order of governmental authority.

b. DEMOLITION AND DEBRIS REMOVAL

We will cover the following expenses:

- (1) The cost of necessary demolition and removal of debris of covered property and non-covered property from a covered *location* resulting from direct physical loss or damage to covered property; or
- (2) The cost of removal of debris of non-covered property from *your covered location* which results from a *specified cause of loss*.

c. LEASEHOLD INTEREST

- (1) We will provide coverage for leasehold interest resulting from direct physical loss or damage to covered property.
- (2) Leasehold interest means:
 - (a) The excess of the fair *rental value* of similar premises over the actual rent payable by *you* as lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
 - (b) The rental income that would have been earned by *you* from sublease agreements, over and above the rental expense specified in the lease between *you* and the lessor.
- (3) When covered property is rendered wholly or partially untenable by a direct physical loss or damage and the lease is canceled by the lessor in accordance with the conditions of the lease or by statutory requirements of the state in which the damaged or destroyed covered property is located, we will cover the pro rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on *your* interest in:
 - (a) Improvements and betterments to covered property during the unexpired term of the lease that is not covered under any other section of Part One of the covenant; or
 - (b) The amount of advance rental paid by *you* and not recoverable under the terms of the lease for the unexpired term of the lease.
- (4) We will cover *your* leasehold interest when *your* covered property is rendered wholly or partially untenable and the lease is canceled by the lease or by statutory requirements of the state in which the damaged or destroyed covered property is located.
- (5) We will cover *your* leasehold interest for the first three months succeeding the date of the loss and the net lease interest for the remaining months of the unexpired lease. We will not be liable for any increase of loss that may be occasioned by the suspension, lapse, or cancellation of any license, or by the exercising of any option to cancel the lease.

d. ACCOUNTS RECEIVABLE

We will pay for loss or damage to *your accounts receivable* caused by direct physical loss or damage to *your accounts receivable*.

e. VALUABLE PAPERS AND RECORDS

We will pay for loss or damage to *valuable papers and records* caused by direct physical loss or damage to *your valuable papers and records*.

f. UTILITY SERVICES

- (1) We will pay for loss or damage to covered property caused by an interruption of a utility service to *your* covered property.
- (2) We will pay for the actual *loss of revenue, extra expense or expediting expense* sustained by *you* due to the

necessary suspension of *your operations* during the *period of recovery* caused by an interruption of a utility service to *your covered property*.

This interruption must be caused by direct physical loss or damage to *utility service property*.

g. GREEN BUILDING EXPENSES

We will cover the following expenses:

- (1) Reasonable and necessary extra cost for the recertification of the damaged covered property as required by a *Green Authority*.
- (2) Reasonable and necessary extra cost to recycle the damaged covered property as required by a *Green Authority*.

2. COVERAGE AGREEMENT

We will provide coverage for the following loss or damage. The amount we will pay for loss or damage is limited as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.

a. ASBESTOS CLEANUP, ABATEMENT AND REMOVAL

We will pay for *your* expense to clean up, abate or remove from covered property asbestos particles that are discharged, dispersed, or released, subject to the following conditions:

- (1) The discharge, dispersal or release must have occurred accidentally and must begin and end within 72 hours;
- (2) The discharge, dispersal or release must not be the result of planned building renovation, remodeling or demolition activities, except demolishing activities that are part of an otherwise covered loss; and
- (3) The expenses must be incurred within 90 days of the discharge, dispersal or release unless the expenses are approved by *LMCIT* in advance.

b. POLLUTANT CLEANUP AND REMOVAL

We will pay for:

- (1) *Your* expense to cleanup, abate or remove from covered property, *pollutants* other than asbestos, that are discharged, dispersed, or released; or
- (2) Except for damage caused by a *specified cause of loss*, direct physical loss or damage to *your covered property* resulting from the discharge, dispersal or release of *pollutants*.

This coverage is subject to the following conditions:

- (1) The discharge, dispersal or release must have occurred accidentally and must begin and end within 72 hours;
- (2) The discharge, dispersal or release must not be the result of planned building renovation, remodeling or demolition activities; and
- (3) The expenses must be incurred within 90 days of the discharge, dispersal or release.

c. ERRORS

We will pay for loss to any covered property for which there would otherwise be no coverage solely because of *your*:

- (1) Inadvertent error in the description or *location* of the *building/contents, property in the open, or builders risk property* covered by the covenant, which inadvertent error existed at the inception date of the covenant; or

- (2) Inadvertent error in the description or *location* of the *building/contents, property in the open, or builders risk property* in endorsements to the covenant; or
- (3) Inadvertent failure to schedule (a) any *building/contents, property in the open, or builders risk property* owned by the *member* at the inception of the covenant, or (b) any *newly acquired or constructed building/contents, property in the open, mobile property or builders risk property* during the term of the coverage document.

It is a condition of this coverage that such inadvertent error shall be reported and corrected when discovered.

This coverage does not apply to a loss to any item that is listed under Section I, 1. b. or to any error in the valuation or the estimated replacement cost of covered property.

d. RENTAL REIMBURSEMENT

We will pay for rental reimbursement expenses incurred by *you* for the rental of *mobile property* that was a result of a covered loss to *your mobile property*.

- (1) No deductibles apply to this coverage.
- (2) This coverage does not apply while there is spare or reserve equipment available to *you* for *your operations*.

e. ARSON REWARD

In the event that a covered fire loss was the result of an act of arson, *we* will reimburse *you* for rewards *you* pay for information leading to convictions for that act of arson.

f. EXTRAORDINARY EXPENSE

- (1) Extraordinary expense payment:

As a benefit associated with being a *member* of *LMCIT's* property/casualty program, upon submission of a claim *LMCIT* will pay for any extraordinary and unanticipated cost or expense the *member* incurs which:

- (a) Is necessary for the purpose of protecting the public health and safety, protecting *member* property, or meeting the *member's* legal obligations; and
- (b) Is not covered by any other provision of this covenant, any other *LMCIT* coverage covenant, or any insurance policy.

The *member* must provide to *LMCIT* any information or documentation needed or requested in order to determine if these conditions are met. The determination of whether these conditions are met will be at *LMCIT's* sole discretion.

- (2) The *member* at its discretion may elect to pursue recovery from third parties of any cost or expense paid under SECTION II, 2. f. The *member* is solely responsible for any costs incurred in pursuing recovery. The *member* may include such costs as part of its extraordinary expense claim, subject to the limit established in SECTION II, 2. f. (3). The provisions of Common Conditions 12 and 13 do not apply to claims paid under SECTION II, 2, f.

- (3) Limit:

LMCIT will not pay more than \$250,000 for claims under SECTION II, 2. f., during the coverage year, regardless of the number of claims, *occurrences* or incidents.

- (4) Reimbursement of extraordinary expense payment:

For any claims for extraordinary expense which are paid under SECTION II, 2. f. , the *member* must reimburse *LMCIT* as provided in this paragraph. The amount to be paid to *LMCIT* will equal the amount needed to reimburse *LMCIT* for the full amount of any claims that *LMCIT* pays under SECTION II, 2. f. The *member* may, at its discretion, reimburse *LMCIT* through payment of equal annual installments over a period of up to five years from the date the claim is paid. Each installment will be billed and payable at the same time as the *member's* annual renewal premium for *LMCIT* property/casualty coverage. If the *member* ceases to be a member of the *LMCIT*

property/casualty program, the full amount, together with any accrued interest, will be immediately due and payable on the date that the *member* ceases to be a *member*.

No interest will apply if reimbursement is made within one year of the date the cost or expense was incurred. If the *member* elects to pay the reimbursement in more than one annual installment, interest at the rate of 3% annually shall be included in the amount owed beginning one year from the date the cost or expense was incurred.

(5) Termination of benefits:

The *LMCIT* Board of Trustees may terminate the benefit provided under SECTION II, 2. f. at any time upon 10 days written notice to the *member*, if the Board determines that it is necessary to protect the interests of *LMCIT* or its *member* cities.

Termination of this coverage shall not affect any claims that the *member* has submitted to *LMCIT* before the effective date of termination of coverage.

SECTION III - CAUSES OF LOSS AND DAMAGES NOT COVERED

1. CAUSES OF LOSS NOT COVERED

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. WATER

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Door, windows or other openings;

except for coverage that is provided by water and supplemental flood coverage as described in SECTION IV - WATER AND SUPPLEMENTAL FLOOD COVERAGE.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

This exclusion does not apply to *mobile property*.

b. NUCLEAR HAZARD

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

c. WAR

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

d. ORGANIC PATHOGENS

- (1) *Organic pathogens*;
- (2) Any actual or alleged infectious disease, including but not limited to diseases arising out of coronaviruses; or
- (3) The fear or threat, whether actual or perceived, of *organic pathogens* or infectious disease.
- (4) Any action taken or failure to take action in controlling, preventing, suppressing or in any way responding to such actual, alleged or threat of infectious disease.
- (5) Any request, demand, order or statutory or regulatory requirement that the *member* or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of any *organic pathogen*.

This exclusion does not apply for *police dogs*.

e. CYBER

Unauthorized intrusive codes or programming, such as computer virus, hacking and ransomware events.

However, this exclusion does not apply for losses, costs or expenses caused by resulting fire, explosion, smoke, water damage, or leakage or discharge from fire extinguishing equipment; provided that this exception does not apply for any action undertaken by or on behalf of a foreign sovereign state. The provision for determining attribution to a foreign sovereign state is described in SECTION VIII – CONDITIONS.

2. DAMAGES NOT COVERED

We will not pay for the following:

- a. Damages caused by *artificially generated electric current claims* that are covered under any equipment breakdown coverage available to the *member*.
- b. Damage caused by the discharge, dispersal, seepage, migration, release or escape of *pollutants*.

This exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape of *pollutants* is itself caused by a *specified cause of loss*.

This exclusion does not apply to pollutant cleanup and removal as provided in SECTION II, 2.b.

- c. Damages caused by dishonest or criminal acts by *you*, or *your employees*:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by *your employees*; but theft by *employees* is not covered.

- d. Damages caused by explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by *you*, or operated under *your* control.

But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage.

We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the flues or passages through which the gases of combustion pass.

- e. The cost to repair or replace faulty workmanship, materials, construction or design.
- f. The cost to repair or replace mechanical breakdown, including rupture or bursting caused by centrifugal force.
- g. Damages caused by:
 - (1) Rust, corrosion, decay, deterioration, disease, or *organic pathogen*, hidden or latent defect, or any quality in property that causes it to damage or destroy itself;
 - (2) Mold or other fungus or fungi, fungal spores, or fungal fragments or metabolites, such as mycotoxins or volatile organic components;
 - (3) Settling, shrinking or expanding; or
 - (4) Wear and tear.

This exclusion does not apply if the above damage results from a *specified cause of loss*.

The exclusion for damages caused by disease does not apply to *police dogs*.

- h. Unexplained loss, mysterious disappearance, or shortage disclosed upon taking inventory.
- i. The following damage or loss caused by order of governmental authority:
 - (1) Seizure or destruction of property by order of governmental authority; or
 - (2) The partial or total shut down or closure of property by order of governmental authority; or
 - (3) The partial or total suspension of *your operations* by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this coverage part.

- j. The cost of fire department service charges that the *member* is legally obligated to pay.
- k. *PFAS* claims as set forth in the UME-56 endorsement "*PFAS Claims Exclusion*".
- l. The following damage or loss to or at any *vacant property*:
 - (1) Damage caused by continuous or repeated leakage or seepage of water that occurs over a period of 14 days or more; or
 - (2) Damage caused by mold or other fungus or fungi, fungal spores, or fungal fragments or metabolites, such as mycotoxins or volatile organic components.
- m. Insect damage to plants, including trees and shrubs.

SECTION IV - WATER AND SUPPLEMENTAL FLOOD COVERAGE

1. COVERAGE AGREEMENT

- a. For *your building/contents, property in the open, or builders risk property* subject to the exclusions and limitations in paragraph b. below, we will pay for:
 - (1) Direct physical loss of or damage to *your building/contents, property in the open, or builders risk property* described in the Schedule of Covered Property; and

- (2) Any additional covered losses or damages as described in SECTION II - ADDITIONAL COVERED LOSS OR DAMAGE as a result of direct physical loss of or damage to *your building/ contents, property in the open, or builders risk property* which are caused by:
- (a) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
 - (b) Mudslide or mudflow;
 - (c) Water that backs up or overflows from a sewer, drain or sump; or
 - (d) Water under the ground surface pressing on, or flowing or seeping through:
 - i) Foundations, walls, floors or paved surfaces;
 - ii) Basements, whether paved or not; or
 - iii) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will not pay for that resulting loss or damage under this SECTION IV.

- b. (1) For any *building/contents, property in the open, or builders risk property* for which Code A is shown on the Schedule of Covered Property, no additional exclusions apply to the coverage provided under this section.
- (2) For any *building/contents, property in the open, or builders risk property* for which Code B is shown on the Schedule of Covered Property, the coverage provided by this section is specifically in addition to and in excess of the applicable National Flood Insurance Program coverage.
- (3) For any *building/contents, property in the open, or builders risk property* for which Code C is shown on the Schedule of Covered Property, we will not pay for any loss or damage resulting from any *occurrence* which would be considered a flood for the purpose of the National Flood Insurance Program.
- (4) For any *newly acquired or constructed* covered property, covered property in transit, covered property that is temporarily at an *unscheduled location, or unscheduled seasonal or temporary buildings* as provided by SECTION I, 1.a., COVERED PROPERTY; or *builders risk property* as provided by SECTION V, 1., BUILDINGS IN THE COURSE OF CONSTRUCTION, ALTERATION, OR REPAIR COVERAGE, that are not shown on the Schedule of Covered Property, we will pay any loss or any damage as if the water and supplemental flood coverage was shown as Code C on the Schedule of Covered Property.

2. LIMITS OF COVERAGE

The maximum amount we will pay for all losses or damages covered under this SECTION IV is limited as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.

SECTION V - BUILDINGS IN THE COURSE OF CONSTRUCTION, ALTERATION, OR REPAIR COVERAGE

1. COVERAGE AGREEMENT

- a. We will pay for direct physical loss of or damage to *your builders risk property* unless the cause of loss or damage is not covered, as described under SECTION III - CAUSES OF LOSS AND DAMAGES NOT COVERED. The amount we will pay for loss or damage is limited as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.

- b. We will pay for loss to *builders risk property* in transit as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.
- c. We will pay for loss to *builders risk property* that is at a temporary *location* other than the construction *location* as described in SECTION VI - LIMITS OF COVERAGE AND VALUATION.
- d. We will also cover the interest of contractors and subcontractors in *builders risk property* during construction to the extent of the *member's* obligation for a covered physical loss or damage to such covered property as specified in the applicable contract. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform such work and such interest will not extend to any *loss of revenue*, *extra expense*, or *expediting expense* sustained by the contractor and subcontractors as provided by this covenant.

2. PROPERTY NOT COVERED

We will not cover the following types of property:

- a. Any *builders risk property* that:
 - (1) Is not described in the Schedule of Covered Property; and
 - (2) Has an approved estimated total project cost that exceeds \$3,000,000 as of the date construction commenced.
- b. Land, subsoil, crops or lawns except *golf course property* or materials necessary for a *green building*.

3. ADDITIONAL COVERED LOSS OR DAMAGE COVERAGE

We will pay for covered losses and damages as described in SECTION II - ADDITIONAL COVERED LOSS OR DAMAGE as a result of direct physical damage to *your builders risk property*.

4. WATER AND SUPPLEMENTAL FLOOD

We will pay for loss or damage to *your builders risk property* as described in SECTION IV - WATER AND SUPPLEMENTAL FLOOD COVERAGE.

5. ADDITIONAL DEFINITIONS

Project cost means the cost of construction, materials, and architectural, legal, financial and other professional services relating to the construction, alteration or repair project.

SECTION VI - LIMITS OF COVERAGE AND VALUATION

1. LIMITS OF COVERAGE

- a. We will not pay for more than the general limit per *occurrence* specified in Item 5 of the Declarations.
- b. We will not pay for more than the *specific property limit* for loss or damage to any *buildings/contents*, *property in the open* or *builders risk property* in any one *occurrence*.
- c. We will not pay for loss or damage in any one *occurrence* until the amount of loss or damage exceeds the Deductible in Item 7 of the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable limits of coverage:
 - (1) The Deductible applies against the total loss incurred by *you* from any one *occurrence*, regardless of the number of *locations* involved.
 - (2) If two or more deductibles in Item 7 of the Declarations for property coverage apply to one *occurrence* for *you*, the total to be deducted will not exceed the largest deductible applicable.
- d. The sublimits stated below are per *occurrence* per *location* and are part of and not in addition to the *specific property limit*:

- (1) The cost to reproduce or restore *electronic data*: \$1,000,000
 - (2) *Fine arts*: \$500,000
 - (3) *Personal effects*: \$25,000, but not to exceed \$2,500 per *employee*.
 - (4) *Business personal effects*: \$25,000, but not to exceed \$5,000 per *employee*.
 - (5) *Artificially generated electric current claims*: \$25,000.
 - (6) *Aesthetic impairment* to metal roofing: 70% of the cost to repair *aesthetic impairment*. For the purposes of this sublimit, metal roofing includes any roofing system or components of a roofing system including but not limited to metal panels, sheets, tiles, valley metal, metal roof vents, metal parapet wall caps, metal flashing, ridge vents/caps, eave trim/drip edge and flashings or any other undamaged roofing material that needs to be replaced in order to repair the damaged metal components.
- e. The sublimits stated below are per *occurrence* and are part of and not in addition to the general limit per *occurrence*:
- (1) Covered property in transit: \$250,000
 - (2) *Unscheduled location*: \$500,000
 - (3) *Golf course property*: \$100,000 per *occurrence* for direct damage to *golf course property* and debris removal of covered property and non-covered property.
- f. The sublimits stated below are in addition to the general limit per *occurrence*:
- (1) *Newly acquired or constructed building/ contents or property in the open* at any one *location*: \$5,000,000
 - (2) *Newly acquired or constructed mobile property*: \$500,000 per unit
 - (3) *Unscheduled seasonal or temporary buildings*: \$50,000 per *building*.
- g. Except as provided in paragraph h. the limits for the additional covered loss or damage are specified in Item 5 of the Declarations and are listed below. The limits are in addition to the general limit per *occurrence* and the *specific property limit*:
- (1) *Loss of revenue, extra expense and expediting expense*: \$5,000,000 per *occurrence*.
 - (2) Demolition and debris removal: For each *occurrence*, an amount equal to 25% of the estimated replacement cost of the covered property as stated in the Schedule of Covered Property. However, if there is no direct physical loss or damage to covered property, the most we will pay is \$50,000 per *occurrence*.

These limits do not apply to *golf course property*.

- (3) Leasehold interest: \$500,000 per *location*
- (4) *Accounts receivable*: \$500,000 per *location*
- (5) *Valuable papers and records*: \$500,000 per *location*
- (6) Utility Services: \$100,000 per *occurrence*
- (7) *Green Building Expenses*: 1% of the contract cost but not to exceed \$100,000 per *location*.
- (8) Asbestos clean-up, abatement and removal: \$250,000 per *location*
- (9) *Pollutant* cleanup and removal: \$250,000 per *location*
- (10) Errors: 90% of the loss, subject to \$500,000 per *occurrence*

- (11) Rental reimbursement: \$250,000 per annual aggregate
- (12) Arson reward: \$5,000 per fire loss
- (13) Extraordinary expense: \$250,000 per annual aggregate.
- h. The limit for damage caused by criminal acts other than vandalism or arson is \$1,000,000 per *occurrence*. This limit applies to any direct physical loss or damages as provided in Section I and to any additional covered loss or damages as provided in Section II. This limit is part of and not in addition to the general limit per *occurrence* and the *specific property limit*.
- i. The limits for water and supplemental flood coverage are specified in Item 5 of the Declarations and are stated below:
 - (1) \$500,000 per *occurrence*.
 - (2) The water and supplemental flood coverage annual aggregate is the most we will pay for water and supplemental flood coverage loss during the annual coverage period.
 - (3) The sublimits stated below are per *occurrence* and are part of and not in addition to the per *occurrence* limit:
 - (a) *Golf course property*: \$100,000
 - (b) Property in transit: \$250,000
- j. The limits for *Buildings* in the Course of Construction, Alteration, or Repair Coverage are:
 - (1) Any one *location*:
 - (a) \$3,000,000 if the *builders risk property* is not described in the Schedule of Covered Property; or
 - (b) \$3,000,000 or the *specific property limit*, whichever is greater, if the *builders risk property* is described in the Schedule of Covered Property.
 - (2) The limits stated below are part of and not in addition to the any one *location* limit:
 - (a) Property in transit: \$250,000
 - (b) Temporary *location*: \$500,000
- k. The limit for *vacant property* is the lesser of \$500,000 or the fair market value of the damaged property. This limit applies to any direct physical loss or damages as provided in Section I and to any additional covered loss or damages as provided in Section II. This limit is part of and not in addition to the general limit per *occurrence* and the *specific property limit*.
- l. The limit for water damage resulting from unauthorized intrusive codes or programming, such as computer virus, hacking, and ransomware events is \$10 million per *occurrence*. This limit does not alter the water exclusion in Section III, a. nor the limits for water and supplemental flood coverage in Section VI, 1, i. This limit is part of and not in addition to the general limit per *occurrence* and the *specific property limit*.

2. LOSS VALUATION

a. GENERAL PROVISIONS

- (1) Definitions:

- (a) Covered property is deemed to be destroyed if the replacement cost to rebuild or replace the property is less than the sum of the replacement cost to repair the property plus the reduction, if any, in the fair market value of the repaired property.
- (b) Replacement cost means:
 - i) The cost to repair or replace covered property that is damaged or destroyed, using new materials of equivalent size, kind and quality, and
 - ii) Costs necessary to comply with applicable building codes or other county, state, or federal requirements. This does not include costs necessary solely to comply with the *member's* own zoning or other requirements; the cost to correct violations of law which existed prior to the loss; or costs to repair, replace, construct or acquire anything listed in Section I, 1. b., regardless of any code or other compliance requirement.

(2) Adjustment:

Except as provided in b. below, in the event of direct physical loss of or damage to *your* covered property, the basis of adjustment will be as follows:

- (a) If the covered property is destroyed and is replaced or rebuilt, *LMCIT* will pay the following:
 - i) If the covered property is replaced or rebuilt at the same *location*, the replacement cost of the covered property with similar size and construction;
 - ii) If the covered property is replaced or rebuilt at a different *location*, the replacement cost cannot be greater than if *you* would have rebuilt at the same *location* with similar size and construction; or
 - iii) If the covered property is replaced or rebuilt at the same *location* with different size or construction, the replacement cost cannot be greater than if *you* would have rebuilt at the same *location* with similar size and construction.
- (b) If the covered property is destroyed and is not replaced or rebuilt, *LMCIT* will pay the fair market value of the property at the time of the loss.
- (c) If the covered property is damaged but not destroyed and is repaired, *LMCIT* will pay the actual replacement cost to repair the property plus the amount of the reduction, if any, in the fair market value of the repaired property.
- (d) If the covered property is damaged but not destroyed and remains in service without being repaired, *LMCIT* will pay the amount of the reduction, if any, in the fair market value of the damaged property.
- (e) If the covered property is damaged but not destroyed and the *member* elects not to repair it but to raze or otherwise dispose of the property, *LMCIT* will pay to the *member* the estimated replacement cost to repair the property.

(3) Limitation:

In any event, *LMCIT* will not pay *you* more than *your* financial interest in the covered property.

b. SPECIAL PROVISIONS

(1) *Valuable papers and records:*

For *valuable papers and records*, *LMCIT* will pay the cost of blank materials for reproducing the records, plus the cost of labor to transcribe or copy the records when there is a duplicate, or to reproduce the data of records.

(2) *Computer equipment, electronic data and electronic media:*

For *computer equipment, electronic data, and electronic media*, LMCIT will pay the cost to replace destroyed *computer equipment* with equipment of equal or greater processing ability; the cost to reproduce or restore *electronic data*; and the cost to repair or replace *electronic media* with the same kind and quality of material. Any replacement equipment must be able to perform the same function as the destroyed equipment.

(3) *Accounts receivable*:

For *accounts receivable*, LMCIT will pay for all amounts due from *your* customers that *you* are unable to collect; interest charges on any loan required to offset amounts *you* are unable to collect pending *our* payment of these amounts; collection expenses in excess of *your* normal collection expenses that are made necessary by the loss; and other reasonable expenses *you* incur to re-establish *your accounts receivable*. If *you* are unable to establish the amount of *accounts receivable* outstanding at the time of the loss, *we* will use the average monthly amounts of *accounts receivable* for the 12 months immediately preceding the month in which the loss occurs, adjusting to reflect the normal business during the loss month.

(4) *Fine arts*:

For *fine arts* which are destroyed, LMCIT will pay the fair market value, regardless of whether the covered property is replaced or not.

(5) *Mobile property*:

The most LMCIT will pay for loss to *mobile property* is the smaller of:

- (a) The cost of repairing or replacing parts with equivalent size, kind, and quality;
- (b) 200% of the fair market value;
- (c) The cost to replace the *mobile property* with a new unit without deduction for depreciation; or
- (d) \$250,000; unless: 1) otherwise specified in the Schedule of Covered *Mobile Property*; or 2) it is *newly acquired or constructed mobile property*.

(6) *Police dogs*:

A *police dog* is considered to be destroyed if because of injury or disease the dog is not able to perform the dog's normal functions and there is no reasonable prospect that the dog will be able to do so.

- (a) For *police dogs* that are destroyed, LMCIT will pay for the cost to replace the dog, including training and handler's expenses. Handler costs include salary and benefits that exceed normal work schedule, food, fuel and lodging during training.
- (b) If a *police dog* is injured as a result of an accident or an intentional act, LMCIT will pay the cost of necessary treatment and care to enable the dog to resume performing the dog's normal functions. But LMCIT will not pay the cost of treatment and care to treat or prevent disease.

LMCIT will only pay for amounts *you* actually incur for (a) and (b) above.

For any single *occurrence*, the most LMCIT will pay for (a) and (b) combined is the amount indicated in the table below, based on the age of the dog.

Age	Limit
1	\$50,000
2	\$50,000
3	\$45,000
4	\$40,000
5	\$35,000
6	\$30,000
7	\$25,000
8	\$20,000
9	\$15,000
10+	\$10,000

(7) Trees and shrubs:

- (a) For a tree or shrub which is destroyed, *LMCIT* will pay the actual cost to replace it with a tree or shrub of similar type and of a size that is normally considered to be reasonable and practical to transplant, regardless of whether the tree or shrub is replaced or not.
- (b) For a tree or shrub that is damaged but not destroyed, *LMCIT* will pay the actual cost of any service, treatment, or repair that is actually performed.

But, we will not pay more than the actual cost to replace it with a tree or shrub of similar type and of a size that is normally considered to be reasonable and practical to transplant.

(8) *Business personal effects*:

Notwithstanding the provisions of paragraph 11. of the Common Conditions, *LMCIT* coverage for *business personal effects* is primary with respect to any coverage provided under the *employee's* homeowner's insurance or similar coverage.

c. LOSS OF REVENUE, EXTRA EXPENSE AND EXPEDITING EXPENSE PROVISIONS

(1) The amount of *loss of revenue* loss *LMCIT* will pay, will be determined based on:

- (a) The gross revenue of the *member* before the direct physical loss or damage occurred;
- (b) The likely gross revenue of the *member* if no physical loss or damage had occurred;
- (c) The operating expenses, including payroll expenses, necessary to resume *operations* with the same quality of service that existed just before the direct physical loss or damage; and
- (d) Other relevant sources of information, including:
 - i) *Your* financial records and accounting procedures;
 - ii) Bills, invoices and other vouchers; and
 - iii) Deeds, liens or contracts.

- (2) The amount of *extra expense* loss *LMCIT* will pay will be determined based on:
- (a) All expenses that exceed the normal operating expenses that would have been incurred by *operations* during the *period of recovery* if no direct physical loss or damage had occurred. *We* will deduct from the total of such expenses:
 - i) The salvage value that remains of any property bought for temporary use during the *period of recovery* once *operations* are resumed;
 - ii) Any *extra expense* that is paid for by other insurance, except for insurance that is written subject to the same plan, terms and conditions and provisions as this insurance; and
 - (b) All necessary expenses that reduce the business income loss that otherwise would have been incurred.
- (3) *We* will reduce the amount of *your*:
- (a) *Loss of revenue* loss, other than *extra expense* or *expediting expense* to the extent *you* can resume *your operations*, in whole or in part, by using damaged or undamaged property (including merchandise or *stock*) at the described *location* or elsewhere.
 - (b) *Extra expense* or *expediting expense* loss to the extent *you* can return *your operations* to normal and discontinue such *extra expense* or *expediting expense*.

However, if *you* do not resume *operations*, or do not resume *operations* as quickly as possible, *we* will pay based on the length of time it would have taken to resume *operations* as quickly as possible.

d. APPRAISAL AND ARBITRATION

Either party may make a written demand for arbitration if the *member* and *LMCIT* disagree on any of the following:

- (1) The fair market value of covered property prior to the loss or damage;
- (2) The fair market value of covered property after the loss or damage;
- (3) The fair market value of covered property after repair; or
- (4) The estimated cost to repair the covered property. In this event, each party will select a competent and impartial person. Each appointee shall be a professional appraiser or other person with appropriate professional expertise. The two appointees will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The two appointees will each separately state their respective estimates of the value or cost which is in question. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

Each party will:

- (a) Pay the cost of its own appointee; and
- (b) Share equally the expense of the umpire and any other expenses related to the arbitration process.

SECTION VII – DEFINITIONS

1. *Accounts receivable* means:

- a. All amounts due from *your* customers that *you* are unable to collect and there is a loss;
- b. Interest charges on any loan required to offset amounts *you* are unable to collect pending *our* payment of these accounts;
- c. Collection expenses in excess of *your* normal collection expenses that are made necessary by the loss; and

- d. Other reasonable expenses that *you* incur to re-establish *your* records of *accounts receivable*.
- e. *Accounts receivable* does not include:
 - (1) The amount of the accounts that *you* are able to re-establish or collect;
 - (2) An amount to allow for probable bad debts that *you* are normally unable to collect; and
 - (3) All unearned interest and service charges.

2. *Aesthetic impairment*

Aesthetic impairment means damage that alters the physical appearance of the structure's roof but does not result in damage that allows the penetration of water through the structure's exterior, result in the failure of the structure's exterior to perform its intended function to keep out elements over an extended period, or otherwise impair the structure's functionality.

- 3. *Aircraft* means a vehicle designed for the transport of persons or property principally in the air, including airplanes, helicopters, blimps, hot air balloons, and gliders.
- 4. *Artificially generated electric current claims* means damage to *your* electrical devices, appliances or wires caused by artificially generated electric current including electric arcing.
- 5. *Automobile* means a land motor vehicle, trailer or semi-trailer designed for travel on public roads.
- 6. *Builders risk property* means:
 - a. *Building or property in the open* in the course of construction.
 - b. Alterations or repair of the *member's* existing *building or property in the open*.
 - c. Addition to the *member's* existing *building or property in the open*.
 - d. *Builders risk property* also includes:
 - (1) Foundation of the *building or property in the open* in the course of construction or an addition to the *member's* existing *building or property in the open*.
 - (2) Materials, equipment, and supplies used for construction, alteration or repair, provided such property is intended to be permanently in or on the *builders risk property*; and
 - (3) Temporary structures built or assembled on *location*, including cribbing, scaffolding and construction forms used in the course of construction or alterations or repair of the *builders risk property*.
 - (4) Underground and buried pipes, flues or drains, but not including those that are part of the *member's* general collection system.

7. *Building* means the *building* including:

- a. Completed additions;
- b. Permanently installed fixtures, machinery and equipment;
- c. Outdoor fixtures;
- d. *Contents* owned by *you* that are used to maintain or service the *building* or its premises, including:
 - (1) Fire extinguishing equipment;
 - (2) Outdoor furniture;

- (3) Floor coverings; and
 - (4) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - e. Water towers;
 - f. Lift stations, wells or pumping *locations*;
 - g. Electric substations, transformers or cooling towers;
 - h. Tanks;
 - i. Wastewater lagoons, including: plastic, synthetic, clay or other lagoon liners, lagoon rip- rap and soil/subsoil embankments;
 - j. Gas reduction or odorizing stations;
 - k. Wind Turbines; or
 - l. Underground and buried pipes, flues or drains that are part of a geothermal heating and cooling system, or part of the water treatment plant, wastewater treatment plant, lift station or gas reduction station, but not including those that are part of the *member's* general collection system.
8. *Building/contents*, as described in the Schedule of Covered Property, means the following:
- a. *Building*; or
 - b. *Contents*.
9. *Business personal effects* means personal property of *your employees* that is used for *member* business.
10. *Cannabis product* means any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
11. *Computer equipment* means programmable electronic equipment that is used to store, retrieve, and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.
12. *Contents* means property located in or on the *building* described in the Declarations or in the open (or in a vehicle) within 100 feet of the described *building*, consisting of the following:
- a. Furniture and fixtures;
 - b. Machinery and equipment;
 - c. *Stock*;
 - d. All other *contents* owned by *you* and used in *your municipal operations*;
 - e. Labor, materials or services furnished or arranged by *you* on *contents* of others;
 - f. *Your* use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (1) Made a part of the *building* or structure *you* occupy but do not own; and
 - (2) *You* acquired or made at *your* expense but cannot legally remove.
 - g. *Contents* of others that are in *your* care, custody and control.
- However, *our* payment for loss or damage to *contents* will be for the account of the owner of the property.
- h. Trees and shrubs;
 - i. *Accounts receivable*;

- j. *Computer equipment, electronic data or electronic media;*
- k. *Valuable papers and records;*
- l. *Personal effects; or*
- m. *Fine arts.*

But, *contents* does not mean *mobile property*.

13. *Electronic data* means programmed and recorded material stored on *computer equipment* or *electronic media*, and programming records used for *electronic data* processing, or electronically controlled equipment. *Electronic data* is not tangible property.
14. *Electronic media* means *electronic data* processing or storage media such as films, tapes, discs, drums or cells.
15. *Employee* means for actions within his duties as such any former or present:
 - a. Person whom *you* compensate directly by salary, wages or commissions, and who *you* have the right to direct or control while performing duties for *you*;
 - b. Member of the city council;
 - c. Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;
 - d. Elected or appointed official of the *member*;
 - e. Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - f. Other authorized person or agent of the *member* while acting on behalf of the *member*, but excludes independent contractors;
 - g. Members, officers, and employees of a *relief association* of the *member*.
16. *Expediting expense* means the reasonable extra cost of temporary repair and expediting the repair of damaged covered property, overtime and express freight or other rapid means of transportation.
17. *Extra expense* means the excess total cost necessarily incurred to continue *your operations* as reasonably as practicable during the *period of recovery* that is over and above the cost that would normally have been incurred to conduct the *operations* during the same period had no loss or damage occurred. It includes:
 - a. *Extra expense* to avoid or minimize the suspension of business and to continue *operations*:
 - (1) At the described *location*; or
 - (2) At a replacement *location* or at temporary *locations*, including:
 - (a) Relocation expenses; and
 - (b) Costs to equip and operate the replacement or temporary *locations*.
 - b. *Extra expense* to minimize the suspension of business if *you* cannot continue *operations*.
 - c. *Extra expense* to:
 - (1) Repair or replace any covered property; or
 - (2) Research, replace or restore the lost information on damaged *valuable papers and records*;

to the extent it reduces the amount of loss that otherwise would have been payable under this covenant.

18. *Fine arts* means property or articles of artistic or historical value including paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, porcelain, rare glass, antique silver, china, books and manuscripts, rugs and similar articles.
19. *Golf course property* means bridges, paved roadways, paved cart paths and other paved surfaces, shelters, restrooms, ball washers, screens, flags, markers, signs, tees, irrigation systems including underground components, fairways and greens.
20. *Green* means products, materials, methods and processes certified by a *Green Authority* that conserve natural resources, reduce energy or water consumption, avoid toxic or otherwise environmental impact.
21. *Green Authority* means an authority on *green buildings*, products, materials, methods or processes that is certified and accepted by Leadership in Energy and Environmental Design (LEED), Green Building Initiative Green Globes, Energy Starr Rating System or any other recognized *green* rating system.
22. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:
 - a. To receive and expend funds;
 - b. To enter into contracts;
 - c. To hire *employees*;
 - d. To purchase or otherwise acquire or hold real or personal property; or
 - e. To sue or be sued.
23. *LMCIT* means the League of Minnesota Cities Insurance Trust.
24. *Location* means:
 - a. The site of any covered *building/contents, property in the open, or builders risk property*; or
 - b. The site of any covered *newly acquired or constructed building/contents or property in the open*.
25. *Loss of revenue* means gross revenue, including *rental value*, less charges and expenses that do not necessarily continue.
26. *Low potency edible cannabinoid product* means products that fall within the requirements specified in MN Statute 151.72, Subd. 4., 5., and 5a.
27. *Member* means governmental body or entity first named in the Declarations. For purposes of this coverage, *member* includes *relief associations* of the *member*.

Unless specifically named in the Declarations, *member* shall not include:

- a. Gas, electrical, or steam utilities commission;
- b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;
- c. Municipal power agency;
- d. Municipal gas agency;
- e. Hospital or nursing home board or commission;

- f. Airport commission;
- g. Welfare or public relief agency;
- h. School board; or
- i. *Joint powers entity*; but a joint planning board created pursuant to an orderly annexation agreement or joint resolution between the *member* and a township is deemed to be a covered *joint powers entity* under this agreement.

28. *Mobile property* means:

- a. Machinery or equipment designed for use principally off public roads;
- b. *Police dogs*;
- c. Vehicles maintained for use solely on or next to *locations* owned or rented by *you* and not licensed for highway use;
- d. A vehicle and its equipment whether self- propelled or not, maintained primarily to provide mobility to permanently mounted equipment;
- e. Tools, including protective clothing and gear, and other similar property;
- f. *Business personal effects*; or
- g. *Mobile property* in *your* care, custody and control.
- h. Equipment added to *automobiles* that was not standard from the factory and will be removed prior to the sale of the *automobile*.

29. *Newly acquired or constructed* means that the *member* has acquired or taken possession of the property during the current covenant period.

30. *Occurrence* means an accident or event that causes a direct physical loss or damage to covered property. Any continuous accident or event that causes more than one direct physical loss or damage to covered property during a 72-hour period constitutes an accident or event as a single *occurrence*.

31. *Operations* means:

- a. *Your member* activities occurring at the described *location*; or
- b. The tenant ability of the described *location*.

32. *Organic pathogen* means any disease-producing organic agent, including but not limited to a virus, bacterium, or other microorganism.

33. *Our* means the League of Minnesota Cities Insurance Trust.

34. *Period of recovery* means the period of time that:

- a. Begins immediately after the time of direct physical loss or damage to covered property.
- b. Ends on the earlier of:
 - (1) The date covered property is actually repaired, rebuilt or replaced and *operations* are resumed; and *your operations* would generate the *loss of revenue* amount that would have existed if no direct physical or damage had occurred; or
 - (2) 60 consecutive days after the date when the covered property is actually repaired, rebuilt or replaced and *operations* are resumed.

However, the expiration date of the covenant will not cut short the *period of recovery*.

35. *Personal effects* means personal property of *your employees*, other than *business personal effects*.
36. *Pollutants* means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
37. *Police dog* means a dog that is specifically trained to assist police and other law enforcement personnel in duties like apprehending suspects and searching for and locating drugs, explosives, crime scene evidence, and missing people. *Police dog* does not include comfort or therapy dogs.
38. *Property in the open* means:
- a. Benches, fences, light poles or outdoor lighting systems, playground equipment, sports and recreational apparatus, standalone dugouts, picnic tables, grills, statues, monuments, portable toilets, water fountains, garbage cans, flagpoles, planters, and signs that are not part of the *building*; or
 - b. *Golf course property*.
- Unless, if otherwise endorsed, *property in the open* does not mean basketball, tennis or other recreational sporting court surfaces, fire hydrants, street signs, streetlights or traffic signs or signals, or any property described in SECTION I, 1.b., PROPERTY NOT COVERED.
39. *Relief Association* means the following:
- a. A *relief association* as defined under Minnesota Statute §424A.001, subd. 4; or
 - b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.
40. *Rental value* means the sum of:
- a. The total anticipated gross rental income from tenant occupancy of the covered property as furnished and equipped by *you*; and
 - b. The amount of all continuing charges that are the legal obligation of the tenant and that would otherwise be *your* obligation; and
 - c. The fair *rental value* of any portion of the covered property that *you* occupy.
41. *Specific property limit* means 150% of the estimated replacement cost of the covered property as stated in the Schedule of Covered Property.
42. *Specified causes of loss* means fire; lightning; explosion; windstorm or hail; smoke; *aircraft* or vehicles; riot or civil commotion; vandalism; arson; criminal acts other than vandalism or arson; leakage or discharge from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; or water damage:
- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man- made underground cavities.
 - b. Falling object does not include loss or damage to:
 - (1) *Property in the open*; or
 - (2) The interior of a *building* or property inside a *building* unless the roof or an outside wall of the *building* is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam from any part of a system or appliance containing water or steam.
43. *Stock* means merchandise held in storage or for sale, raw materials and in process or finished goods, including supplies used in their packing or shipping.
44. *Unscheduled seasonal or temporary buildings* means *buildings* and their *contents* that are, for a period of less than twelve months, temporarily installed or located on *member* property and in the *member's* care, custody, and control.
45. *Us* means the League of Minnesota Cities Insurance Trust.
46. *Utility service property* means any of the following types of property supplying water, communication service or power to covered property:
- a. Pumping stations or water mains supplying water;
 - b. Equipment supplying communication services; or
 - c. Utility generation plants, switching plants, substations, transformers, and transmission lines supplying electricity, steam or gas.
47. *Vacant property* means:
- a. Property owned by the *member* is deemed to be *vacant property* if for a period of 60 consecutive days less than 31% of the *buildings* total square footage is either used by the *member* for customary *operations* or is leased out.
 - b. Property rented or leased to the *member* is deemed to be *vacant property* if for a period of 60 consecutive days the property does not contain enough *contents* to conduct customary *operations*.
- However, the following are not considered *vacant property*:
- (1) *Builders risk property*; or
 - (2) A *building* which is used and occupied, and which is designed to be used and occupied, on an occasional, intermittent, or seasonal basis.
48. *Valuable papers and records* means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps and mortgages.
- But *valuable papers and records* does not mean money or securities, converted data, programs or instructions used in *your* data processing *operations*, including the materials on which the data is recorded.
49. *We* means the League of Minnesota Cities Insurance Trust.
50. *You* means the *member* shown in the Declarations.
51. *Your* means the *member* shown in the Declarations.

SECTION VIII – CONDITIONS

1. CONTROL OF PROPERTY

Any act or neglect of any person other than *you* beyond *your* direction or control will not affect this coverage.

The breach of any condition of this coverage part at any one or more *locations* will not affect coverage at any *location* where, at the time of loss or damage, the breach of condition does not exist.

2. COVERAGE UNDER TWO OR MORE COVERAGES

If two or more of this covenant's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

3. LEGAL ACTION AGAINST US

No one may bring legal action against *us* under this coverage part unless:

- a. There has been full compliance with all of the terms of the coverage part; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

4. NO BENEFIT TO BAILEE

No person or organization, other than *you*, having custody of covered property will benefit from this coverage.

5. COVERAGE PERIOD, COVERAGE TERRITORY

Under this coverage part:

- a. We cover loss or damage commencing:
 - (1) During the coverage period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is:

The United States of America (including its territories and possessions);

 - (1) Puerto Rico; and
 - (2) Canada.

6. LOSS CONDITIONS

- a. Abandonment:

You cannot abandon *your* property to *us*.
- b. Duties in the event of loss or damage:

You must see that the following are done in the event of loss or damage to covered property:

 - (1) Notify the police if a law may have been broken.
 - (2) Give *us* prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give *us* a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the covered property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep record of *your* expenses, for consideration in the settlement of the claim.
 - (5) At *our* request, give *us* complete inventories of the damaged and undamaged property. Include quantities, costs, values, and amount claim of loss demand.
 - (6) Permit *us* to inspect the property and records proving the loss or damage.
 - (7) If requested, permit *us* to question *you* under oath at such times as may be reasonably required about any matter relating to this covenant or *your* claim, including *your* books and records. In such event, *your* answers must be signed.

(8) Send *us* a signed, sworn statement of loss containing the information *we* request to settle the claim. *You* must do this within 60 days after *our* request. *We* will supply *you* with the necessary forms.

(9) Cooperate with *us* in the investigation or settlement of the claim.

However, *LMCIT* will not reimburse *you* for *your* payment of costs, fees, or other expenses *you* incur in establishing either the existence or the amount of loss under this covenant.

c. Loss Payment:

(1) *We* will give notice of *our* intentions within 30 days after *we* receive the sworn statement of loss.

(2) *We* may adjust losses with the owners of lost or damaged property if other than *you*. If *we* pay the owners, such payments will satisfy *your* claims against *us* for the owners' property. *We* will not pay the owners more than their financial interest in the covered property.

d. Recovered Property:

If either *you* or *we* recover any property after loss settlement, that party must give the other prompt notice. At *your* option, the property will be returned to *you*. *You* must then return to *us* the amount *we* paid to *you* for the property. *We* will pay recovery expenses and the expenses to repair the recovered property, subject to the amount applying under this covenant.

7. PREMIUMS AND PREMIUM ADJUSTMENTS

a. *You* agree to furnish *us* with a schedule of *buildings/contents, property in the open, and builders risk property* prior to the beginning of each covenant period.

b. These schedules must include all *buildings/ contents, property in the open, and builders risk property* that was covered by *your* prior covenant but was not described in the prior covenant's Schedule of Covered Property.

c. The initial annual premiums will be based upon these schedules and the appropriate replacement cost values.

d. *You* will pay *us* additional premium if the following property is added during the covenant period:

(1) *Building/contents* or *property in the open* with a replacement cost value of greater than \$5,000,000;

(2) *Builders risk property* with a project cost of greater than \$3,000,000; or

(3) Additional covered loss or damage limits, or property sublimits.

e. *We* will return premium to *you* if the following property is deleted during the covenant period:

(1) *Building/contents* or *property in the open* with a replacement cost value of greater than \$5,000,000;

(2) Additional covered loss or damage limits, or property sublimits.

8. CANCELLATION

a. *You* may cancel Part One of this covenant. *You* must mail or deliver not fewer than 30 days advance written notice to *us* stating when the cancellation is to take effect.

b. *We* may cancel Part One of this covenant. *We* must mail or deliver to *you* not fewer than 30 days advance written notice stating when the cancellation is to take effect. Mailing that notice to *you* at *your* mailing address shown in the Declarations will be sufficient to prove notice. However, *we* may cancel with 10 days written notice for nonpayment of premium.

c. The covenant period will end on the day and hour stated in the cancellation notice.

- d. If Part One of this covenant is canceled, *we* will send *you* any premium refund due. If *we* cancel, the refund will be pro rata. If *you* cancel, the refund may be less than pro rata, computed in accordance with *our* current cancellation rules. The cancellation will be effective even if *we* have not made or offered a refund.

9. MORTGAGE HOLDERS

- a. The term mortgage holder includes trustee.
- b. *We* will pay for covered loss of or damage to *buildings* to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the *building*.
- d. If *we* deny *your* claim because of *your* acts or because *you* have failed to comply with the terms of this coverage part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) Pays any premium due under this coverage part at *our* request if *you* have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from *us* of *your* failure to do so; and
 - (3) Has notified *us* of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this coverage part will then apply to the mortgage holder.

- e. If *we* pay the mortgage holder for any loss or damage and deny payment to *you* because of *your* acts or because *you* have failed to comply with the terms of this coverage part:
 - (1) The mortgage holder's rights under the mortgage will be transferred to *us* to the extent of the amount *we* pay; and
 - (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired. At *our* option, *we* may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, *your* mortgage and note will be transferred to *us* and *you* will pay *your* remaining mortgage debt to *us*.
- f. If *we* cancel this covenant, *we* will give written notice to the mortgage holder at least:
 - (1) 10 days before the effective date of cancellation if *we* cancel for *your* nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if *we* cancel for any other reason.
- g. If *we* do not renew this covenant, *we* will give written notice to the mortgage holder at least 10 days before the expiration date of this covenant.

10. DEDUCTIBLES

- a. The Limits of Coverage shown in the Declarations apply to the amount of loss or damages in excess of the Municipal Property Deductible shown in the Municipal Property, Crime, Bond, Petrofund and Equipment Breakdown Declarations or the General Annual Aggregate Deductible, if any, shown in the Common Coverage Declarations, and the Limits of Coverage will not be reduced by the Deductible amount.
- b. *LMCIT* shall be liable to the *member* or to others on behalf of the *member* only to the amount of loss or damages in excess of any deductible amounts.

We will then pay the amount of loss up to the applicable limit of coverage.

11. ATTRIBUTION TO A FOREIGN SOVEREIGN STATE

The primary but not exclusive factor in determining attribution to a foreign sovereign state shall be whether the government of the sovereign state (including its intelligence and security services) in which the *member* is located attributes the action to a foreign sovereign state or those acting on its behalf.

Pending attribution by the government of the sovereign state (including its intelligence and security services) in which the *member* is located, *LMCIT* may rely upon an inference which is objectively reasonable as to attribution of the action to a foreign sovereign state or those acting on its behalf. It is agreed that during this period no loss, cost or expense shall be paid.

In the event that the government of the sovereign state (including its intelligence and security services) in which the *member* is located either (i) takes an unreasonable time to, (ii) does not or (iii) declares it is unable to attribute the action to a foreign sovereign state or those acting on its behalf, it shall be for *LMCIT* to prove attribution by reference to such other evidence as is available.



**MUNICIPAL CRIME COVERAGE
PART TWO**

MUNICIPAL PROPERTY, CRIME, BOND AND PETROFUND COVERAGE
WHAT IT IS AND WHERE YOU CAN FIND IT INDEX

CRIME COVERAGE - PART TWO

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MUNICIPAL CRIME COVERAGE PART TWO

Various provisions in this covenant restrict coverage. Read the entire covenant carefully to determine rights, duties and what is or is not covered.

Words and phrases that appear in italics have special meaning, as given in SECTION IV - DEFINITIONS.

SECTION I - COVERAGE AGREEMENT

1. ***THEFT, DISAPPEARANCE, AND DESTRUCTION***

We will pay for loss of *money* and *securities* resulting directly from *theft*, disappearance, or destruction.

We will pay the loss of, and loss from damage to, the property that contains the *money* and *securities*; and loss from damage to the premises resulting directly from the *theft* or attempted *theft*.

2. **FORGERY OR ALTERATION**

We will pay for loss involving *instruments of payment* resulting directly from the forgery or alteration of, on or in any *instruments of payment*.

If *you* are sued for refusing to pay any *instrument of payment*, we will pay any reasonable legal expenses that *you* incur and pay in that defense. The amount we pay will be in addition to the applicable limit of coverage.

3. **CREDIT CARD FRAUD**

We will pay for loss the *member* incurs as a result of fraudulent use or purported use of a credit, debit, charge, or stored- value card, or the information contained on such card, to purchase goods or services from the *member*. But this does not include any loss for which the *member* has been or will be reimbursed by the issuer, owner, or holder of the card.

4. **AUDITING AND ACCOUNTING COSTS**

We will reimburse *you* for reasonable auditing and accounting costs *you* incur to establish the existence and the amount of a covered loss, but in no case will this reimbursement exceed 25% of the amount of the covered loss. This reimbursement is in addition to the coverage limit.

SECTION II - CAUSES OF LOSS AND DAMAGES NOT COVERED

We will not pay for loss or damages as specified below:

1. ***ACCOUNTING OR ARITHMETICAL ERRORS OR OMISSIONS***

Loss resulting from accounting or arithmetical errors and omissions

2. ***ACTS OF EMPLOYEES***

Loss resulting from any dishonest or criminal act committed by any of *your employees*:

- a. Acting alone or in collusion with other persons; or

- b. While performing services for *you* or otherwise.

3. FIRE

Loss or damage to the *premises* resulting from fire, however caused.

4. GOVERNMENTAL ACTION

Loss resulting from seizure or destruction of property by order of governmental authority.

5. INDIRECT LOSS

Loss that is an indirect result of any act or *occurrence* covered by this covenant including, but not limited to, loss resulting from:

- a. *Your* inability to realize income that *you* would have realized had there been no loss of, or loss from damage to, *money* and *securities*; or *instruments of payment*, or from credit, debit, charge, or stored-value card fraud.
- b. Payment of damages of any type for which *you* are legally liable.

But, we will pay compensatory damages arising directly from a loss covered under this covenant.

- c. Except as provided by SECTION I - COVERAGE AGREEMENT, 4. AUDITING AND ACCOUNTING COSTS, payment of costs, fees, or other expenses *you* incur in establishing either the existence or the amount of loss under this covenant.

6. LEGAL EXPENSES

Expenses related to any legal action.

7. NUCLEAR HAZARD

Loss resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

8. VANDALISM

Loss from damage to the *premises* or its exterior or to containers of *money* and *securities* by vandalism or malicious mischief.

9. WAR

Loss resulting from:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

10. RANSOMWARE OR CYBER EXTORTION

Any loss or damage related to ransomware or cyber extortion payments.

11. CANNABIS BUSINESS

Loss or damage related to any *cannabis business*.

This exclusion does not apply for *low potency edible cannabinoid products* sold from a licensed retailer of alcoholic beverages or on- or off-sale municipal liquor store.

SECTION III - LIMITS OF COVERAGE

1. The most we will pay in any one *occurrence* is the applicable limit of coverage shown in the Declarations except as provided below.
2. The most we will pay in any one *occurrence* for *theft* involving *fraudulent instruction loss* is the sublimit shown in the Declarations.
3. We will not pay for loss in any one *occurrence* unless the amount of loss exceeds the Deductible amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible amount, up to the limit of coverage.

SECTION IV - DEFINITIONS

1. *Cannabis business* means any cannabis microbusiness, mezzobusiness, cultivator, manufacturer, retailer, wholesaler, transporter, testing facility, event organizer, delivery service; or any medical cannabis cultivator, processor, retailer, or combination business, as described in MN Statute 342.01, Subd, 14.
2. *Employee* means for actions within his duties as such, any present or former:
 - a. Person whom *you* compensate directly by salary, wages or commissions and whom *you* have the right to direct or control while performing duties for *you*;
 - b. Member of the city council;
 - c. Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;
 - d. Elected or appointed official of the *member*;
 - e. Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - f. Other authorized person or agent of the *member* while acting on behalf of the *member*, but excludes independent contractors;
 - g. Members, officers, and *employees* of a *relief association* of the *member*.
3. *Fraudulent Instruction Loss* means loss resulting from an *employee's* good faith reliance on fraudulent instructions from a person purporting to be a fellow *employee* or representative of an individual or entity that provided or will provide goods or services to the *member*.
4. *Instruments of payment* means checks, drafts, promissory notes or similar written promises, orders or directions to pay a sum certain in *money*, that are:
 - a. Made or drawn by or drawn upon *you*; or
 - b. Made or drawn by one acting as *your* agent; or that are purported to have been so made or drawn.
5. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:
 - a. To receive and expend funds;

- b. To enter into contracts;
 - c. To hire *employees*;
 - d. To purchase or otherwise acquire and hold real or personal property; or
 - e. To sue or be sued.
6. *LMCIT* means the League of Minnesota Cities Insurance Trust.
7. *Low potency edible cannabinoid product* means products that fall within the requirements specified in MN Statute 151.72, Subd. 4., 5., and 5a.
8. *Member* means the governmental body or entity first named in the Declarations. For purposes of this coverage, *member* includes *relief associations* of the *member*. Unless specifically named in the Declarations, *member* shall not include:
- a. Gas, electrical, or steam utilities commission;
 - b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;
 - c. Municipal power agency;
 - d. Municipal gas agency;
 - e. Hospital or nursing home board or commission;
 - f. Welfare or public relief agency;
 - g. School board;
 - h. Airport commission; or
 - i. *Joint powers entity*; but a joint planning board created pursuant to an orderly annexation agreement or joint resolution between the *member* and a township is deemed to be a covered *joint powers entity* under this agreement.
9. *Money* means:
- a. Currency, coins, and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
10. *Occurrence* means:
- a. With respect to SECTION I - COVERAGE AGREEMENT, 1.
 - (1) Act or series of related acts involving one or more persons; or
 - (2) Act or event, or series of related acts or events not involving any person.
 - b. With respect to SECTION I - COVERAGE AGREEMENT, 2. and 3., all loss caused by any person or in which that person is involved, whether the loss involves one or more *instruments of payment* or credit, debit, charge, or stored-value cards.

The date of the *occurrence* is the date on which the act, event or loss is alleged to have taken place. If the loss or damages are alleged to have arisen from a series of acts or events, the date of *occurrence* is deemed to be the date when the first such wrongful act or event took place or is alleged to have taken place.

11. *Our* means the League of Minnesota Cities Insurance Trust.
12. *Premises* means the interior of that portion of any *building you* occupy in conducting *your* business.
13. *Relief association* means the following:
 - a. A *relief association* as defined under Minnesota Statute §424.001, subd. 4; or
 - b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.
14. *Securities* means negotiable and nonnegotiable instruments or contracts representing either *money* or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by *you*; but does not include *money*.
15. *Theft* means any act of stealing and includes *Fraudulent Instruction Loss*. *Theft* does not include ransomware or cyber extortion payments.
16. *Us* means the League of Minnesota Cities Insurance Trust.
17. *We* means the League of Minnesota Cities Insurance Trust.
18. *You* means the *member* shown in the Declarations.
19. *Your* means the *member* shown in the Declarations.

SECTION V - CONDITIONS

1. COVENANT PERIOD

- a. The covenant period is shown in the Declarations.
- b. Subject to the loss sustained during prior insurance condition, *we* will pay only for loss that *you* sustain through acts committed or events occurring during the covenant period.

2. DISCOVERY PERIOD FOR LOSS

We will pay only for covered loss discovered no later than one year from the end of the covenant period.

3. DUTIES IN THE EVENT OF LOSS

After *you* discover a loss or a situation that may result in loss of, or loss from damage to *money* and *securities* or *instruments of payment*; or from credit, debit, charge, or stored-value card fraud, *you* must:

- a. Notify *us* as soon as possible.
- b. Submit to examination under oath at *our* request and give *us* a signed statement of *your* answers.
- c. Give *us* a detailed, sworn proof of loss within 120 days. If the loss was due to forgery or alteration, *you* must include with *your* proof of loss any instrument involved in that loss; or if that is not possible, *you* must give *us* an affidavit setting forth the amount and cause of loss.

- d. Cooperate with *us* in the investigation and settlement of any claim.
- e. If *you* have reason to believe that any loss covered under this covenant involves a violation of law, *you* must notify the police.

4. INTERESTS COVERED

Coverage provided under SECTION I - COVERAGE AGREEMENT 1 and 2 is limited to *money* and *securities*; and *instruments of payment*; and damages to property or *premises*, that:

- a. *You* own or hold; or
- b. For which *you* are legally liable.

However, this covenant is for *your* benefit only. It provides no rights or benefits to any other person or organization.

5. LEGAL ACTION AGAINST US

You may not bring any legal action against *us* involving loss:

- a. Unless *you* have complied with all the terms of this covenant; and
- b. Until 90 days after *you* have filed proof of loss with *us*; and
- c. Unless brought within 2 years from the date *you* discover the loss.

6. LOSS COVERED UNDER MORE THAN ONE COVERAGE OF THIS COVENANT

If two or more coverages of this covenant apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of coverage applicable to that loss.

7. LOSS COVERED UNDER THIS COVENANT AND PRIOR COVENANT ISSUED BY US

If any loss is covered:

- a. Partly by this covenant; and
- b. Partly by the prior canceled or terminated covenant that *we* had issued to *you* or any predecessor in interest, the most *we* will pay is the larger of the amount recoverable under this covenant or the prior covenant.

8. LOSS SUSTAINED DURING PRIOR INSURANCE

- a. If *you* or any predecessor in interest sustained loss during the period of any prior insurance that *you* or the predecessor in interest could have recovered under that insurance, except that the time within which to discover loss had expired, *we* will pay for it under this covenant provided:
 - (1) This covenant became effective at the time of cancellation or termination of the prior insurance; and
 - (2) The loss would have been covered by this covenant had it been in effect when the acts or events causing the loss were committed or occurred.
- b. The coverage under this condition is part of, not in addition to, the limits of coverage applying to this covenant and is limited to the lesser of the amount recoverable under:

- (1) This covenant as of its effective date; or
- (2) The prior insurance had it remained in effect.

9. NON-CUMULATION OF LIMIT OF COVERAGE

Regardless of the number of years this covenant remains in force or the number of premiums paid, no limit of coverage cumulates from year to year or period to period.

10. OTHER INSURANCE

This covenant does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this covenant will apply to that part of the loss, other than that falling within any Deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this covenant will not apply to the amount of loss that is more than the applicable limit of coverage shown in the Declarations.

11. RECORDS

You must keep records of all *money* and *securities, instruments of payment*, and credit, debit, charge, or store-value card transactions, so we can verify the amount of any loss.

12. TERRITORY

This covenant covers loss you sustain anywhere in the world.

13. VALUATION - SETTLEMENT

- a. Subject to the applicable limit of coverage provision, we will pay for:
 - (1) Loss of *money*, but only up to and including its face value. We may, at our option, pay for loss of *money* issued by any country other than the United States of America:
 - (a) At face value in the *money* issued by that country; or
 - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
 - (2) Loss of *securities*, but only up to and including their value at the close of business on the day the loss was discovered, we may, at our option:
 - (a) Pay the value of such *securities* or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those *securities*;
 - (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the *securities*. However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i) Value of the *securities* at the close of business on the day the loss was discovered; or
 - ii) Limit of coverage.
 - (3) Loss from damages to property or *premises*, as described under SECTION I - COVERAGE AGREEMENT, 1., for not more than the:
 - (a) Actual cash value of the property on the day the loss was discovered;
 - (b) Cost of repairing the property or *premises*; or

(c) Cost of replacing the property with property of like kind and quality.

We may, at *our* option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with *you* upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. We may, at *our* option, pay for loss of, or loss from damage to, property other than *money*:

(1) In the *money* of the country in which the loss occurred; or

(2) In the United States of America dollar equivalent of the *money* of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that we pay for or replace becomes *our* property.

14. FACSIMILE SIGNATURES:

We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.



MUNICIPAL BOND COVERAGE
PART THREE

MUNICIPAL PROPERTY, CRIME, BOND AND PETROFUND COVERAGE

WHAT IT IS AND WHERE YOU CAN FIND IT INDEX

BOND COVERAGE - PART THREE

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MUNICIPAL BOND COVERAGE PART THREE

Various provisions in this covenant restrict coverage. Read the entire covenant carefully to determine rights, duties and what is or is not covered.

Words and phrases that appear in italics have special meaning, as given in SECTION IV - DEFINITIONS.

SECTION I – BOND AGREEMENT

1. COVERAGE AGREEMENT

- a. *We* will pay for loss or damages from the failure of *your employee* to properly perform duties or obligations of his or her positions as required or prescribed by law and which would constitute malfeasance, willful neglect of duty or bad faith, sustained through acts committed or events occurring at any time and discovered by *you* during the covenant period.
- b. *We* will pay for other loss or damages required to be covered under Minnesota Statute §574.24 that are not otherwise covered by the following:
 - (1) 1. COVERAGE AGREEMENT, a., as described above;
 - (2) Other coverage provided by *LMCIT*; or
 - (3) Coverage provided by another insurance company.
- c. *We* will reimburse *you* for reasonable auditing and accounting costs *you* incur to establish the existence and the amount of a covered loss, but in no case will this reimbursement exceed 25% of the amount of the covered loss. This reimbursement is in addition to the coverage limit.

2. DISCOVERY

Discovery of loss occurs when *you* first become aware of facts which would cause a reasonable person to assume that a loss covered by this covenant has been or will be incurred, even though the exact amount of details of loss may not then be known. Discovery also occurs when *you* receive notice of an actual or potential claim against *you* alleging facts that if true would constitute a covered loss under this covenant.

SECTION II - CAUSES OF LOSS AND DAMAGES NOT COVERED

We will not pay for loss or damages as specified below:

1. GOVERNMENTAL ACTION

Loss resulting from seizure or destruction of property by order of governmental authority.

2. INABILITY TO REALIZE INCOME

Loss that is resulting from *your* inability to realize income that *you* would have realized had there been no loss.

3. INVENTORY SHORTAGES

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- a. An inventory computation; or
- b. A profit and loss computation.

However, where *you* establish wholly apart from such computations that *you* have sustained a loss, then *you* may offer *your* inventory records and actual physical count of inventory in support of the amount of loss claimed.

4. LEGAL EXPENSES

Expenses related to any legal action

5. NUCLEAR

Loss resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

6. WAR

Loss resulting from:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

7. CYBER CONDUCT OF YOUR EMPLOYEES

Loss or expenses covered, or that would be covered under, the *LMCIT* Municipal First-Party Cyber Coverage, regardless of: 1) whether or not such coverage is in effect; and 2) whether or not the limits of coverage under the *LMCIT* Municipal First-Party Cyber Coverage have been exhausted.

SECTION III - LIMITS OF COVERAGE

- 1. The most *we* will pay for loss or damages in any one *occurrence*, as described in SECTION I - BOND COVERAGE, 1.a., is the applicable limit of coverage shown in the Declarations.
- 2. The most *we* will pay for loss or damages, as described in SECTION I - BOND COVERAGE, 1.b., is 10% of the applicable limit of coverage shown in the Declarations. This sublimit is per *occurrence* and is part of, and not in addition to, the applicable limit of coverage shown in the Declarations.
- 3. *We* will not pay more than the amount of loss or damages that exceeds the Deductible amount, as shown in the Declarations. *We* will then pay the amount of loss or damages up to the limit of coverage shown in the Declarations.
 - a. For claims that *you* make, *we* will not pay for loss or damages in any one *occurrence* unless the amount of loss or damages exceeds the Deductible amount shown in the Declarations.

- b. For third party claims, we may pay any part or all of the Deductible amount shown in the Declarations to effect settlement of any claim and upon notification of the action taken, *you* shall promptly reimburse *LMCIT* for such part of the deductible amount as paid by *us*.
- c. In the event of a covered loss to the *member relief association*, port authority or economic development authority, *LMCIT* will reimburse the *member relief association*, port authority, or economic authority in full subject to the bond coverage limit. The *member* shown in the declarations will reimburse *LMCIT* for any deductible which applies to the loss.

SECTION IV - DEFINITIONS

1. *Employee* means for actions within his duties as such, any present or former:
 - a. Person whom *you* compensate directly by salary, wages or commissions and who *you* have the right to direct or control while performing duties for *you*;
 - b. Member of the city council;
 - c. Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;
 - d. Elected or appointed official of the *member*;
 - e. Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - f. Other authorized person or agent of the *member* while acting on behalf of the *member*, but excludes independent contractors;
 - g. Members, officers and *employees* of a *relief association* of the *member*.
2. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:
 - a. To receive and expend funds;
 - b. To enter into contracts;
 - c. To hire *employees*;
 - d. To purchase or otherwise acquire and hold real or personal property; or
 - e. To sue or be sued.
3. *LMCIT* means the League of Minnesota Cities Insurance Trust.
4. *Member* means the governmental body or entity first named in the Declarations. For purposes of this coverage, *member* includes *relief associations*. Unless specifically named in the Declarations, *member* shall not include:
 - a. Gas, electrical, or steam utilities commission;
 - b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;
 - c. Municipal power agency;
 - d. Municipal gas agency;

- e. Hospital or nursing home board or commission;
 - f. Welfare or public relief agency;
 - g. School board;
 - h. Airport commission; or
 - i. *Joint powers entity*; but a joint planning board created pursuant to an orderly annexation agreement or joint resolution between the *member* and township is deemed to be a covered *joint powers entity* under this agreement
5. *Money* means:
- a. Currency, coins, and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
6. *Occurrence* means all loss caused by an *employee*, whether the result of a single act or series of acts.
- The date of the *occurrence* is the date on which the single act is alleged to have taken place. If the loss or damages are alleged to have arisen from a series of acts, the date of *occurrence* is deemed to be the date when the first such wrongful act took place or is alleged to have taken place.
7. *Our* means the League of Minnesota Cities Insurance Trust.
8. *Property other than money and securities* means any tangible property that has intrinsic value.
9. *Relief association* means the following:
- a. A *relief association* as defined under Minnesota Statute §424.001, subd. 4; or
 - b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.
10. *Securities* means negotiable and nonnegotiable instruments or contracts representing either *money* or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by *you*; but does not include *money*.
11. *Us* means the League of Minnesota Cities Insurance Trust.
12. *We* means the League of Minnesota Cities Insurance Trust.
13. *You* means the *member* shown in the Declarations.
14. *Your* means the *member* shown in the Declarations.

SECTION V - CONDITIONS

1. CANCELLATION AS TO ANY EMPLOYEE

We reserve the right to cancel the covenant as to any *employee*

- a. Immediately upon discovery by *you* or any official or *employee* authorized to manage, govern or control *your employee*, of any act on the part of an *employee* whether before or after becoming employed by *you* which would constitute a loss covered under the terms of this covenant.
- b. On the date specified in a notice mailed to *you*. That date will be at least 30 days after the date of mailing.

The mailing of notice to *you* at the last mailing address known to *us* will be sufficient proof of notice. Deliver of notice is the same as mailing.

2. COVENANT PERIOD

The covenant period is shown in the Declarations.

3. EXTENDED DISCOVERY PERIOD FOR LOSS

We will pay for loss sustained prior to the effective date of termination or cancellation of this covenant, which is discovered by *you* no later than one year from the date of that termination or cancellation; but this extended period to discover loss terminates immediately upon the effective date of any other coverage or insurance obtained by *you* replacing in whole or in part the coverage afforded under this covenant, whether or not such other coverage or insurance provides coverage for loss sustained prior to its effective date.

4. DUTIES IN THE EVENT OF LOSS

After *you* discover a loss or a situation that may result in loss as provided by this coverage, *you* must:

- a. Notify *us* as soon as possible.
- b. Submit to examination under oath at *our* request and give *us* a signed statement of *your* answers.
- c. Give *us* a detailed, sworn proof of loss within 120 days.
- d. Cooperate with *us* in the investigation and settlement of any claim.

Except as provided by SECTION 1 - BOND COVERAGE, 1.c., *LMCIT* will not reimburse *you* for *your* payment of costs, fees, or other expenses *you* incur in establishing the existence or the amount of loss under this covenant.

5. INDEPENDENT RIGHT OF RECOVERY

We have an independent right of recovery against any *employee* for any loss due to the *employee's* negligence, malfeasance, willful neglect of duty or bad faith.

6. LEGAL ACTION AGAINST US

You may not bring any legal action against *us* involving loss:

- a. Unless *you* have complied with all the terms of this covenant; and
- b. Until 90 days after *you* have filed proof of loss with *us*; and
- c. Unless brought within 2 years from the date *you* discover the loss.

7. LOSS COVERED UNDER MORE THAN ONE COVERAGE OF THIS COVENANT

If two or more coverages of this covenant apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of coverage applicable to that loss.

8. NON-CUMULATION OF LIMIT OF COVERAGE

Regardless of the number of years this covenant remains in force or the number of premiums paid, no limit of coverage cumulates from year to year or period to period.

9. OTHER INSURANCE

This covenant does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this covenant will apply to that part of the loss, other than that falling within any Deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this covenant will not apply to the amount of loss that is more than the applicable limit of coverage shown in the Declarations.

10. RECORDS

You must keep records of all *money, securities, and property other than money and securities*; and provide any other reasonably obtainable information so we can verify the amount of any loss.

11. TERRITORY

This covenant covers only acts committed or events occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone, or Canada and while temporarily outside this territory for a period not more than 90 days.

12. VALUATION - SETTLEMENT

a. Subject to the applicable limit of coverage provision, we will pay for:

(1) Loss of *money*, but only up to and including its face value. We may, at our option, pay for loss of *money* issued by any country other than the United States of America:

- (a) At face value in the *money* issued by that country; or
- (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of *securities*, but only up to and including their value at the close of business on the day the loss was discovered, we may, at our option:

- (a) Pay the value of such *securities* or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those *securities*;
- (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the *securities*.

However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- i) Value of the *securities* at the close of business on the day the loss was discovered; or
- ii) Limit of coverage.

(c) Loss of, or loss from damage to, *property other than money and securities*, or loss from damage to the premises for not more than the:

- i) Actual cash value of the property on the day the loss was discovered;
- ii) Cost of repairing the property or premises; or
- iii) Cost of replacing the property with property of like kind and quality.

We may, at *our* option, pay the actual cash value of the property or repair or replace it.

If *we* cannot agree with *you* upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

b. *We* may, at *our* option, pay for loss of, or loss from damage to, property other than *money*:

- (1) In the *money* of the country in which the loss occurred; or
- (2) In the United States of America dollar equivalent of the *money* of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

c. Any property that *we* pay for or replace becomes *our* property.



**MUNICIPAL PETROFUND COVERAGE
PART FOUR**

MUNICIPAL PROPERTY, CRIME, BOND AND PETROFUND COVERAGE
WHAT IT IS AND WHERE YOU CAN FIND IT INDEX

PETROFUND COVERAGE - PART FOUR

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MUNICIPAL PETROFUND COVERAGE PART FOUR

Various provisions in this covenant restrict coverage. Read the entire covenant carefully to determine rights, duties and what is or is not covered.

Words and phrases that appear in italics have special meaning, as given in SECTION IV - DEFINITIONS.

SECTION I - REIUMBURSEMENT BENEFITS

Subject to the terms, conditions, definitions, and exclusions which appear hereafter:

1. *LMCIT* agrees to reimburse *you* for damage *you* have been required to pay for taking corrective action and for compensating third parties for bodily injury and property damage caused by an accidental *tank release*.

This Agreement applies to claims made against *you* only if such claims are made during the term of this Agreement.

This Agreement is supplementary to the *Minnesota Petrofund* and applies only to damages and *corrective action* costs for which you have received partial reimbursement from the *Minnesota Petrofund* pursuant to the provisions and monetary limitations of the *Petroleum Tank Release Cleanup Act*.

2. *LMCIT* agrees to reimburse *you* for *defense costs* which *you* reasonably and necessarily incur in the investigation and defense of any claim made against *you* by a third party during the term of this Agreement resulting from a *tank release* covered by Paragraph 1 above.

SECTION II - LIMITS OF REIMBURSEMENT BENEFITS

1. With respect to a single *tank release*, *LMCIT's* liability shall not exceed 10% of the total *reimbursable costs* you have been required to pay for taking *corrective action* and for compensating third parties for bodily injury and property damage.
2. *LMCIT's* liability to reimburse *you* for *reimbursable costs* and *defense costs* shall be limited to \$250,000 for claims made against *you* during the term of this Agreement with respect to a single *tank release*, and \$250,000 in the aggregate for all claims made against *you* during the term of this Agreement regardless of the number of *tank releases*.

SECTION III - DEFINITIONS

1. *Corrective action* means an action taken to minimize, eliminate, or clean up a release to protect the public health and welfare of the environment.
2. *Defense cost* means reasonable and necessary claim adjuster fees, attorney fees incurred by or on behalf of *you*, court costs, court reporter and transcript fees, general witness and expert witness fees and expenses, and similar defense related costs.
3. *Employee* means for actions within his duties as such, any present or former:
 - a. Person whom *you* compensate directly by salary, wages or commissions and who *you* have the right to direct or control while performing duties for *you*;
 - b. Member of the city council;
 - c. Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;

- d. Elected or appointed official of the *member*;
 - e. Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - f. Other authorized person or agent of the *member* while acting on behalf of the *member*, but excludes independent contractors;
 - g. Members, officers and *employees* of a *relief association* of the *member*.
4. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:
- a. To receive and expend funds;
 - b. To enter into contracts;
 - c. To hire *employees*;
 - d. To purchase or otherwise acquire and hold real or personal property; or
 - e. To sue or be sued.
5. *Member* means the governmental body or entity first named in the Declarations. For purposes of this coverage, *member* includes *relief associations*. Unless specifically named in the Declarations, *member* shall not include:
- a. Gas, electrical, or steam utilities commission;
 - b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;
 - c. Municipal power agency;
 - d. Municipal gas agency;
 - e. Hospital or nursing home board or commission;
 - f. Welfare or public relief agency;
 - g. School board;
 - h. Airport commission; or
 - i. *Joint powers entity*; but a joint planning board created pursuant to an orderly annexation agreement or joint resolution between the *member* and township is deemed to be a covered *joint powers entity* under this agreement
6. *Minnesota Petrofund* means the petroleum tank release cleanup fund as defined in Minn. Stat. Chapter 115C, and administered by the Petroleum Tank Release Compensation Board.
7. *LMCIT* means the League of Minnesota Cities Insurance Trust.
8. *Reimbursable costs* means costs which are eligible costs and which are reimbursable under the provisions of the *Petroleum Tank Release Cleanup Act*, and excludes all ineligible costs as defined by that Act.
9. *Relief association* means the following:
- a. A *relief association* as defined under Minnesota Statute §424.001, subd. 4; or

- b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.
10. *Responsible person* means a person who is responsible for a *tank release* under the *Petroleum Tank Release Cleanup Act*.
11. *Tank release, tank releases* means an accidental spilling, leaking, emitting, discharging, escaping, leeching, or disposing of petroleum from a tank into the environment.
12. *You and your* means the *member* shown in the Declarations.
13. *Petroleum Tank Release Cleanup Act* means Minn. Stat. Chapter 115C, and the rules and regulations duly adopted thereunder.

SECTION IV - CONDITIONS AND EXCLUSIONS

1. The reimbursement benefits provided by this Agreement is supplementary only and shall not replace or reduce the reimbursement for damages and *corrective action* costs provided to *you* by the *Minnesota Petrofund* and applies only to damages and *corrective action* costs which would be *reimbursable costs* to *you* from the *Minnesota Petrofund* but for the monetary limitations under the provisions of the *Petroleum Tank Release Cleanup Act*.
2. The reimbursement benefits provided by this Agreement are strictly limited to the *corrective action*, stated damages and *defense costs* set forth in Section I. REIMBURSEMENT BENEFITS, resulting from an accidental *tank release*. No other liability, hazard, risk, remedy, or damage is covered.
3. This Agreement does not apply to *tank releases*, bodily injury, or property damage expected or intended from the standpoint of the covered party.
4. As a condition precedent to *your* receiving reimbursement under this Agreement, *you* must be a *responsible person* who has taken *corrective action* and incurred *reimbursable costs* and complied with all requirements of the *Petroleum Tank Release Cleanup Act*, and *you* must have received reimbursement from the *Minnesota Petrofund* of *reimbursable costs* without offset or reduction by reason of *your* participation in this Agreement.
5. *LMCIT* will not reimburse *you* for any amounts which *you* have not been reimbursed by the *Minnesota Petrofund* by reason of *your* failure to comply with the requirements stated in Minn. Stat. Chapter 115C.09, subd. 3, (i) and (j).
6. *LMCIT* shall have no duty to provide a defense to *you* with respect to any suit or claim made against *you* arising out of a *tank release* covered by this Agreement, however, *LMCIT* shall have the right to intervene at its expense in the investigation or defense of any claim or suit against *you* which may be covered by this Agreement.
7. The term of this Agreement shall be one year beginning with the effective date stated in the Declarations. Subsequent renewals of this Agreement shall be treated as separate terms.
8. In the event of a *tank release* covered by this Agreement, *you* shall promptly give written notice to *LMCIT* with full particulars of any *tank release* incident or any claim or suit brought against *you* with respect to such *tank release*.
9. *You* shall at all times cooperate with and promptly respond to *LMCIT's* requests for information, investigative data, records, or any other documentation material to the determination of *your* and *LMCIT's* liability under this Agreement.
10. It is the express intent of the parties to this Agreement that by *your* participation as a beneficiary to this Agreement *you* do not waive immunities, defenses, or limitations on *your* liability available to *you* under statute or common law.
11. A claim shall be deemed to be made when *you* receive notice of a *tank release*.
12. *LMCIT* will not reimburse *you* for *your* payment of costs, fees, or other expenses *you* incur in establishing either the existence or the amount of *reimbursable costs* or *defense costs*.

MUNICIPAL FIRST-PARTY CYBER DECLARATIONS

Coverage is Provided by;

THE LEAGUE OF MINNESOTA CITIES INSURANCE TRUST

(Herein called LMCIT)

Item 1. **MEMBER:**
NORTH ZUMBRO SANITARY SEWER REGIONAL FACILITY

PO BOX 280
PINE ISLAND, MN 55963

Item 2. **COVERAGE PERIOD:**
From: 04/24/2025 **To:** 04/24/2026 **12:01 AM Standard Time**

Item 3. **THE COVERED PARTY IS:** JOINT POWERS ENTITY

Item 4. **COVERAGE PARTS:**

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS COVENANT, LMCIT AGREES TO PROVIDE THE COVERED PARTY WITH COVERAGES SHOWN BELOW FOR WHICH A LIMIT IS STATED:

FIRST-PARTY CYBER COVENANT LIMIT \$250,000 Annual Aggregate

COMMON CAUSE PRO RATA SHARED LIMIT \$10,000,000

12-MONTH PRO RATA SHARED LIMIT \$25,000,000

The FIRST-PARTY CYBER COVENANT LIMIT is subject to and may be reduced by the 12-MONTH PRO RATA SHARED LIMIT and COMMON CAUSE PRO RATA SHARED LIMIT as set forth in the provisions of the Municipal First-Party Cyber Coverage – Special Shared Pool Limit Endorsement.

Item 5. **MUNICIPAL FIRST-PARTY CYBER DEDUCTIBLE**
\$ 500 Per Occurrence

Item 6. **RETROACTIVE DATE:** 04/24/2025

Item 7. **FORMS AND ENDORSEMENTS ATTACHED TO THIS COVERAGE PART**

MFPC(01/25) MFPC-001(11/23)

Municipal First-Party Cyber Coverage – Special Shared Pool Limit Endorsement

This Endorsement modifies coverage provided under the Municipal First-Party Cyber Coverage. **THIS ENDORSEMENT AND THE SPECIAL SHARED POOL LIMITS MAY REDUCE THE FIRST-PARTY CYBER LIMIT.**

A. The COMMON CAUSE PRO RATA SHARED LIMIT is shared by all LMCIT members.

- (1) For any *common cause aggregation* in which the *LMCIT common cause loss total* is greater than \$10,000,000, the amount LMCIT will pay for the *member's* covered losses is limited to an amount equal to the *member's* covered loss multiplied by the *common cause percentage* for that *common cause aggregation*.
- (2) *Common cause aggregation* means all individual losses that result from the same or related series of *cyber events*.
- (3) *LMCIT common cause loss total* means the cost to LMCIT, from all members, for covered loss, costs, or expenses from a *common cause aggregation*, gross of any applicable deductibles.
- (4) (4) For any *common cause aggregation*, the *common cause percentage* is equal to \$10,000,000 divided by the *LMCIT common cause loss total* for the *common cause aggregation*.

B. The 12-MONTH PRO RATA SHARED LIMIT is shared by all LMCIT members.

- (1) For any *12-month aggregation* in which the *LMCIT 12-month aggregate loss total* is greater than \$25,000,000, the amount LMCIT will pay for the *member's* covered losses is limited to an amount equal to the *member's* covered loss multiplied by the *12-month aggregation percentage* for that *12-month loss aggregation period*.
- (2) *12-month aggregation* means all individual losses, including any *common cause loss total*, arising from *cyber events* during any 12 consecutive months.
- (3) *LMCIT 12-month aggregate loss total* means the cost to LMCIT, from all members, for covered loss, costs, or expenses in a *12-month aggregation*, gross of any applicable deductibles.
- (4) For any *12-month aggregation period*, the *12-month aggregation percentage* is equal to \$25,000,000 divided by the *LMCIT 12-month aggregate loss total* for that *12-month aggregation*.

In the event that either of the shared limits is exhausted, some claims may be retroactively adjusted according to the parameters set forth in this endorsement. This includes the possibility of a recovery bill if LMCIT has already made payment on impacted claims.

All other terms and conditions remain unchanged.

MUNICIPAL FIRST-PARTY CYBER COVERAGE

Various provisions in this covenant restrict coverage. Read the entire covenant carefully to determine rights, duties and what is or is not covered. Words and phrases that appear in italics have special meaning, as given in SECTION IV - DEFINITIONS.

SECTION I – FIRST PARTY CYBER COVERAGES

1. COVERAGE AGREEMENT

We will provide coverage for loss, expenses, or costs described in a., b., c., and d. below, unless excluded as described under SECTION II – EXCLUSIONS, if the following conditions are met:

- i. The claim must be first made during the coverage period;
- ii. The date of the *occurrence* giving rise to the claim must be on or after the retroactive date, if any, shown in the Declarations; and
- iii. The amount we will pay for loss, expenses or costs is limited as described in SECTION III - LIMITS OF COVERAGE AND VALUATION.

The claim is deemed to have been made on the date (a) *you* discover the *occurrence* giving rise to such claim or (b) notice of such claim is received and recorded by *LMCIT*, whichever comes first. All claims arising from a single *occurrence* will be deemed to have been made at the time the first of those claims is made.

a. DATA SECURITY BREACH EXPENSES

We will pay for the following expenses if *you* have had, or reasonably believe to have had, a *data security breach* that results from an *occurrence*:

- (1) Outside legal expenses to review the *data security breach* and how *you* should respond to it.
- (2) The expense of professional information technologies if needed to determine the extent of the *data security breach*.
- (3) The cost of providing notice to any person whose *personal information* has been acquired by an unauthorized person. *You* may elect any of the following forms of notice, to the extent permitted by law:
 - (a) Written notice to the most recent available address in *your* records;
 - (b) Electronic notice; or
 - (c) Substitute notice, consisting of e-mail notice, posting notice on *your* Web site, and notification of media.
- (4) The cost of notifying consumer reporting agencies that compile and maintain files on consumers on a nationwide basis, as defined by United States Code, title 15, section 1681a, of the timing, distribution, and content of the notices.
- (5) The cost of providing a credit report and up to one year's credit monitoring service notice to any person whose *personal information* was acquired by an unauthorized person.

(6) The expense of using a professional service to reasonably restore the affected person's identity.

(7) Any other reasonable expenses incurred by *you* to respond to a *data security breach*.

b. CYBER EVENT LOSS OF REVENUE, EXTRA EXPENSE, EXPEDITING EXPENSE AND ACCOUNTS RECEIVABLE LOSS

We will pay the following loss and expenses if *you* have had a *cyber event* that results from an *occurrence*:

(1) The actual *loss of revenue, extra expense* or *expediting expense* sustained by *you* during the *period of recovery*, and due to the necessary suspension of *your* operations caused by a *cyber event*.

(2) *Accounts receivable loss* caused by a *cyber event*.

c. ELECTRONIC DATA RESTORATION

We will pay the cost to reproduce or restore *electronic data* if damaged or destroyed by a *cyber event* that results from an *occurrence*.

d. COMPUTER EQUIPMENT RESTORATION

We will pay the cost to repair or replace *your computer equipment* rendered non-functional for its intended purpose due to a *cyber event* that results from an *occurrence*, but only after reasonable efforts have been made to restore the level of functionality that existed immediately preceding the *cyber event*.

SECTION II – EXCLUSIONS

1. LOSS, EXPENSES AND COSTS NOT COVERED

We will not pay for loss, expenses, or costs as set forth below:

a. WAR AND CYBER OPERATIONS

Loss, expenses, or costs of any kind directly or indirectly occasioned by, happening through or in consequence of *war* or a *cyber operation*.

For purposes of this exclusion:

(1) *War* means the use of physical force by a *state* against another *state* or as part of a civil war, rebellion, revolution, insurrection, and/or military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority, whether war be declared or not.

(2) *Cyber operation* means the use of a *computer system* by or on behalf of a *state* to disrupt, deny, degrade, manipulate or destroy information in a *computer system* of or in another *state*.

(3) *State* means sovereign state.

(4) *Computer system* means any computer, hardware, software, communications system, electronic device (including but not limited to, smart phone, laptop, tablet, wearable device), server, cloud

infrastructure or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

- (5) The primary but not exclusive factor in determining attribution of a *cyber operation* shall be whether the government of the *state* (including its intelligence and security services) in which the *computer system* affected by the *cyber operation* is physically located attributes the *cyber operation* to another *state* or those acting on its behalf.
- (6) Pending attribution by the government of the *state* (including its intelligence and security services) in which the *computer system* affected by the *cyber operation* is physically located, the *LMCIT* may rely upon an inference which is objectively reasonable as to attribution of the *cyber operation* to another *state* or those acting on its behalf. It is agreed that during this period no loss shall be paid.
- (7) In the event that the government of the *state* (including its intelligence and security services) in which the *computer system* affected by the *cyber operation* is physically located either:
 - a. Takes an unreasonable length of time to, or
 - b. Does not, or
 - c. Declares it is unable to

attribute the *cyber operation* to another *state* or those acting on its behalf, it shall be for the *LMCIT* to prove attribution by reference to such other evidence as is available.

b. CONDUCT

- (1) Caused by dishonest or criminal acts by *you*, or *your employees*:
 - (a) Acting alone or in collusion with others; or
 - (b) Whether or not occurring during the hours of employment.

This exclusion does not apply for *cyber events* solely caused by dishonest or criminal acts by *your employees*.

c. TANGIBLE PROPERTY

- (1) Physical loss of or damage to tangible property.

However, this exclusion does not apply for *your computer equipment* rendered non-functional for its intended purpose due to a *cyber event* and covered under Section I (1)(d).

d. MONEY OR SECURITIES

- (1) Loss, transfer, or theft of *money* or *securities*.

e. PRIOR NOTICE

(1) Loss, expenses, or costs reported and accepted under any other covenant or policy prior to the effective date of this covenant or due to a *cyber event* discovered prior to the effective date of this covenant.

f. EXTERNAL MECHANICAL OR INFRASTRUCTURE FAILURE

Based upon, arising out of, or attributable to

- (1) electrical or mechanical failure, including power interruption, surge, brownout or blackout, electrical disturbance; or
- (2) defect of telephone, satellite, data transmission or similar telecommunications services, equipment; or
- (3) utilities or infrastructure.

This exclusion does not apply if such services, equipment, utilities or infrastructure are under the exclusive control of the *member* and any such failure, interruption, brownout, blackout, disturbance or defect are a direct result of a *cyber event*.

SECTION III - LIMITS OF COVERAGE AND VALUATION

1. LIMITS OF COVERAGE

- a. The Limits of Coverage shown in Item 4 of the Declarations and the rules below fix the most *LMCIT* will pay under the terms of this covenant.
- b. *We* will not pay for loss or damage in any one *occurrence* until the amount of loss, expenses or costs exceeds the deductible in Item 5 of the Declarations. *We* will then pay the amount of loss, expenses or costs in excess of the Deductible, up to the applicable limits of coverage:
 - (1) The Deductible applies against the total loss, expenses or costs incurred by *you* from any one *occurrence*.
 - (2) If two or more deductibles in Item 5 of the Declarations apply to one *occurrence* for *you*, the total to be deducted will not exceed the largest deductible applicable.
- c. The FIRST-PARTY CYBER COVENANT LIMIT is the most *we* will pay under the terms of this covenant during the annual coverage period for any combination of *data security breach* expense claims, *cyber event loss of revenue*, *extra expense*, *expediting expense* and *accounts receivable loss claims*, *electronic data restoration* claims and *your computer equipment* restoration claims, subject to (d) and (e) below, regardless of the number of claims, *occurrences* or incidents.
- d. The COMMON CAUSE PRO RATA SHARED LIMIT is shared by all LMCIT *members* as specified in the Municipal First-Party Cyber Coverage – Special Shared Pool Limit Endorsement and may reduce the FIRST-PARTY CYBER COVENANT LIMIT.
- e. The 12-MONTH PRO RATA SHARED LIMIT is shared by all LMCIT *members* as specified in the Municipal First-Party Cyber Coverage – Special Shared Pool Limit Endorsement and may reduce the FIRST-PARTY CYBER COVENANT LIMIT.

2. LOSS VALUATION

a. CYBER EVENT LOSS OF REVENUE, EXTRA EXPENSE, EXPEDITING EXPENSE, AND ACCOUNTS RECEIVABLE LOSS

- (1) The amount of *loss of revenue* loss LMCIT will pay, will be determined based on:
- (a) The gross revenue of the *member* before the *cyber event* occurred;
 - (b) The likely gross revenue of the *member* if no *cyber event* had occurred;
 - (c) The operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the *cyber event*; and
 - (d) Other relevant sources of information, including:
 - i) *Your* financial records and accounting procedures;
 - ii) Bills, invoices and other vouchers; and
 - iii) Deeds, liens or contracts.
- (2) The amount of *extra expense* loss LMCIT will pay will be determined based on:
- (a) All expenses that exceed the normal operating expenses that would have been incurred by operations during the *period of recovery* if no *cyber event* had occurred. We will deduct from the total of such expenses any extra expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms and conditions and provisions as this coverage; and
 - (b) All necessary expenses that reduce the *loss of revenue* that otherwise would have been incurred.
- (3) We will reduce the amount of *your*:
- (a) *Loss of revenue* loss, other than *extra expense* or *expediting expense* to the extent you can resume your operations, in whole or in part, by using your computer equipment, electronic data, or electronic media not effected by the *cyber event*.
 - (b) *Extra expense* or *expediting expense* loss to the extent you can return your operations to normal and discontinue such *extra expense* or *expediting expense*.
- However, if you do not resume operations, or do not resume operations as quickly as possible, we will pay based on the length of time it would have taken to resume operations as quickly as possible.
- (4) For *accounts receivable* loss, if you are unable to establish the amount of *accounts receivable* outstanding at the time of the *cyber event* giving rise to the loss, we will use the average monthly amounts of *accounts receivable* for the 12 months immediately preceding the month in which the loss occurs, adjusting to reflect the normal business during the loss month.

b. COMPUTER EQUIPMENT RESTORATION

The most LMCIT will pay for COMPUTER EQUIPMENT RESTORATION is the smaller of:

(1) The cost to repair the *your computer equipment*, so that it's restored to the level of functionality that existed immediately preceding the *cyber event*.

(2) The cost to replace *your computer equipment* with equipment of equal processing ability, so that it's restored to the level of functionality that existed immediately preceding the *cyber event*.

c. APPRAISAL AND ARBITRATION

Either party may make a written demand for arbitration if the *member* and *LMCIT* disagree on any loss, expenses, or costs.

In this event, each party will select a competent and impartial person. Each appointee shall be a professional appraiser or other person with appropriate professional expertise. The two appointees will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The two appointees will each separately state their respective estimates of the value or cost which is in question. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

Each party will:

- (a) Pay the cost of its own appointee; and
- (b) Share equally the expense of the umpire and any other expenses related to the arbitration process.

SECTION IV – DEFINITIONS

1. *Accounts receivable loss* means:

- a. All amounts due from *your* customers that *you* are unable to collect and there is a loss;
- b. Interest charges on any loan required to offset amounts *you* are unable to collect pending *our* payment of these accounts;
- c. Collection expenses in excess of *your* normal collection expenses that are made necessary by the loss; and
- d. Other reasonable expenses that *you* incur to re-establish *your* records of *accounts receivable*.
- e. *Accounts receivable loss* does not include:
 - (1) The amount of the accounts that *you* are able to re-establish or collect;
 - (2) An amount to allow for probable bad debts that *you* are normally unable to collect; and
 - (3) All unearned interest and service charges.

2. *Computer equipment* means programmable electronic equipment that is used to store, retrieve, and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission, each of which is either owned or leased by *you*.

3. *Cyber event* means the following:

- a. For the purposes of the *CYBER EVENT LOSS OF REVENUE, EXTRA EXPENSE, EXPEDITING EXPENSE AND ACCOUNTS RECEIVABLE LOSS; ELECTRONIC DATA RESTORATION; and COMPUTER EQUIPMENT RESTORATION* coverages, a *cyber event means* unauthorized intrusive codes or programming, such as computer viruses or hacking, that are entered into *your computer equipment, electronic data, or electronic media*.

- b. For the purposes of the *DATA SECURITY BREACH EXPENSES* coverage, a *cyber event* means a *data security breach*.
4. *Data security breach* means actual or potential unauthorized acquisition of data that:
- a. Compromises the security, confidentiality, or integrity of *personal information*; or
 - b. Contains data classified as private or confidential by the Minnesota Government Data Practices Act.
5. *Electronic data* means programmed and recorded material stored on *your computer equipment* or *electronic media*, and programming records used for electronic data processing, or electronically controlled equipment. *Electronic data* is not tangible property.
6. *Electronic media* means *electronic data* processing or storage media such as films, tapes, discs, drums or cells.
7. *Employee* means for actions within their duties as such any former or present:
- a. Person whom *you* compensate directly by salary, wages or commissions, and who *you* have the right to direct or control while performing duties for *you*;
 - b. Member of the *city* council;
 - c. Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;
 - d. Elected or appointed official of the *member*;
 - e. Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - f. Other authorized person or agent of the *member* while acting on behalf of the *member*, but excludes independent contractors;
 - g. Members, officers, and *employees* of a *relief association* of the *member*.
8. *Expediting expense* means the reasonable extra cost of temporary repair and expediting the repair of effected *computer equipment*, *electronic data*, or *electronic media*, overtime and express freight or other rapid means of transportation.
9. *Extra expense* means the excess total cost necessarily incurred to continue *your* operations as reasonably as practicable during the *period of recovery* that is over and above the cost that would normally have been incurred to conduct the operations during the same period had no loss or damage occurred. It includes:
- a. *Extra expense* to avoid or minimize the suspension of business and to continue operations:
 - b. *Extra expense* to minimize the suspension of business if *you* cannot continue operations.
10. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:
- a. To receive and expend funds;
 - b. To enter into contracts;
 - c. To hire *employees*;

- d. To purchase or otherwise acquire or hold real or personal property; or
- e. To sue or be sued.

11. *LMCIT* means the League of Minnesota Cities Insurance Trust.

12. *Loss of revenue* means gross revenue less charges and expenses that do not necessarily continue, as a result of a *cyber event*.

13. *Member means* governmental body or entity first named in the Declarations. For purposes of this coverage, *member* includes *relief associations* of the *member*.

Unless specifically named in the Declarations, *member* shall not include:

- a. Gas, electrical, or steam utilities commission;
- b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;
- c. Municipal power agency;
- d. Municipal gas agency;
- e. Hospital or nursing home board or commission;
- f. Airport commission;
- g. Welfare or public relief agency;
- h. School board; or
- i. *Joint powers entity*; but a joint planning board created pursuant to an orderly annexation agreement or joint resolution between the *member* and a township is deemed to be a covered *joint powers entity* under this agreement.

14. *Money* means:

- a. Currency, coins, and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

15. *Occurrence* means a *cyber event*. The date of the *occurrence* is the date on which the accident or event that gave rise to a *cyber event* took place or is alleged to have taken place.

All loss, expenses, or costs that result from the same or related series of *cyber events*, shall be considered one *occurrence* which is deemed to have taken place on the date of the first such *occurrence*.

16. *Our* means the League of Minnesota Cities Insurance Trust.

17. *Period of recovery* means the period of time that:

- a. Begins immediately after the suspension of *your* business operations due to a *cyber event*.
- b. Ends on the earlier of:

- (1) The date *your* operations are resumed; and *your* operations would generate the *loss of revenue* amount that would have existed if no *cyber event* had occurred; or

(2) 60 consecutive days after *your* operations are resumed.

However, the expiration date of the covenant will not cut short the *period of recovery*.

18. *Personal information* means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when the data element is not secured by encryption or another method of technology that makes *electronic data* unreadable or unusable, or was secured and the encryption key, password, or other means necessary for reading or using the data was also acquired:
- a. Social Security number;
 - b. Drivers license number or Minnesota identification card number;
 - c. Account number or credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account.
19. *Relief Association* means the following:
- a. A *relief association* as defined under Minnesota Statute §424A.001, subd. 4; or
 - b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.
20. *Securities* means negotiable and nonnegotiable instruments or contracts representing either *money* or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by *you*; but does not include *money*.
21. *Us* means the League of Minnesota Cities Insurance Trust.
22. *We* means the League of Minnesota Cities Insurance Trust.
23. *You* means the *member* shown in the Declarations.
24. *Your* means the *member* shown in the Declarations.

SECTION V - CONDITIONS

1. COVERAGE UNDER TWO OR MORE COVERAGES

If two or more of this covenant's coverages apply to the same loss, expenses or costs, we will not pay more than the actual amount of the loss, expenses or costs.

2. NO DUPLICATION OF COVERAGE

This covenant shall not apply to any claim or claims if any claim or claims were covered under any prior covenant issued by *LMCIT* to the *member*.

3. LEGAL ACTION AGAINST *US*

No one may bring legal action against *us* under this coverage part unless:

- a. There has been full compliance with all of the terms of the coverage part; and
- b. The action is brought within 2 years after the date on which the *cyber event* is discovered.

4. COVERAGE PERIOD

Subject to all the other terms of this coverage part, we will only cover loss, expenses or costs for *occurrences* within the coverage period shown in the Declarations.

5. LOSS CONDITIONS

a. Duties in the event of a *cyber event*:

You must see that the following are done in the event of a *cyber event*.

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss, expenses or costs.

(3) As soon as possible, give us a description of the *cyber event*.

(4) Take all reasonable steps to protect from further loss, expenses, or costs. If feasible, set the effected *computer equipment, electronic data, or electronic media* aside and in the best possible order for examination. Also keep record of *your* expenses, for consideration in the settlement of the claim.

(5) At our request, give us complete inventories of the loss, expenses, or costs. Include quantities, costs, values, and amount of loss.

(6) Permit us to inspect *your computer equipment, electronic data, or electronic media* proving the loss or damage.

(7) If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this covenant or *your* claim, including *your* books and records. In such event, *your* answers must be signed.

(8) Send us a signed, sworn statement of loss containing the information we request to settle the claim.

You must do this within 60 days after our request. We will supply you with the necessary forms.

(9) Cooperate with us in the investigation or settlement of the claim.

However, LMCIT will not reimburse you for your payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of loss under this covenant.

b. Loss Payment:

We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

6. PREMIUMS AND PREMIUM ADJUSTMENTS

a. You will pay us additional premium if additional coverage or limits are added during the covenant period.

b. We will return premium to you if coverage or limits are deleted during the covenant period.

7. CANCELLATION

a. You may cancel this covenant. You must mail or deliver not fewer than 30 days advance written notice to us stating when the cancellation is to take effect.

b. We may cancel this covenant. We must mail or deliver to you not fewer than 30 days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in the Declarations will be sufficient to prove notice.

However, we may cancel with 10 days written notice for nonpayment of premium.

c. The covenant period will end on the day and hour stated in the cancellation notice.

d. If this covenant is canceled, *we* will send *you* any premium refund due. If *we* cancel, the refund will be pro rata. If *you* cancel, the refund may be less than pro rata, computed in accordance with *our* current cancellation rules.

The cancellation will be effective even if *we* have not made or offered a refund.

8. DEDUCTIBLES

a. The Limits of Coverage shown in the Declarations apply to the amount of loss, expenses or costs in excess of the Municipal Cyber Deductible shown in the Municipal First-party Cyber Declarations or the General Annual Aggregate Deductible, if any, shown in the Common Coverage Declarations, and the Limits of Coverage will not be reduced by the Deductible amount.

b. *LMCIT* shall be liable to the *member* or to others on behalf of the *member* only to the amount of loss, expenses or costs in excess of any deductible amounts.

We will then pay the amount of loss up to the applicable limit of coverage.

9. EXTENDED REPORTING PERIOD

a. *LMCIT* will provide one or more extended reporting periods, as described below, if:

(1) This coverage is canceled or not renewed; or

(2) *LMCIT* renews or replaces this coverage with coverage that:

(a) Has a retroactive date later than the date shown on the Declarations page; or

(b) Does not apply on a claims made basis.

b. A basic extended reporting period of 60 days from the end of the coverage period is automatically provided without additional charge.

c. A supplemental extended reporting period of unlimited duration is available, but only by an endorsement and for an extra charge. The supplemental extended reporting period starts 60 days after the end of the coverage period.

The *member* must give *LMCIT* a written request for the endorsement within 60 days after the end of the coverage period. The supplemental extended reporting period will not go into effect unless the *member* pays the additional premium promptly when due.

The additional premium for the supplemental extended reporting period will be 75% of the annual expiring premium for this coverage.

d. An extended reporting period does not extend the coverage period or change the scope of coverage provided. It applies only if the date of the *occurrence* giving rise to the claim for *damages* is after the retroactive date and before the end of the coverage period.

Claims which are first made during the basic extended reporting period (or during the supplemental extended reporting period, if it is in effect) will be deemed to have been made on the last day of the coverage period.

Once in effect, extended reporting periods may not be canceled.

e. Extended reporting periods do not reinstate or increase the limits of coverage applicable to any claim to which this coverage part applies.

MUNICIPAL LIABILITY DECLARATIONS
Coverage is Provided by:
THE LEAGUE OF MINNESOTA CITIES
INSURANCE TRUST
(Herein called LMCIT)



Item 1. **MEMBER:** NORTH ZUMBRO SANITARY SEWER REGIONAL FACILITY

Item 2. **COVERAGE PERIOD:**

From: 04/24/2025 **To:** 04/24/2026

12:01 AM Standard Time at Mailing Address on
Common Coverage Declarations

Item 3. **THE COVERED PARTY IS:** JOINT POWERS ENTITY

Item 4. **COVERAGE PARTS:**

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS COVENANT, LMCIT AGREES WITH THE COVERED PARTY TO PROVIDE THE COVERAGE AS STATED IN THIS COVENANT, SUBJECT TO THE FOLLOWING LIMITS:

PER OCCURRENCE LIMIT	* \$	<u>2,000,000</u>	
PRODUCTS LIMIT	\$	<u>3,000,000</u>	Annual Aggregate
FAILURE TO SUPPLY CLAIM LIMIT	\$	<u>3,000,000</u>	Annual Aggregate
EMF CLAIM LIMIT	\$	<u>3,000,000</u>	Annual Aggregate
MEDICAL AND RELATED EXPENSE LIMIT	\$	<u>2,500/10,000</u>	Any One Person/Occurrence
LIMITED CONTAMINATION LIABILITY CLAIM LIMIT	** \$	<u>3,000,000</u>	Annual Aggregate
OUTSIDE ORGANIZATION CLAIM LIMIT	** \$	<u>100,000</u>	Annual Aggregate
SYSTEM SECURITY BREACH CLAIM LIMIT	\$	<u>3,000,000</u>	Annual Aggregate
LAND USE AND SPECIAL RISK LITIGATION LIMIT	*** \$	<u>1,000,000</u>	Annual Aggregate
SEXUAL ABUSE CLAIM LIMIT	\$	<u>3,000,000</u>	Annual Aggregate
WILDFIRE CLAIM LIMIT	\$	<u>3,000,000</u>	Annual Aggregate
LIMITED LAW ENFORCEMENT SERVICE CONTRACT CLAIM LIMIT	** \$	<u>200,000</u>	Annual Aggregate

* LMCITs maximum limit of liability for COVERAGES A and C combined.

** LIMIT includes *damages*, loss adjustment expense, defense costs, and *supplementary payments*.

*** LIMIT includes *litigation costs*.

Item 5. **MUNICIPAL LIABILITY DEDUCTIBLE:** (Subject to General Annual Aggregate Deductible, if any, shown on Common Coverage Declarations)
\$ 500 Per Occurrence

Item 6. **RETROACTIVE DATES:**

MUNICIPAL LIABILITY RETROACTIVE DATE:

04/24/2025

LIMITED CONTAMINATION LIABILITY CLAIM RETROACTIVE DATE:

04/24/2025

Item 7. **ENDORSEMENTS ATTACHED TO THIS COVERAGE PART:**

CMC(01/25)

MGL-1(11/12)

UME-56A(11/22)

COMPREHENSIVE MUNICIPAL COVERAGE

Various provisions in this covenant restrict coverage. Read the entire coverage agreement carefully to determine rights, duties and what is and is not covered.

The words *member* and *covered party* are defined under SECTION II - WHO IS COVERED.

Other words and phrases that appear in italics have special meaning, as given in SECTION IV - DEFINITIONS.

SECTION I: COVERAGES

COVERAGE A: MUNICIPAL LIABILITY COVERAGE (CLAIMS MADE BASIS)

1. COVERAGE AGREEMENT

- a. Except as otherwise provided in this agreement, *LMCIT* will pay on behalf of the *covered party* all sums which the *covered party* shall become legally obligated to pay as *damages* as a result of an *occurrence*, if the following conditions are met:
 - (1) The claim for such *damages* must be first made against the *covered party* during the coverage period; and
 - (2) The date of the *occurrence* giving rise to the claim for *damages* must be on or after the retroactive date, if any, shown in the Declarations; and
 - (3) The *occurrence* must have taken place in the *coverage territory*.
- b. *LMCIT* will have the right and duty to defend any such claim or *suit* seeking *damages*. *LMCIT* may, at its discretion, investigate any actual or potential claim; and unless the *member* has given notice as provided in SECTION VI - CONDITIONS, 7., *LMCIT* may settle any claim or *suit*.
- c. The amount *LMCIT* will pay for *damages* is limited as described in SECTION III - LIMITS OF COVERAGE.

2. CLAIM AND OCCURRENCE DATES

- a. For any claim for *damages*, the date of the *occurrence* shall be deemed to be as follows:
 - (1) For claims for *bodily injury* or *property damage*, the date of the *occurrence* is the date on which the *bodily injury* or *property damage* first took place or is alleged to have taken place.
 - (2) For any other claim for *damages*, the date of the *occurrence* is the date on which the *wrongful act* giving rise to the claim for *damages* took place or is alleged to have taken place. If the *damages* are alleged to have arisen from a series of *wrongful acts*, the date of the *occurrence* is deemed to be the date when the first such *wrongful act* took place or is alleged to have taken place.

If both (1) and (2) apply to claims for *damages* arising from a single *occurrence*, the date of the *occurrence* is the earlier of the dates defined by (1) and (2), respectively.
- b. For any claim for *damages*, the date the claim is made is deemed to be as follows:
 - (1) For any employment liability claim, the claim is deemed to have been made on the earliest of:
 - (a) The date the claimant files a charge with the Federal Equal Employment Opportunity Commission, the Commissioner of the Minnesota Department of Human Rights, or a local Human Rights Commission as defined in Minnesota Statute §363.01, subd. 23, whichever comes first; or
 - (b) The date when notice of claim for *damages* is received by any *covered party* or by *LMCIT*, whichever comes first.
 - (2) For any Health Insurance Portability and Accountability Act (HIPAA) claim, the claim is deemed to have been made on the earliest of:
 - (a) The date the claimant files a complaint with the Federal Health and Human Services Office for Civil

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Rights; or

- (b) The date when notice of claim for *damages* is received by any *covered party* or by *LMCIT*, whichever comes first.
 - (3) For any other claim for *damages*, the claim is deemed to have been made when notice of such claim is received and recorded by any *covered party* or by *LMCIT*, whichever comes first.
 - (4) All claims for *damages* arising from a single *occurrence* will be deemed to have been made at the time the first of those claims is made against any covered party.
- c. All claims resulting from one or more *personal injustices* and *related personal injustices* will be deemed to constitute a single *personal injustice* claim and will be deemed first made when the first of such claims is made against a *covered party*.

All *bodily injury*, *personal injury*, and *supplementary payments* at issue in a single *personal injustice* claim will be deemed to arise out of one *occurrence*, without regard to the number of:

- (1) *Personal injustices*,
- (2) *Covered parties*, claims made, or *suits* brought,
- (3) Claimants making claims or bringing *suits*,
- (4) Years in which *personal injustices* are alleged to have been sustained or to have continued, or
- (5) Breaches of any legal obligation or duty to any one or more persons arising out of any *personal injustices*.

The date of such *occurrence* will be deemed to be the date of the first *personal injustice* for which the *covered party* is actually or allegedly legally responsible.

- d. All *sexual abuse claims* resulting from one or more acts committed by the same perpetrator or two or more perpetrators acting in concert will be deemed to constitute a single *sexual abuse claim* and will be deemed first made when the first of such claims is made against a *covered party*.

All *bodily injury*, *personal injury*, and *supplementary payments* at issue in a single *sexual abuse claim* will be deemed to arise out of one *occurrence*, without regard to the number of:

- (1) Acts taking place thereafter,
- (2) Victims,
- (3) Locations where the acts took place,
- (4) Coverage periods over which the acts took place, or
- (5) Breaches of any legal obligation or duty to any one or more persons arising out of any sexual abuse.

The date of such *occurrence* will be deemed to be the date of the first act committed by the same perpetrator or two or more perpetrators acting in concert for which the *covered party* is actually or allegedly legally responsible.

3. EXCLUSIONS

This coverage does not apply to:

- a. *Damages* for which the *covered party* is liable by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for *damages*:

- (1) Assumed in a contract or agreement that is a *covered contract*; or

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(2) The covered party would have in the absence of the contract or agreement.

Provided, however, that any coverage which might be available because subpart (1) or (2) applies shall be subject to exclusions b. through bb. below.

b. *Damages* for which the *covered party* may be liable by reason of the Minnesota Civil Damages Act (M.S. §340A.801-340A.802), or any other law governing liability for illegal sales of alcoholic beverages.

c. *Bodily injury* to:

(1) An employee of the *member* arising out of and in the course of employment by the *member*; or

(2) *Damages* to the spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

(1) Whether the *member* may be liable as an employer or in any other capacity; and

(2) To any obligation to share *damages* with or repay someone else who must pay *damages* because of the injury.

This exclusion does not apply to liability assumed by the *covered party* under a *covered contract*.

d. Any *pollution claim*. But this exclusion does not apply to:

(1) Any *limited contamination liability claim*;

(2) Any claim arising out of the discharge of mace, tear gas, or similar agent, if such discharge was for the purpose of protecting persons or property or incident to an arrest;

(3) Any claim for damages included in the *products hazard*.

e. *Damages* arising out of the ownership, maintenance, use or entrustment to others of any *aircraft*, *auto* or watercraft owned or operated by or rented or loaned to any *covered party*. Use includes operation and *loading or unloading*.

This exclusion does not apply to:

(1) A watercraft while ashore on premises the *member* owns or rents;

(2) A watercraft that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an *auto* on, or on the ways next to, premises the *member* owns or rents, provided the *auto* is not owned by or rented or loaned to the *covered party*.

f. *Damages* due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

g. *Property damage* to:

(1) Premises the *member* sells, gives away or abandons, if the *property damage* arises out of any part of those premises;

(2) *Your product* arising out of it or any part of it.

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- h. *Damages* claimed for any repair or replacement of *your work*.
- i. *Damages* claimed for any loss, cost or expense incurred by the *member* or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
 - (1) *Your product*;
 - (2) *Your work*; or
 - (3) *Impaired property*;if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.
- j. *Bodily injury* to any volunteer while acting on behalf of the *member* if the volunteer is an employee within the meaning of a workers' compensation law or similar law, or is covered under a voluntary endorsement to a workers' compensation insurance policy.
- k. *Damages* for *bodily injury, property damage* or *personal injury* arising out of the *member's* ownership, operation or maintenance of any airport. This exclusion does not apply to a heliport that is not held out for public use.
- l. *Damages* for *bodily injury, property damage* or *personal injury* arising out of the *member's* ownership, construction, operation or maintenance of any railroad track or *rolling stock*.
- m. *Damages* for *bodily injury, property damage, or personal injury* arising out of the *member's* ownership, operation or maintenance of any:
 - (1) Medical clinic;
 - (2) Licensed hospital, boarding care home, outpatient surgical center, or supervised living facility;
 - (3) Licensed psychiatric hospital;
 - (4) Mental health clinic;
 - (5) Licensed nursing home or home care providers;
 - (6) Registered housing with services establishments; or
 - (7) Licensed child care program, except that this exclusion shall not apply to:
 - (a) A "drop-in child care program" as defined under Minnesota Statutes, section 245A.02, subd.6a; or
 - (b) A summer day camp, holiday break camp, or similar program.
- n. *Damages* arising out of the rendering of or failure to render professional services by any professional listed below:
 - (1) Attorney, unless the attorney is an employee of the *member* and not an independent contractor, and the professional services are within the scope of the attorney's duties as a *member* employee, including professional services performed for any of the *member's* boards, commissions, authorities or agencies, or *joint powers entities* in which the *member* participates.
 - (2) Architect.
 - (3) Doctor of medicine.
 - (4) Doctor of osteopathic medicine.

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- (5) Doctor of optometry.
- (6) Podiatrist.
- (7) Physician assistant.
- (8) Veterinarian.
- (9) Dentist.
- (10) Dental therapist authorized to dispense and administer under Minnesota Statutes, chapter 150A.
- (11) Nurse, except that this exclusion shall not apply to:
 - (a) Claims arising from the nurse's activities in the capacity of an emergency medical technician, paramedic or first responder; or
 - (b) Claims arising from the nurse's activities in administering vaccinations or immunizations to *member* employees or volunteers.
- (12) Pharmacist.
- (13) Psychologist, except that this exclusion shall not apply to claims arising from the psychologist's activities in the capacity of an emergency medical technician, paramedic or first responder.
- (14) Engineer, unless the engineer is an employee of the *member* and not an independent contractor, and the professional services are within the scope of the engineer's duties as a *member* employee, including professional services performed for any of the *member's* boards, commissions, authorities or agencies, or *joint powers entities* in which the *member* participates.
- (15) Surveyor, unless the surveyor is an employee of the *member* and not independent contractor, and the professional services are within the scope of the surveyor's duties as a *member* employee, including professional services performed for any of the *member's* boards, commissions, authorities or agencies, or *joint powers entities* in which the *member* participates.

o. *Damages* arising out of the failure or bursting of any:

- (1) Class I or Class II dam as classified by the Commissioner of the Department of Natural Resources pursuant to Minnesota Rules §6115.0340; or
- (2) Any dike, levee or similar structure.

This exclusion does not apply for wastewater lagoon embankments.

p. *Damages* arising out of the *member's* ownership, sponsorship or operation of:

- (1) *Motorized amusement rides*, if the power supply motor is rated at greater than 5 horsepower;
- (2) Any *mobile equipment, automobile*, snowmobile or motorcycle in any pre-arranged racing, pulling, pushing, speed, or demolition contest or exhibition, or in any pre-arranged *stunting activity*;
- (3) Any pre-arranged racing, pulling, pushing, speed, or demolition contest or exhibition involving the use of *mobile equipment, automobiles*, snowmobiles or motorcycles;
- (4) Rodeos;
- (5) Fireworks displays or exhibitions; or
- (6) Any pre-arranged *stunting activity*.

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- q. *Damages* arising from or relating to the detention or confinement of any person(s) in:
- (1) Any jail, holding cell or similar detention facility, which the *member* owns, operates or maintains, if the date of the *occurrence* causing such *damages* takes place after a continuous detention or confinement period of 30 days, or
 - (2) Any detention facility which is intended and regularly used for confinement of persons for periods in excess of 30 days.
- r. *Damages* arising out of the activities of any of the following *member* boards, commissions, or agencies:
- (1) Gas, electrical or steam utilities commission;
 - (2) Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;
 - (3) Municipal power agency; or
 - (4) Municipal gas agency,
- unless such board, commission, authority, or agency is named in the Declarations, in which case the *member* will also be covered to the extent of coverage provided under this covenant to the named board, commission, authority or agency for *damages* arising out of the activities of the respective named board, commission, authority or agency.
- s. *Damages* arising out of the activities of a *joint powers entity* in which the *member* is or was a member unless the *joint powers entity* is named in the Declarations.
- t. *Damages* arising out of condemnation, inverse condemnation, adverse possession, or dedication by adverse use. This exclusion does not apply to any claim for taking of property wherein the taking of property is incident to an arrest or for the purpose of protecting persons or property in an emergency.
- u. Any criminal proceedings or proceedings under the open meeting law against any *covered party*.
- v. *Damages* with respect to any claim(s) made by *LMCIT* or the *member* against any other *covered party*.
- w. Any claim for *damages* asserted in any *land use and special risk litigation*.
- x. *Damages* arising from or relating to the actual, pending, or threatened bankruptcy of the *member*.
- y. *Damages* arising from a collective bargaining agreement or employment contract between the *member* and one or more of its employees, except for a *covered contract*.
- z. Any *PFAS* claims as set forth in the UME-56 endorsement "*PFAS Claims Exclusion*".
- aa. *Damages* for *bodily injury, property damage, or personal injury* arising out of the *member's*:
- (1) Ownership, operation or maintenance of any *cannabis business*; or
 - (2) The sale of *cannabis products*.
- This exclusion does not apply for *low potency edible cannabinoid products* sold from a licensed retailer of alcoholic beverages or on- or off-sale municipal liquor store.
- bb. *Damages* for which the *covered party* may be liable by reason of M.S. § 342.81, or any other law governing liability for illegal sales of cannabis.

COVERAGE B. MEDICAL AND RELATED EXPENSE

1. COVERAGE AGREEMENT

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- a. *LMCIT* will pay to or for each person who sustains *bodily injury* caused by accident all reasonable *medical and related expense* incurred within one year from the date of the accident as a result of such *bodily injury*, provided such *bodily injury* arises out of a condition in the *covered premises*.
- b. The amount *LMCIT* will pay for *medical and related expense* is limited as described in SECTION III - LIMITS OF COVERAGE.

2. EXCLUSIONS

LMCIT will not pay expenses for *bodily injury*:

- a. Arising out of the operation or use of any snowmobile or *trailer* designed for use therewith;
- b. Included within the *products hazard*;
- c. Arising out of operations performed for the *member* by an independent contractor other than:
 - (1) Maintenance and repair of the *covered premises*; or
 - (2) Structural alterations at such premises which do not involve changing the size of or moving buildings or other structures;
- d. To any tenant or other person regularly residing on the *covered premises*;
- e. To any other tenant if the *bodily injury* occurs on that part of the *covered premises* rented from the *member*;
- f. To any person while engaged in maintenance and repair of the *covered premises* or alteration, demolition or new construction at such premises;
- g. To any person practicing, instructing or participating in any physical training, sport, athletic activity or contest whether on a formal or informal basis;
- h. To a member or guest of any club, tourist court or trailer park operated or owned by the *member*; or
- i. For any injury for which the injured party has received or is entitled to receive workers' compensation benefits.

The exclusions of the MUNICIPAL LIABILITY COVERAGE PART (COVERAGE A) also apply to this Coverage Part as respects *bodily injury*.

3. ADDITIONAL DEFINITIONS

When used herein:

Covered premises means all premises owned or rented to the *member* with respect to which the *member* is afforded coverage for *bodily injury* liability under this covenant, and includes the ways immediately adjoining on land; however, *covered premises* does not include streets, sidewalks, or boulevards that do not abut a *member* owned building or *member* owned parking lot.

Medical and related expense means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices, necessary ambulance, hospital, professional nursing and funeral services, and replacement or repair of damaged eyeglasses or clothing.

4. ADDITIONAL CONDITION MEDICAL REPORTS; PROOF AND PAYMENT OF CLAIM

As soon as practicable, the injured person or someone on his behalf shall give to *LMCIT* written proof of claim, under oath if required, and shall, after each request from *LMCIT*, execute authorization to enable *LMCIT* to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by *LMCIT*

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when and as often as *LMCIT* may reasonably require. *LMCIT* may pay the injured person or any person or organization rendering the services, and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any *covered party* or of *LMCIT*.

COVERAGE C. AUTOMOBILE LIABILITY - BODILY INJURY AND PROPERTY DAMAGE

1. COVERAGE AGREEMENT

LMCIT will pay on behalf of the *covered party* all sums which the *covered party* shall become legally obligated to pay as *damages* because of *bodily injury* or *property damage* to which this coverage applies, caused by an *occurrence* and arising out of the ownership, maintenance or use, including *loading or unloading*, of any *automobile*. This coverage applies only to *bodily injury* or *property damage* which occurs during the coverage period and within the *coverage territory*.

LMCIT will have the right and duty to defend any *suit* seeking those *damages*. However:

- a. The amount *LMCIT* will pay for *damages* is limited as described in SECTION III - LIMITS OF COVERAGE.
- b. *LMCIT* may, at its discretion, investigate any *occurrence* and settle any claim or *suit* that may result.

2. EXCLUSIONS

This coverage does not apply to:

- a. Any obligation for which the *covered party* or any carrier as his insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law.
- b. *Bodily injury* to:

- (1) An employee of the *member* arising out of and in the course of employment by the *member*; or
- (2) *Damages* to the spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (1) Whether the *member* may be liable as an employer or in any other capacity; and
- (2) To any obligation to share *damages* with or repay someone else who must pay *damages* because of the injury.

This exclusion does not apply to liability assumed by the *covered party* under a *covered contract*.

- c. *Property damage* to property owned by the *covered party*.
- d. *Bodily injury* due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing.
- e. Any *pollution claim* or *limited contamination liability claim*. But this exclusion does not apply to: 1. *organic pathogen claims* or; 2. *limited auto pollution claims*.
- f. *Damages* for which the *covered party* is liable by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for *damages*:
 - (1) Assumed in a contract or agreement that is a *covered contract*; or
 - (2) The *covered party* would have in the absence of the contract or agreement.
- g. Liability arising from use of an *owned automobile* or *hired automobile* in any pre-arranged racing, pulling, pushing,

speed or demolition contest or exhibition, or in any pre-arranged *stunting activity*.

3. ADDITIONAL DEFINITIONS

These additional definitions apply for purposes of COVERAGE C:

Automobile business means the business or occupation of selling, repairing, servicing, storing or parking *automobiles*.

Hired automobile means an *automobile* not owned by and is used under contract on behalf of, or loaned to, the *member*.

Owned automobile means an *automobile* owned by the *member*.

Trailer includes *semi-trailer* but does not include *mobile equipment*.

COVERAGE D. LAND USE AND SPECIAL RISK LITIGATION

1. COVERAGE AGREEMENT

Except as provided below, for any *land use and special risk litigation* which is first filed or served by or against the *member* or a *member* officer or employee during the annual coverage period of this agreement, *LMCIT* will pay the following on the *member's* behalf:

- a. 85% of the first \$250,000 of *litigation costs* which are incurred after the litigation has been reported to *LMCIT*; and 60% of any *litigation costs* in excess of \$250,000 which are incurred after the litigation has been reported to *LMCIT*; and
- b. 50% of any necessary legal fees for counsel to represent the *member* which the *member* incurs prior to reporting the litigation to *LMCIT*.

This coverage shall not apply to any *land use and special risk litigation* which is first reported to *LMCIT* more than one year after the date on which the litigation was first filed or served by or against the *member* or a *member* officer or employee.

The amount *LMCIT* will pay for *litigation costs* for *land use and special risk litigation* covered under this section is limited as described in SECTION III - LIMITS OF COVERAGE.

The amount *LMCIT* pays for *litigation costs* for *land use and special risk litigation* is subject to the Municipal Liability Deductible shown in the Municipal Liability Declarations or the General Annual Aggregate Deductible, if any, shown in the Common Coverage Declarations.

2. LITIGATION MANAGEMENT

For any *land use and special risk litigation*, legal counsel will be selected by mutual agreement of the *member* and *LMCIT*.

If *LMCIT* and the *member* are not able to agree on selection of counsel, *LMCIT* will provide a list of five attorneys experienced in *land use and special risk litigation* matters; and the *member* will select legal counsel from that list.

A *land use and special risk litigation suit* may not be settled without the approval of both *LMCIT* and the *member*.

3. ADDITIONAL DEFINITIONS

This additional definition applies for the purpose of COVERAGE D.

Litigation costs means:

- a. Costs for legal counsel appointed pursuant to 2. LITIGATION MANAGEMENT, above;

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- b. Necessary legal fees for counsel to represent the *member* which the *member* incurs prior to reporting the litigation to *LMCIT*;
- c. Necessary litigation expenses other than legal fees;
- d. *Damages* which the *member* is required to pay; and
- e. *Supplementary payments* made or incurred as defined in SECTION V - *SUPPLEMENTARY PAYMENTS*.

4. SPECIAL PROVISIONS - INTER-MEMBER LITIGATION

The following special provisions shall apply only to coverage for any *land use and special risk litigation* in which: 1) An opposing litigant is also a *member* of the *LMCIT* property/casualty program; and 2) The litigation is also a covered claim for the opposing litigant under COVERAGE D of the opposing litigant's *LMCIT* municipal liability coverage:

- a. Legal counsel will be selected as provided above, but *LMCIT* will not otherwise participate in the management of the litigation.
- b. Any settlement of the litigation involving a payment of *damages* must be approved by *LMCIT*.
- c. The percentage *LMCIT* will pay of any *litigation costs* will be one-half of the percentages specified in COVERAGE D. 1. COVERAGE AGREEMENT.
- d. *LMCIT*'s total liability to the *member* for *litigation costs* for the litigation shall not exceed \$500,000. This does not increase the annual aggregate limit as described in SECTION III - LIMITS OF COVERAGE, 9.

COVERAGE E. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE

1. COVERAGE AGREEMENT

- a. *LMCIT* agrees to provide *uninsured and underinsured motorists coverage*.
- b. The amount *LMCIT* will pay for *uninsured and underinsured motorists coverage* is limited as described in SECTION III-LIMITS OF COVERAGE.

2. ADDITIONAL DEFINITIONS

These additional definitions apply for purposes of COVERAGE E:

Covered motor vehicle means any *motor vehicle* that is owned by the *member*.

Uninsured and underinsured motorists coverage means amounts due to such persons, in such amounts and for such *covered motor vehicles* in accordance with and as may be required, limited or excluded by the terms, definitions, limitations, conditions and exclusions of the Minnesota No-Fault Act, Minnesota Statutes §65B.41 to §65B.71 in no greater amount or scope than required by said Statute unless a contrary intent is clearly and unequivocally stated herein.

But *uninsured and underinsured motorists coverage* does not include punitive or exemplary *damages*.

Uninsured motor vehicle and underinsured motor vehicle have the meaning given them in the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

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Motor vehicle has the meaning given it in the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71 but for the purposes of this coverage, *motor vehicle* also includes motorcycles, as defined under the Act, and vehicles exempted from tax, fees, or plate displays as listed in Minnesota Statute §168.012 Subd.1.

When necessary to determine the application of this policy under Minnesota Statute §65B.49 Subd.(3a) *occupying* means in, or upon a *motor vehicle*.

3. ADDITIONAL CONDITIONS

These additional conditions apply for purposes of COVERAGE E:

Any amount payable under this coverage will be reduced by:

- a. All sums paid or payable under any workers compensation, disability benefits or similar law; and
- b. All sums paid by or for anyone who is legally responsible, including all sums paid under Comprehensive Municipal Coverage, Coverage
- c. Automobile Liability-*Bodily Injury* and *Property Damage*.

The COMMON CONDITIONS also apply unless they are in conflict with the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

COVERAGE F. BASIC ECONOMIC LOSS BENEFITS COVERAGE

1. COVERAGE AGREEMENT

- a. LMCIT agrees to provide *basic economic loss benefits*.
- b. The amount LMCIT will pay for *basic economic loss benefits* is limited as described in SECTION III-LIMITS OF COVERAGE.

2. ADDITIONAL DEFINITIONS

These additional definitions apply for purposes of COVERAGE F.

Covered motor vehicle means any *motor vehicle* that is owned by the *member*.

Basic economic loss benefits means benefits to such persons, in such amounts and for such *covered motor vehicles* in accordance with and as may be required, limited or excluded by the terms, definitions, conditions limitations and exclusions of the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71 in no greater amount and scope than required by said statute unless a contrary intent is clearly and unequivocally stated herein.

Motor vehicle has the meaning given it in the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71 but for the purposes of this coverage, *motor vehicle* also includes motorcycles, as defined under the Act, and vehicles not required to be registered pursuant to Chapter 168, but which otherwise meets the definition of a *motor vehicle* under the Act.

3. ADDITIONAL CONDITIONS

This additional condition applies for purposes of COVERAGE F.

The COMMON CONDITIONS also apply unless they are in conflict with the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

SECTION II - WHO IS COVERED

- 1. *Member* means the *member* or other governmental body or entity first named in the Declarations. Unless specifically

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named in the Declarations, *member* shall not include any of the following:

- a. Gas, electrical or steam utilities commission;
- b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority or similar agency;
- c. Municipal power agency;
- d. Municipal gas agency;
- e. Welfare or public relief agency;
- f. School board; or
- g. *Joint powers entity*; but the following are deemed to be a covered *joint powers entity* under this agreement:
 - (1) A joint planning board created pursuant to an orderly annexation agreement, pursuant to Minnesota Statute 462.3585, or pursuant to a joint resolution between the *member* and a township; or
 - (2) A joint airport zoning board created pursuant to Minnesota Statute 360.063.

2. For purposes of COVERAGE A and COVERAGE D, *covered party* means:

- a. The *member*, and any other entity named in the Declarations;
- b. For actions within his duties as such, any present or former:
 - (1) Member of the city council;
 - (2) Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;
 - (3) Elected or appointed official of the *member*;
 - (4) Employee of the *member*;
 - (5) Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - (6) Other authorized person or agent of the *member* while acting on behalf of the *member*;
 - (7) *Relief associations* of the *member* and its members, officers, and employees; or
 - (8) Person while acting in the administrative capacity of medical director or medical advisor to the *member* ambulance service, whether that person is a volunteer, an employee, or an independent contractor.

Notwithstanding any other provision of subdivision b, (1) through (8), an independent contractor is not a *covered party* for purposes of COVERAGE A and COVERAGE D, except

- i. When acting in the administrative capacity of medical director or medical advisor to the *member* ambulance service, or
- ii. When serving as a member of a committee, subcommittee, board, or commission of the *member*, or when representing the *member* as a member of a committee, subcommittee, board, or commission.

c. With respect to a *joint powers entity* named in the Declarations:

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- (1) The *joint powers entity*;
- (2) While acting on behalf of the *joint powers entity*, or with respect to liability arising out of the activities of the *joint powers entity*, any present or former:
 - (a) Governmental member of the *joint powers entity*, unless prohibited by law;
 - (b) Elected or appointed official of the governmental member;
 - (c) Employee of the governmental member; or
 - (d) Other authorized person or agent of the governmental member, but excluding independent contractors.

3. For purposes of COVERAGE A, *covered party* also means:

Any person or organization from whom the *Member* leases premises or equipment that is not an *automobile* and to whom the *Member* is contractually obligated to have named as an additional *covered party* under this agreement, but:

- a. Only with respect to, and to the extent of claims made against the additional *covered party* by reason of act or omission of the *Member* or its agents or employees and not by reason of act or omission of the additional *covered party* or its agents or employees;
- b. Only with respect to *bodily injury, property damage, and personal injury*; and
- c. Only with respect to acts and omissions of the *Member* occurring during the terms of the lease.

4. For purposes of COVERAGE C, *covered party* means:

- a. The *member*, and any other entity named in the Declarations with respect to any *automobile*;
- b. Any present or former elected or appointed official, employee or volunteer of the *member* with respect to any *automobile* while such *automobile* is or was being used in the business of the *member*;
- c. Any person or organization from whom a *covered party* hires or borrows a *trailer* which is connected to an *owned automobile*;
- d. Any person while using an *owned automobile* or *hired automobile* only while such *automobile* is or was used with the *member's* permission.
- e. Any other person or organization but only with respect to his or its liability because of acts or omissions of a *covered party* under a., b., c. or d. above.

For purposes of COVERAGE C, none of the following is a *covered party*:

- a. Any person or organization from whom a *covered party* hires or borrows an *automobile* that is not a *trailer*. Any person or organization from whom a *covered party* hires or borrows an *automobile* that is not a *trailer*.
- b. Any person while employed in or otherwise engaged in duties in connection with an *automobile business*, other than an *automobile business* operated by the *member*.
- c. Any person while *loading or unloading an automobile*, other than:
 - (1) A *member* officer, employee, or volunteer; or
 - (2) A lessee or borrower of an *owned automobile* or their employees.

5. For purposes of this COVERAGE E, *covered party* means:

Anyone *occupying a covered motor vehicle*.

For purposes of COVERAGE E, none of the following is a *covered party*:

Anyone using a *covered motor vehicle* while such *covered motor vehicle* was used without the *member's* permission.

6. For purposes of COVERAGE F, *covered party* means:

Anyone entitled to benefits as may be required, limited or excluded by the terms, definitions, conditions and exclusions of the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

For purposes of COVERAGE F, none of the following is a *covered party*:

Anyone using a *covered motor vehicle* while such *covered motor vehicle* was used without the *member's* permission

SECTION III - LIMITS OF COVERAGE

1. The Limits of Coverage shown in the Declarations and the rules below, except as otherwise described, fix the most *LMCIT* will pay as *damages* under each coverage part regardless of the number of:
 - a. *Covered parties*;
 - b. Claims made or *suits* brought; or
 - c. Persons or organizations making claims or bringing *suits*.
2. *LMCIT's* maximum limit of liability for COVERAGES A and C combined shall be the per *occurrence* limit shown in the Declarations whether the claim or claims fall under COVERAGE A, COVERAGE C, or both.
3. The Limits of Coverage shown in the Declarations, except as otherwise described, apply only to the *damages* under each Coverage Part in excess of the Municipal Liability Deductible shown in the Municipal Liability Declarations or the General Annual Aggregate Deductible, if any, shown in the Common Coverage Declarations, and the Limits of Coverage will be reduced by the Deductible amount.
4. The Products Annual Aggregate Limit is the most *LMCIT* will pay under COVERAGE A for *damages* included in the *products hazard*.
5. The *Medical and Related Expense* Limit is the most *LMCIT* will pay under COVERAGE B for all medical expenses because of *bodily injury* sustained by any one person, and the *occurrence* limit is the most *LMCIT* will pay under COVERAGE B for all medical expenses because of *bodily injury* to two or more persons resulting from one *occurrence*.
6. The *Limited Contamination Liability Claim* Annual Aggregate Limit is the most *LMCIT* will pay during the annual coverage period for:
 - a. *Limited contamination liability claims* for COVERAGE A;
 - b. *Organic pathogen claims* for COVERAGE C.; and
 - c. *Limited auto pollution claims* for Coverage C.

The *Limited Contamination Liability Claim* Annual Aggregate Limit is the most *LMCIT* will pay during the annual coverage period whether the claim or claims fall under COVERAGE A, COVERAGE C, or both. The *Limited Contamination Liability Claim* Annual Aggregate Limit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V - *SUPPLEMENTARY PAYMENTS*.

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As part of and not in addition to the *Limited Contamination Liability Claim* Annual Aggregate Limit, the most LMCIT will pay for *Excavation and Dredging claims* is \$250,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V *SUPPLEMENTARY PAYMENTS*.

As part of and not in addition to the *Limited Contamination Liability Claim* Annual Aggregate Limit, the most LMCIT will pay for *organic pathogen claims* is \$250,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V *SUPPLEMENTARY PAYMENTS*.

As part of and not in addition to the *Limited Contamination Liability Claim* Annual Aggregate Limit, the most LMCIT will pay for *limited auto pollution claims* is \$50,000 per *occurrence* and \$100,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V. *SUPPLEMENTARY PAYMENTS*.

7. The *Failure to Supply Claim* Annual Aggregate Limit is the most LMCIT will pay for *damages for failure to supply claims* during the annual coverage period.
8. The *EMF Claim* Annual Aggregate Limit is the most LMCIT will pay for *damages for EMF claims* during the annual coverage period.
9. LMCIT's total liability for *litigation costs*, as defined in SECTION I - COVERAGE D, *LAND USE AND SPECIAL RISK LITIGATION*, for all *land use and special risk litigation* which is first filed or served against the *member* during the annual coverage period of this agreement shall not exceed \$1,000,000, regardless of the number of *suits*, defendants, or claimants.
10. The *Outside Organization Claim* Annual Aggregate Limit is the most LMCIT will pay for *outside organization claims* during the annual coverage period. The *Outside Organization Claim* Limit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V- *SUPPLEMENTARY PAYMENTS*.
11. The *System Security Breach Claim* Annual Aggregate Limit is the most LMCIT will pay for *damages for system security breach claims* during the annual coverage period.

As part of and not in addition to the *System Security Breach Claim* Annual Aggregate Limit, the most LMCIT will pay for the sum of *data security breach regulatory fines and penalties* and *payment card industry fines and penalties* is \$250,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V - *SUPPLEMENTARY PAYMENTS*.

12. The *Per Occurrence* Limit is the most LMCIT will pay for *damages for a single sexual abuse claim*. Only the covenant or other coverage agreement and corresponding *Per Occurrence* Limit in effect when a *sexual abuse claim* is deemed first made will apply to such claim, regardless whether:
 - a. LMCIT issued such covenant or other coverage agreement, or
 - b. LMCIT insured the *covered party* under one or more covenants in effect after such covenant or other coverage agreement.

Subject to the foregoing, the *sexual abuse claim* Annual Aggregate Limit is the most LMCIT will pay for *damages for sexual abuse claims* under this covenant.

13. The *Uninsured and Underinsured Motorists* Limit as stated in the Declarations is the most LMCIT will pay under COVERAGE E for *uninsured and underinsured motorists coverages* in any one accident regardless the number of:
 - a. *Covered motor vehicles*;
 - b. *Covered parties*;

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- c. Claims made; or
 - d. *Motor vehicles* involved in the accident.
14. The *Basic Economic Loss Benefits* Limit as stated in the Declarations is the most *LMCIT* will pay under COVERAGE F to one person for *basic economic loss benefits* and the party to whom this policy is issued specifically rejects its right, if any it may have, to elect to add two or more policies or limits together unless otherwise clearly and unequivocally stated herein.
15. *LMCIT* shall not be obligated under this covenant to pay any claim or judgment or to defend any *suit* after the applicable limit of *LMCIT*'s coverage has been exhausted. However, to the extent that *LMCIT* provides excess liability coverage, subject to the terms of the excess coverage, *LMCIT* shall continue to defend *suits* jointly under this covenant and the excess covenant until the applicable excess limits have been exhausted by payment of judgment or settlements.
16. For any Annual Aggregate Limit shown in the Declarations, the limit shall apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the coverage period shown in the Declarations, unless the coverage period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the limits of coverage.
17. The *wildfire claim* Annual Aggregate Limit is the most *LMCIT* will pay for *damages* for *wildfire claims* during the annual coverage period.
18. The *Limited Law Enforcement Service Contract Claim* Annual Aggregate Limit is the most *LMCIT* will pay for *limited law enforcement service contact claims* during the annual coverage period. The *Limited Law Enforcement Service Contract Claim* Limit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V-SUPPLEMENTARY PAYMENTS.
19. The *Per Occurrence* Limit is the most *LMCIT* will pay for *damages* for a single *personal injustice* claim. Only the covenant or other coverage agreement and corresponding *Per Occurrence* Limit in effect when a *personal injustice* claim is deemed first made will apply to such claim, regardless whether:
- a. *LMCIT* issued such covenant or other coverage agreement, or
 - b. *LMCIT* insured the *covered party* under one or more covenants in effect after such covenant or other coverage agreement.

SECTION IV – DEFINITIONS

- 1. *Advertisement* means a notice that is broadcast or published to the general public or specific market segments about the *member's* goods, products or services for the purpose of attracting customers or supporters.
- 2. *Aircraft* means a vehicle designed for the transport of persons or property principally in the air, including airplanes, helicopters, blimps, hot air balloons, and gliders.
- 3. *Asbestos claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by or contributed to by:
 - a. The use of, sale of, installation of, removal of, abatement of, distribution of, containment of, or exposure to asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
 - b. The actual or threatened abatement, mitigation, removal or disposal of asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
 - c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with subparagraphs a. and b. above; or

- d. Any obligation of the *covered party* to indemnify any party in connection with subparagraphs a., b. or c. above.
4. *Automobile (auto)* means a land *motor vehicle, trailer or semi-trailer* designed for travel on public roads, including any attached machinery or equipment.
5. *Bodily injury* means *bodily injury*, sickness or disease sustained by a person, including death resulting from any of these at any time.
6. *Cannabis business* means any cannabis microbusiness, mezzobusiness, cultivator, manufacturer, retailer, wholesaler, transporter, testing facility, event organizer, or delivery service; or any medical cannabis cultivator, processor, retailer, or combination business, as described in MN Statute 342.01, Subd. 14.
7. *Cannabis product* means any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
8. *Computer equipment* means programmable electronic equipment that is used to store, retrieve, and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.
9. *Coverage territory* means:
- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or *damages* do not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or *damage* arises out of:
 - (a) Goods or products made or sold by the *member* in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on the *member's* business; and
 - (2) The *covered party's* responsibility to pay *damages* is determined in a *suit* on the merits, in the territory described in a. above or in a settlement *LMCIT* agrees to.
10. *Covered contract* means an indemnification of a municipality as required by ordinance, or that part of any collective bargaining, employment, or other contract or agreement pertaining to the *member's* business under which the *member* assumes the tort liability of another to pay *damages* to a third person or organization, if the contract or agreement is made prior to the date of the *occurrence* giving rise to the *damages*. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- With respect only to *data security breach claims*, *covered contract* also means that part of a *merchant services agreement* pertaining to *payment card industry fines and penalties*.
- Covered contract* does not include that part of any contract or agreement
- a. That indemnifies or agrees to defend any person or organization for *damages* by fire to premises rented or loaned to the *member*; or
 - b. That indemnifies or agrees to defend any person or organization for *damages* arising out of such person's or organization's operation, maintenance or use of any *auto* not owned by or rented or loaned to a *covered party*.

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- c. That indemnifies any person or organization for; *property damage* to any adjacent property of others during a construction, demolition, or excavation project intended, expected or reasonably foreseeable by such person or organization or by any *covered party*; or
- d. That is contrary to or unenforceable under State law, including without limitation Minnesota Statutes § 15.71-15.74.

11. *Damages* means money *damages*, and includes awards for attorneys' fees with respect to *suits* alleging violations under federal civil rights laws, state human rights laws or the federal or state constitution.

With respect to any *land use and special risk litigation*, *damages* also includes amounts the *member* is obligated to pay for loss of use of property during the time prior to a final determination by the court that enforcement of a land use, zoning, subdivision, or similar ordinance or regulation constitutes a taking of private property.

With respect to any *data security breach claim*, *damages* also includes *data security breach regulatory fines and penalties* and *payment card industry fines and penalties*.

Damages does not include any of the following:

- a. Any obligation of a *covered party* under a workers' compensation, disability benefits, or unemployment compensation law or any similar law, except this exclusion does not apply to obligations arising under Minnesota Statutes, section 176.82.
- b. Exemplary *damages* or punitive *damages* except punitive *damages* claimed or levied against an officer, employee or volunteer of the *member*, provided that the officer, employee or volunteer:
 - (1) Was acting in the performance of the duties of the position; and
 - (2) Was not guilty of malfeasance in office, willful neglect of duty, or bad faith.
- c. Fines or penalties imposed by law, except *data security breach regulatory fines and penalties*.
- d. Injunctive or equitable relief, or quasi- judicial or administrative orders.
- e. Repayment of any tax, assessment, fee, or other charge that was wrongfully obtained, or any interest on, or any other amount claimed for loss of use of, such tax, assessment, fee, or other charge.
- f. Amounts paid or payable for the purchase or permanent acquisition of property or property rights, or for the right to permanently enforce an ordinance, regulation, or restriction on the use of property.
- g. Amounts owed pursuant to the explicit terms of any contractual obligation, including but not limited to amounts due under the terms of any *member debt obligations*, except for liability:
 - (1) Assumed in a *covered contract*; or
 - (2) Assumed in an employment contract between the *member* and its employees.
- h. With respect to any litigation relating to *member debt obligations*, any profit, advantage or remuneration to which the *covered party* was not legally entitled.
- i. Any back wages or employment benefits for work that has been performed by the employee making the claim, except for any of the following:
 - (1) Back wages or benefits owed because of a violation of the wage and hour provisions of the federal or state Fair Labor Standards Acts; or
 - (2) Back wages or benefits owed because of a violation of any state or federal statute prohibiting discrimination in

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employment based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, or age.

j. Any claimed increases in wages and employment benefits for work to be performed in the future by the employee making the claim.

12. *Data security breach claim* means any claim for *damages* arising out of actual or potential unauthorized acquisition of data that:

- a. Compromises the security, confidentiality, or integrity of personal information; or
- b. Contains data classified as private or confidential by the Minnesota Government Data Practices Act.

For purposes of this section, "Personal information" means:

a. An individual's first name or first initial and last name in combination with any one or more of the following data elements, when the data element is not secured by encryption or another method of technology that makes electronic data unreadable or unusable, or was secured and the encryption key, password, or other means necessary for reading or using the data was also acquired:

(1) Social Security number;

(2) Driver's license number or Minnesota identification card number; or

(3) Account number or credit or debit card number, in combination with any required security codes, access code, or password that would permit access to an individual's financial account.

13. *Data security breach regulatory fines and penalties* means monetary fines or penalties that the *member* is legally obligated to pay to, and as a result of a demand brought by or on behalf of, a governmental or regulatory authority resulting from a *data security breach claim* involving the actual unauthorized acquisition of data.

14. *Electronic data* means programmed and recorded material stored on *computer equipment* or *electronic media*, and programming records used for electronic data processing, or electronically controlled equipment. *Electronic data* is not tangible property.

15. *Electronic media* means *electronic data* processing or storage media such as films, tapes, discs, drums or cells.

16. *EMF claim* means any claim for *damages* arising out of the actual or alleged exposure to electromagnetic fields, electromagnetic radiation or stray voltage.

17. *Excavation and dredging claim* means any claim for *damages* arising out of the deposit of excavated or dredged *pollutants* when the excavation or dredging was undertaken to construct, maintain, repair, or reconstruct the *member's* streets, ditches, sanitary sewer, storm sewer, drainage, or water supply systems, or electric, gas, cable communication, or other public utilities.

18. *Failure to supply claim* means any claim for *damages* arising out of the complete or partial failure to supply water, electricity, gas, steam, telecommunications, or electronic data transmission service.

19. *Fungus(es)* includes, but is not limited to, any form or type of mold, mushroom or mildew.

20. *Impaired property* means tangible property, other than *your product* or *your work*, that cannot be used or is less useful because:

a. It incorporates *your product* or *your work* that is known or thought to be defective, deficient, inadequate or dangerous; or

b. The *member* has failed to fulfill the terms of a contract or agreement;

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if such property can be restored to use by:

- (1) The repair, replacement, adjustment or removal of *your product* or *your work*; or
- (2) The *member's* fulfilling the terms of the contract or agreement.

21. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:

- a. To receive and expend funds;
- b. To enter into contracts;
- c. To hire employees;
- d. To purchase or otherwise acquire and hold real or personal property; or
- e. To sue or be sued.

22. *Land use and special risk litigation* means:

- a. Any litigation relating to:
 - (1) The *member's* regulation of the use of land or real property with a land use, zoning, subdivision, or similar ordinance or regulation; or
 - (2) The regulation of the use of land or real property owned, leased, or rented by the *member* with a land use, zoning, subdivision, or similar ordinance or regulation.
- b. Any litigation relating to the *member* participation in or financing of any housing, development, or redevelopment project.
- c. Any litigation relating to the granting, refusal, interpretation, or enforcement of any franchise, ordinance, permit, license, or other mechanism through which the *member* authorizes or regulates parties other than the *member*, with regard to the provision of telecommunications, electricity, gas, heat, sewage treatment or refuse collection within the *member*.
- d. Any litigation relating to the *member* authority to engage in enterprise operations. "Enterprise operations" means any arrangement under which the *member* offers goods or services for a fee, including but not limited to sales of utilities, telecommunications services, refuse collection, and liquor.
- e. Any litigation relating to *member debt obligations*.

Any litigation meeting the criteria listed above will be considered to be *land use and special risk litigation* in its entirety, regardless of whether the litigation may assert other claims as well.

But *land use and special risk litigation* does not include litigation:

- a. That seeks only compensation or other relief for an actual or alleged physical occupation, invasion, or use of property by the *member*;
- b. That seeks only a reduction or invalidation of a special assessment;
- c. That seeks only compensation for *damages* based on the *member's* actual or alleged negligent inspection or enforcement of the state building, plumbing, electrical, fire, or similar state codes;

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- d. That seeks only amounts owed pursuant to the explicit terms of any contractual obligation, including but not limited to any *member debt obligations*;
 - e. That was initiated by the *member* to enforce a building, zoning, subdivision, or similar ordinance or regulation related to the use of property, unless that litigation also involves a challenge to the constitutionality or interpretation of the ordinance or regulation or to the legal authority of the *member* to enact it;
 - f. That is a criminal prosecution by the *member*;
 - g. That is brought by *LMCIT* or the *member* against any other *covered party*;
 - h. That arises from or is related to the actual, pending or threatened bankruptcy of the *member*; or
 - i. That makes only a *pollution claim*
23. *Lead claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by or contributed to by:
- a. The toxic or pathological properties of lead, lead compounds or lead contained in any materials;
 - b. The actual or threatened abatement, mitigation, removal or disposal of lead, lead compounds or materials containing lead;
 - c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with subparagraphs a. or b. above; or
 - d. Any obligation of the *covered party* to indemnify any party in connection with subparagraphs a., b. or c. above.
24. *Limited auto pollution claim* means any claim for *damages* resulting from the actual, alleged, or threatened accidental discharge, dispersal, release, or escape of *pollutants* arising out of the ownership, maintenance or use, including *loading or unloading* of any *automobile* which:
- a. Begins and ends within 72 hours; and
 - b. Is not a repeat or resumption of a previous discharge, dispersal, release, or escape of the same type of *pollutant* from essentially the same source within 12 months of a previous discharge, dispersal, release, or escape.
25. *Limited contamination liability claim* means:
- a. Any claim for *damages* arising out of pesticide or herbicide application operations;
 - b. Any claim for *damages* which arises from the accidental rupture, backup, or overflow of the *member's* sanitary sewer, storm sewer, or water supply systems;
 - c. Any *excavation and dredging claim*.
- Limited contamination liability claim* also includes the following, unless the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release, or escape of *pollutants* occurred or is alleged to have occurred at or from any landfill, dump, or other site or location presently or formerly used by or for the *member* or others for the handling, storage, disposal, processing, or treatment of *pollutants*:
- d. Any claim for *damages* resulting from an actual, alleged, or threatened accidental existence, discharge, dispersal, seepage, migration, release, or escape of *pollutants* which begins and ends within 72 hours;
 - e. Any *lead claim* or *asbestos claim*;
 - f. Any *mold claim*;

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- g. Any *organic pathogen claim*;
- h. Any claim for *damages* arising from an actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release, or escape of *pollutants* at or from premises not presently or formerly owned, rented, leased, used, or occupied by the *member*;
- i. Any claim for *damages* arising out of heat, smoke, or fumes from a hostile fire or controlled burn. A hostile fire is fire which becomes uncontrollable or breaks out from where it was intended to be.

But *limited contamination claim* does not include:

- a. Any *PFAS* claims as set forth in the UME-56 endorsement "*PFAS Claims Exclusion*".
26. *Limited law enforcement service contract* means a contract for law enforcement services for which the *member* pays a fee to an entity that does not have the liability coverage through *LMCIT* in exchange for law enforcement services. A mutual aid agreement or agreement that creates a *joint powers entity* is not a *limited law enforcement service contract*.
27. *Limited law enforcement service contract claim* means a claim for which the *member* is obligated to defend or indemnify the service provider for claims arising out of the service provider's acts, errors, or omissions under the terms of the *limited law enforcement service contract*.
28. *LMCIT* means the League of Minnesota Cities Insurance Trust.
29. *Loading or unloading* means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an *aircraft*, watercraft or *auto*;
 - b. While it is in or on an *aircraft*, watercraft or *auto*; or
 - c. While it is being moved from an *aircraft*, watercraft or *auto* to the place where it is finally delivered; but *loading or unloading* does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the *aircraft*, watercraft or *auto*.
30. *Low Potency edible cannabinoid product* means products that fall within the requirements specified in MN Statute 151.72, Subd. 4., 5., and 5a.
31. *Member debt obligations* means bonds, notes, financing certificates, lease-purchase agreements, or other similar debt instruments or financial obligations proposed, guaranteed, approved, issued, or entered into by the *member*.
32. *Merchant services agreement* means an agreement between the *member* and a financial institution, credit/debit card company, credit/debit card processor or independent service operator enabling the *member* to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.
33. *Mobile equipment* means any of the following types of land vehicles, other than *automobiles*, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts, snowmobiles and other vehicles designed for use principally off public roads;
 - b. Vehicles that travel on crawler treads;
 - c. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - d. Vehicles not described in a., b., or c. above that are not self-propelled and are maintained primarily to provide

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mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment;
- (2) Cherry pickers and similar devices used to raise or lower workers; or

e. Vehicles not described in a., b., or c. above maintained primarily for purposes other than the transportation of persons or cargo.

34. *Mold claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by, or contributed to by:

- a. Any *fungus(es)* or *spore(s)*;
- b. Any solid, liquid, vapor, or gas produced by or arising out of any *fungus(es)* or *spore(s)*;
- c. Any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any *fungus(es)* or *spore(s)*;
- d. Any intrusion, leakage, or accumulation of water or any other liquid that contains, harbors, nurtures or acts as a medium for *fungus(es)* or *spore(s)*;
- e. The actual or threatened abatement, mitigation, removal or disposal of *fungus(es)* or *spore(s)* or any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any *fungus(es)* or *spore(s)*;
- f. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with subparagraphs a., b., c., d., or e. above; or
- g. Any obligation of the *covered party* to indemnify any party in connection with subparagraphs a., b., c., d., e., or f. above.

35. *Motorized amusement ride* means a mechanical bull or similar device, motorized carnival ride, or other motorized device that carries or conveys passengers along, around, or over a fixed or restricted route or course for the primary purpose of giving its passengers amusement, pleasure, thrills, or excitement.

36. *Occurrence* means:

- a. With respect to COVERAGE A, a *wrongful act* or a series of related *wrongful acts*. Series of related *wrongful acts* means all *wrongful acts* that are temporally, logically or causally connected by any common fact, circumstances, situation, transaction, advice or decision. All resulting injury, loss or *damage* shall be deemed to have occurred at the time of the first *wrongful act* alleged to have resulted in any such injury, loss or *damage*.
- b. With respect to COVERAGE C, an accident, including continuous or repeated exposure to substantially the same general harmful condition.

Provided that for purposes of SECTION III - LIMITS OF COVERAGE, *occurrence* has the same meaning as it does for purposes of the applicable statute establishing monetary limits on the *member's* tort liability.

37. *Organic pathogen* means any disease-producing organic agent, including but not limited to a virus, bacterium, or other microorganism.

38. *Organic pathogen claim* means any claim for *damages* arising directly or indirectly out of, or resulting from, caused by, or contributed to by any *organic pathogen*.

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39. *Outside organization claim* means any claim for *damages* against a *member* officer, employee, or volunteer, arising from his or her activities as a *member* or officer of any formally organized membership association, any professional organization, or any private non-profit or for-profit corporation, if the *member* determines that the individual's membership and participation in that association, organization, or corporation are within the scope of the individual's duties as a *member* officer, employee, or volunteer. But *outside organization claim* does not include any claim arising from the activities of any entity listed in SECTION II-WHO IS COVERED, 1., a-g., or any entity that is a *covered party* under this covenant.

40. *Payment card industry fines and penalties* means monetary fines, penalties or assessments that are owed under the terms of a *merchant services agreement*, but only where such fines or penalties result from both the *member's* noncompliance with published Payment Card Industry Data Security Standards and from a *data security breach claim* involving the actual unauthorized acquisition of data.

Payment card industry fines and penalties does not include charge backs, interchange fees, discount fees, or other services related fees, rates, or charges.

41. *Personal injury* means injury other than *bodily injury*, arising out of one or more of the following offenses:

- a. False arrest, detention, or imprisonment, or malicious prosecution.
- b. The publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy.
- c. Wrongful entry or eviction, or other invasion of the right of private occupancy.
- d. Assault or battery committed for the purpose of protecting persons or property or incident to an arrest.
- e. The use of another's advertising idea in *your advertisement*.
- f. Infringing upon another's copyright, trade dress or slogan in *your advertisement*.

42. *Personal injustice(s)* means any actual or alleged false, negligent, malicious, or wrongful arrest, detention, imprisonment, prosecution, or conviction, as well as any of the following offenses alleged in a claim or *suit* that also alleges false, negligent, malicious, or wrongful arrest, detention, imprisonment, prosecution, or conviction:

- a. Violation of civil rights;
- b. Libel;
- c. Slander;
- d. Defamation;
- e. False light;
- f. Invasion of privacy; or
- g. Failure of *your* law enforcement department and its employees to follow departmentally approved policy(ies) or procedure(s).

including but not limited to any actual or alleged emotional distress, physical injury, mental anguish, or other injury, loss, or *damage* resulting from any of the foregoing.

Personal injustices also include *related personal injustices*.

43. *Pollutants* means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

44. *Pollution claim* means:

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- a. Any direction, demand, or request by the government or any other entity or person that the *member* or any other entity test for, monitor, clean up, remove, contain, treat, detoxify or neutralize *pollutants*; or
 - b. Any claim for *damages* arising out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of *pollutants*:
 - (1) At or from premises the *member* owns, rents, leases, uses, or occupies, and premises the *member* no longer owns, rents, leases, uses, or occupies;
 - (2) At or from any landfill, dump, or other site or location presently or formerly used by or for the *member* or others for the handling, storage, disposal, processing or treatment of *pollutants*;
 - (3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for the *member* or any person or organization for whom the *member* may be legally responsible; or
 - (4) At or from any site or location on which the *member* or any contractors or subcontractors working directly or indirectly on the *member's* behalf are or have been performing operations:
 - (a) If the *pollutants* are brought on or to the site or location in connection with such operations; or
 - (b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the *pollutants*.
45. *Products hazard* includes all *damages* arising out of *your product* except that the *products hazard* does not include any of the following:
- a. *Damages* which arise from products that are still in the *member's* physical possession;
 - b. *Damages* which arise out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of *pollutants* at or from any landfill, dump, or other site or location presently or formerly used by or for the *member* or others for the handling, storage, disposal, processing, or treatment of *pollutants*;
 - c. *Damages* which arise out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of *pollutants* which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for the *member* or any person or organization for whom the *member* may be legally responsible;
 - d. *Damages* which arise out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of *pollutants* at or from any site or location on which the *member* or any contractor or subcontractors working directly or indirectly on the *member's* behalf are or have been performing operations if the operations are to test for, monitor, clean up, remove, treat, detoxify or neutralize the *pollutants*; or
 - e. *Damages* which arise out of pesticide or herbicide application operations.
 - f. *Damages* which arise out of any *PFAS* claims as set forth in the UME-56 endorsement "*PFAS Claims Exclusion*".
46. *Property damage* means:
- a. Physical injury to tangible property, including all resulting loss of use of that property; or
 - b. Loss of use of tangible property that is not physically injured.
47. *Related personal injustices* mean all *personal injustices* that are temporally, logically, or causally connected by any common fact, circumstances, situation, transaction, advice, or decision. All resulting injury, loss or *damage* shall be deemed to have occurred at the time of the first *personal injustice* alleged to have resulted in any such injury, loss, or *damage*.
48. *Relief association* means the following:

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- a. A *relief association* as defined under Minnesota Statute §424A.001, subd. 4; or
- b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.

49. *Rolling stock* means any railroad locomotive, cars or other equipment designed to be used on railroad tracks.

50. *Sexual abuse claim* means any claim for *damages* arising out of:

- a. Actual or alleged sexual abuse, sexual molestation, sexual exploitation, of any one or more persons, or any related unwelcome or offensive conduct of sexual nature, whether physical, verbal or written (including conduct using visual images or through electronic means) directed against any one or more persons, including any conduct that causes, grooms, or is intended to cause or groom any one or more persons to engage in any act of a sexual nature or is done to arouse or satisfy a sexual desire of anyone; or

b. Negligent:

- (1) Employment;
- (2) Investigation;
- (3) Supervision;
- (4) Reporting to proper authorities, or failure to so report; or
- (5) Retention;

of a person or persons for whom any *covered party* is or ever was legally responsible and whose conduct is described in subparagraph a. above of this definition; or

- c. Breach of any legal obligation duty owed to any one or more persons arising out of any conduct described in subparagraph a. or b. above of this definition.

51. *Spore(s)* include any reproductive body produced by or arising out of any *fungus(es)*.

52. *Stunting activity* means any pre-arranged, organized or publicized event, feat or performance which:

- (a) Involves a demonstration or display of notable strength, skill, speed, or endurance; and which
- (b) Involves a significant risk of serious injury to the participant, performer, or others.

But *stunting activity* does not include common traditional athletic events such as hockey, baseball, softball, football, basketball, wrestling, soccer, gymnastics, track and field events, or bicycle racing.

53. *Suit* means a civil proceeding in which *damages* to which this coverage applies are alleged. *Suit* includes an arbitration proceeding alleging such *damages* to which the *member* must submit or submit with *LMCIT's* consent. *Suit* does not mean any criminal proceeding against any *covered party* or any open meeting law proceeding, unless *damages* are also claimed in that proceeding.

The following are also deemed a *suit for damages*:

- a. A charge of employment discrimination filed with the Federal Equal Employment Opportunity Commission, the Commissioner of the Minnesota Department of Human Rights, or a local human rights commission as defined in Minnesota Statute §363.01, subd 23; or
- b. A complaint filed with the Federal Health and Human Services Office for Civil Rights alleging any breach of the responsibilities, obligations or duties imposed by the Health Insurance Portability and Accountability Act (HIPPA) and any rules or regulations promulgated thereunder.

54. *System security breach claim* means:

- a. A *data security breach claim*; or
 - b. Any other claim for *damages* arising out of the unauthorized intrusive codes or programming, such as computer viruses or hacking, or other unauthorized access into *your computer equipment, electronic data or electronic media*.
55. *Wrongful act* means any actual or alleged error, statement, act, omission, offense, neglect, accident, or violation. Violation includes violation of any rights, immunities, or privileges secured by the Constitution and Laws of the United States of America.

56. *Your product* means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) The *member*;
 - (2) Others trading under the *member's* name; or
 - (3) A person or organization whose business or assets the *member* has acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

Your product includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

Your product does not include vending machines or other property rented to or located for the use of others but not sold.

57. *Your work* means:

- a. Improvements, alterations or other work the *member* performs on the property of others.
- b. *Your work* includes warranties or representations made any time with respect to the fitness, quality, durability; or performance of any items included in a. above.

58. *Wildfire claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by, or contributed to by an unplanned fire that burns in an area of combustible vegetation.

SECTION V - SUPPLEMENTARY PAYMENTS

With respect to any claim or *suit* LMCIT defends under COVERAGES A, C, AND D, LMCIT will pay *supplementary payments*.

Supplementary payments means:

- 1. All expenses LMCIT incurs.
- 2. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the coverage applies. LMCIT does not have to furnish these bonds.
- 3. The cost of bonds to release attachments, but only for bond amount within the applicable limit of coverage. LMCIT does not have to furnish these bonds.

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4. All reasonable expenses incurred by the *covered party* at *LMCIT's* request, to assist it in the:
 - a. Investigation or defense of the claim or *suit*; or
 - b. Litigation of any *land use and special risk litigation* which is filed or served.

Reasonable expenses include the actual loss of earnings per day because of time off from work.

5. All costs taxed against the *covered party* in the *suit*.
6. Prejudgment interest awarded against the *covered party* on that part of the judgment *LMCIT* pays. If *LMCIT* makes an offer to pay the applicable limit of coverage, *LMCIT* will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before *LMCIT* has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limits of coverage.
8. Up to \$200,000 for all awards for attorneys' fees pursuant to a statute, but this *supplementary payment* does not include:
 - a. Awards for attorney fees with respect to *suits* alleging violations under federal civil rights laws, state human rights laws or the federal or state constitution; or
 - b. Attorneys' fees awarded for an act, error, omission or violation which *LMCIT* does not have a duty to indemnify pursuant to SECTION VI - CONDITIONS, 1.

SECTION VI – CONDITIONS

1. LIMITATIONS ON *LMCIT'S* DUTY TO INDEMNIFY

LMCIT's duty to pay on behalf of or to indemnify a *covered party* other than the *member* shall not apply to any act, error, omission, or violation:

- a. Which constitutes malfeasance in office; or
- b. Which constitutes willful neglect of duty; or
- c. Which constitutes bad faith; or
- d. For which the *member* is not authorized to indemnify any person by statute; or
- e. Which constitutes dishonesty on the part of a *covered party*; or
- f. Which constitutes the willful violation of a statute or ordinance by any official, employee, or agent of the *member*.

The terms "malfeasance", "willful neglect of duty", and "bad faith" shall be given the same meaning in this covenant as given in the applicable statute with respect to the *member's* duty to defend or indemnify its officers, employees or agents.

2. FINANCIAL RESPONSIBILITY LAW

When this covenant is certified as proof of financial responsibility for the future under the provisions of any *motor vehicle* financial responsibility law, such coverage as is afforded by this covenant shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law.

3. COVERED PARTY'S DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR SUIT

- a. In the event of a claim or *suit*, notice containing particulars sufficient to identify the *covered party* and also

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reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the *covered party* to LMCIT or any of its authorized agents as soon as practicable.

The *member* shall promptly take, at its own expense, all reasonable steps to prevent *damages* from arising out of the same or similar conditions; provided that:

- (1) A failure to take such preventative measures shall not constitute a breach of this condition unless LMCIT has requested the *member* in writing to undertake such preventative measures; and
- (2) Such expense shall not be recoverable under this covenant.

Notice of *damages* or injury is not notice of a claim.

- b. If claim is made or *suit* is brought against the *covered party*, the *covered party* shall immediately forward to LMCIT every demand, notice, summons or other process received by him or his representative.
- c. With respect to any incident or *occurrence* for which no claim for *damages* has been made but that might result in a covered claim for *damages* under this covenant, LMCIT shall have the right, at its discretion and at its expense, to associate with the *covered party* in the investigation, handling and defense of such matter, in which event LMCIT and the *covered party* shall mutually cooperate.

4. EXTENDED REPORTING PERIOD

- a. LMCIT will provide one or more extended reporting periods, as described below, if:
 - (1) COVERAGE A is canceled or not renewed; or
 - (2) LMCIT renews or replaces COVERAGE A with coverage that:
 - (a) Has a retroactive date later than the date shown on the Declarations page; or
 - (b) Does not apply on a claims made basis.
- b. A basic extended reporting period of 60 days from the end of the coverage period is automatically provided without additional charge.
- c. A supplemental extended reporting period of unlimited duration is available, but only by an endorsement and for an extra charge. The supplemental extended reporting period starts 60 days after the end of the coverage period.

The *member* must give LMCIT a written request for the endorsement within 60 days after the end of the coverage period. The supplemental extended reporting period will not go into effect unless the *member* pays the additional premium promptly when due.

The additional premium for the supplemental extended reporting period will be a percentage of the annual expiring premium for COVERAGE PART A.

Number of Years Since

Retroactive Date Shown

<u>on Declarations Page</u>	<u>Additional Cost</u>
1	55.0%
2	57.0%
3	60.3%

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4	65.9%
5, 5+	70.8%

- d. An extended reporting period does not extend the coverage period or change the scope of coverage provided. It applies only if the date of the *occurrence* giving rise to the claim for *damages* is after the retroactive date and before the end of the coverage period.

Claims for *damages* which are first received and recorded during the basic extended reporting period (or during the supplemental extended reporting period, if it is in effect) will be deemed to have been made on the last day of the coverage period.

Once in effect, extended reporting periods may not be canceled.

- e. Extended reporting periods do not reinstate or increase the limits of coverage applicable to any claim to which this coverage part applies.
- f. Neither the basic extended reporting period nor the supplemental extended reporting period is applicable to, and no extended reporting period is provided for, the following:

(1) Any *limited contamination liability claim*; or

(2) Any *land use and special risk litigation*.

5. ACTION AGAINST LMCIT

No action shall lie against *LMCIT* unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this covenant, nor until the amount of the *covered party's* obligation to pay shall have been fully determined either by judgment against the *covered party* after actual trial or by written agreement of the *covered party*, the claimant and *LMCIT*.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this covenant to the extent of the coverage afforded by this covenant. No person or organization shall have any right under this covenant to join *LMCIT* as a party to any action against the *covered party* to determine the *covered party's* liability, nor shall *LMCIT* be impleaded by the *covered party* or his legal representative.

Bankruptcy or insolvency of the *covered party* or of the *covered party's* estate shall not relieve *LMCIT* of any of its obligations hereunder.

6. WAIVER OF STATUTORY LIABILITY LIMITATIONS

- a. It is the express intent of the *member* and of *LMCIT* that the procurement of this covenant shall not waive any monetary limits of liability provided by Minnesota Statute §466.04 by any comparable or successor statute, or by common law, which may be applicable to any *covered party*; and that any previous waiver of liability limits is revoked to the extent that it may apply to claims covered under this covenant.
- b. It is the express intent of the *member* and of *LMCIT* that the procurement of this covenant shall not waive any other immunities, limitations, or defenses imposed by or available under any statute or common law which is applicable to any *covered party*.

7. CONSENT TO SETTLE

The *member* may prohibit *LMCIT* from settling any claim or *suit* against a *covered party* without the *member's* consent, as provided below:

- a. At any time before *LMCIT* has offered or made a settlement of a claim or *suit*, the *member* may notify *LMCIT* that

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LMCIT may not settle the claim or *suit* without the *member's* consent. The *member* must give a separate notice for each claim or *suit* which the *member* intends to prohibit *LMCIT* from settling without the *member's* consent.

- b. If the *member* notifies *LMCIT* that the claim or *suit* may not be settled without the *member's* consent, the *member* must designate an individual authorized to give or refuse consent on the *member's* behalf. The *member's* notice must include the name, address, and telephone number of the individual authorized to give or refuse consent on the *member's* behalf.
- c. If the *member* has notified *LMCIT* that the claim or *suit* may not be settled without the *member's* consent, *LMCIT* will notify the *member* of the terms and conditions of any proposed settlement. If the *member* does not consent to the proposed settlement, the *member* must notify *LMCIT* within 14 days of the date the *member* receives notice of the proposed settlement, unless the *member* and *LMCIT* have mutually agreed to a longer or shorter period. If within that time the *member* does not notify *LMCIT* that the *member* does not consent to the settlement, the *member* will be deemed to have consented to the settlement.
- d. If the *member* refuses to consent to a settlement recommended by *LMCIT*, *LMCIT* will not be liable for any excess amount. Excess amount means the sum of all *damages* and legal defense costs for the claim or *suit* minus the sum of:
 - (1) The amount of the settlement proposed by *LMCIT*; and
 - (2) Any costs of defense incurred before the date of the *member's* refusal. Any excess amount shall not be included in the calculation of *damages* for purposes of any applicable Municipal Liability Deductible or General Annual Aggregate Deductible.
- e. If the *member* refuses to consent to a settlement recommended by *LMCIT*, *LMCIT* may, at its sole discretion, exercise either of the following options:
 - (1) *LMCIT* may pay to the *member* an amount equal to the amount of the recommended settlement, minus any applicable deductible. If *LMCIT* makes such payment, *LMCIT* has no further duty to defend or to indemnify the *member* or any other *covered party* for this claim or *suit*, and the *member* assumes any duty which *LMCIT* would otherwise have had to defend and to indemnify any other *covered party*.
 - (2) *LMCIT* may continue to defend the claim or *suit*. If *LMCIT* elects to continue to defend the claim or *suit*, the *member* must reimburse *LMCIT* for any excess amount.
- f. If the *member* refuses to consent to a settlement recommended by *LMCIT*, the *member* must defend and indemnify *LMCIT* for any claim or *suit* arising out of the failure to settle the original claim or *suit*, including amounts the *member* may owe as a Medicare Secondary Payer under federal law.
- g. If the *member* refuses to consent to a settlement recommended by *LMCIT*, and regardless of which of the options *LMCIT* chooses to exercise under subparagraph e. above, *LMCIT* as an agent of the *member*, will continue to fulfill the mandatory Medicare Secondary Payer reporting obligation under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, if any, associated with the claim; but shall have no payment obligation beyond the amount of the recommended settlement amount. The *member* must cooperate with *LMCIT* in providing *LMCIT* the necessary information to allow *LMCIT* to fulfill the reporting responsibility.

8. RETROACTIVE JOINT POWERS COVERAGE

LMCIT will, upon the *member's* request, issue retroactive comprehensive municipal coverage to any *joint powers entity* in which the *member* is or was a member, in any situation where there is a claim arising from the *joint powers entity's* activities which is not covered by this covenant nor any other *LMCIT* liability covenant.

Pursuant to this section, *LMCIT* will issue its standard Comprehensive Municipal Coverage document to the *joint powers entity*, but coverage shall be subject to an annual aggregate limit of \$200,000. This limit shall apply to the sum of *damages* and loss adjustment expenses, including defense costs, for all claims to which the coverage applies.

COVENANT NUMBER: CMC 1005477-1

Coverage issued pursuant to this section will be issued with the same inception date and the same retroactive date as this covenant.

The premium must be paid to *LMCIT* before the coverage goes into effect. The premium for coverage issued pursuant to this section shall be equal to the greater of \$5,000 or the premium the *joint powers entity* would otherwise pay for coverage at *LMCIT*'s current rates.

9. NO DUPLICATION OF COVERAGE

This covenant shall not apply to any claim or claims arising out of an *occurrence*, if any claim or claims arising out of that *occurrence* were covered under any prior covenant issued by *LMCIT* to the *member*.

10. OTHER COVERAGE

If, pursuant to the COMMON CONDITIONS, 11.a., a *covered party* has primary liability coverage as an additional insured or additional named insured on another party's coverage, and that insurer fails to defend or indemnify the *covered party*, *LMCIT* will do so under this covenant.

In any case in which *LMCIT* incurs costs for a claim which is also covered under any other liability coverage or insurance, *LMCIT* shall be entitled to the *covered party*'s rights to recover those costs from that insurer. The *covered party* shall cooperate with and assist *LMCIT* as requested in enforcing any rights against that insurer.

11. SEPARATION OF COVERED PARTIES

As respects the particulars and statements contained in the application for this coverage and the exclusion set forth herein, this coverage shall be construed as a separate agreement with each *covered party*. Nothing in this paragraph shall be construed to increase *LMCIT*'s maximum liability set forth in the Declarations and as described in SECTION III - LIMITS OF COVERAGE.

12. DEDUCTIBLES

- a. For purposes of deductibles under this coverage, the deductible applies to the sum of the *damages*, loss adjustment expense, defense costs and *supplementary payments* as defined in SECTION V - SUPPLEMENTARY PAYMENTS.
- b. The terms of the covenant, including those with respect to:
 - (1) The *LMCIT*'s rights and duties with respect to the defense of *suits*; and
 - (2) The *covered party*'s duties, in the event of an *occurrence*, apply irrespective of the application of the deductible amount.
- c. *LMCIT* may pay any part or all of the deductible amount to effect settlement of any claim or *suit*, and upon notification of the action taken, the *member* shall promptly reimburse *LMCIT* for such part of the deductible amount as has been paid by *LMCIT*.



MUNICIPAL LIABILITY

CITY North Zumbro Sanitary Sewer Regional
 Facility
 PO Box 280
 Pine Island, MN 55963

COVENANT NUMBER CMC 1005477-1

HAZARD	PREMIUM BASIS		ADVANCED PREMIUM
<p><u>Premises Operations</u> EXPENDITURES</p>	<p><u>Code</u> E</p>	<p><u>Basis</u> 2,469,238</p>	<p>PREMIUM INCLUDED FOR ALL HAZARDS WHERE A PREMIUM BASIS IS SHOWN</p>

MUNICIPAL LIABILITY
(Cont'd.)

Municipal Liability Hazard Codes

When used as a premium basis:

Code

(A) **Number of Households**

Definition: A household is a single housing unit (e.g., an apartment complex with 10 units consists of 10 households). Rate is per household.

(B) **Number of Full Time Equivalent's (FTE's)**

Definition: FTE's are defined as employees who are eligible for the Public Employees Retirement Association (PERA) of MN as defined in Minn. Stat. 353.01. Rate is per FTE.

(C) **Number of Police Officers FTE'S**

Definition: For purposes of police liability, please provide the number of police officer FTE's separately here. Rate is per Police Officer FTE.

(D) **Number of Sewer Connections**

Definition: For the purposes of LMCIT liability rating is the number of actual Sewer connections by type of connection (e.g., residential, business, industrial, etc.) Rate is per sewer connection.

(E) **Expenditures**

Definition: Ratable expenditures are defined as total expenditures net of transfers and depreciation. Rate is per \$1,000

(F) Each means per unit.

PFAS CLAIMS EXCLUSION

This coverage does not apply to any liability, loss, damage, cost, expense, fine, or penalty arising out of, resulting from, caused or contributed by, or in any way related to *PFAS*, including, but not limited to:

- A. The actual, alleged, threatened, or suspected:
 - 1. Inhalation of, ingestion of, contact with, exposure to, existence of, or presence of *PFAS*;
 - 2. Design, manufacture, storage, processing, packaging, handling, testing, distribution, sale or disposal of *PFAS*;
 - 3. Discharge, dispersal, seepage, migration, release, flaking, leakage, leaching, friability, release or escape of *PFAS*;
 - 4. Providing or failing to provide warnings or instructions with respect to *PFAS*;
 - 5. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of *PFAS*; or
 - 6. Violation of any national, state, or local law or regulation related to *PFAS*;
- B. Any request, demand, order or statutory, regulatory or legal requirement of any kind that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess or remediate the effects of *PFAS*;
- C. Any claim or suit by or on behalf of any governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of *PFAS*; or
- D. Any other injury or damage, liability, loss, costs, expense, fine or penalty arising out of or in any way related to *PFAS* including but not limited to punitive or exemplary damages.

This exclusion applies regardless of whether the goods, products, materials, compounds, or substances that are defined as *PFAS* in Paragraph 1. below are a solid, liquid or gas (including but not limited to dust, smoke, vapor, soot or fumes).

For purposes of this exclusion:

- 1. *PFAS* means:
 - a. any perfluoroalkyl or polyfluoroalkyl substances, including but not limited to: Perfluorooctane sulfonate (PFOS), Perfluorooctanoic acid (PFOA), Perfluorononanoic acid (PFNA), Perfluorodecanoic acid (PFDA), Perfluorobutane sulfonic acid (PFBS), N-Methyl-perfluorooctane sulfonamido acetic acid (Me-PFOSA-AcOH), Perfluorobutanesulfonate, Perfluorohexane sulfonic acid (PFHxS), Potassium Perfluorobutane Sulfonate (PFBS), or ammonium perfluorooctanoate (APFO), GenX, including hexafluoropropylene oxide dimer acid (HFPO-DA);
 - b. any substance that, by whatever name known:
 - (1) has a similar chemical formula, formation, or structure to any substance listed in paragraph 1.a. above;
 - (2) is a derivative of or an intended replacement of any substance listed in paragraph 1.a. above;
 - (3) is an associated homologue, isomer, salt, ester, alcohol, acid, or is a related degradation or by-product, of any substance listed in paragraph 1.a. above;
 - (4) contains at least one fully fluorinated methyl or methylene carbon atom (without any H/Cl/Br/I atom attached to it); or
 - (5) had been referred to by chemical structure, name or CAS Number, as a known or suspected *PFAS*, perfluoroalkyl, or polyfluoroalkyl chemical or substance in any foreign or United States federal, state or local statute, law, regulation, rule or written proposed rule, or governmental bulletin (including but not limited to publications of the United

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States Environmental Protection Agency) that had been published as of the effective date of this coverage; or

- c. any goods, products, materials, compounds, or substances that actually or allegedly consist of, contain, or are contaminated with any amount of the substances described in paragraphs 1.a or 1.b. above.

All other terms and conditions remain unchanged.

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MUNICIPAL AUTOMOBILE DECLARATIONS
Coverage is Provided by:
**THE LEAGUE OF MINNESOTA CITIES
INSURANCE TRUST**
(Herein called LMCIT)



Item 1. **MEMBER:** NORTH ZUMBRO SANITARY SEWER REGIONAL FACILITY

Item 2. **COVERAGE PERIOD:**
From: 04/24/2025 **To:** 04/24/2026 **12:01 AM Standard Time at Mailing Address**
Indicated on Common Coverage Declarations

Item 3. **THE COVERED PARTY IS:** JOINT POWERS ENTITY

Item 4. **COVERAGE:**

IN RETURN FOR THE PAYMENT OF PREMIUM AND SUBJECT TO ALL OF THE TERMS OF THIS COVENANT, LMCIT AGREES WITH THE COVERED PARTY TO PROVIDE THE COVERAGE AS STATED IN THIS COVENANT, SUBJECT TO THE FOLLOWING LIMITS:

COVERAGE:	LIMIT:
AUTOMOBILE LIABILITY	*\$2,000,000 Per Occurrence _____
BASIC ECONOMIC LOSS BENEFITS	Basic Minnesota Statutory Cvg. _____
UNINSURED AND UNDERINSURED MOTORISTS	\$ 200,000 Per Occurrence _____
AUTOMOBILE PHYSICAL DAMAGE	Actual Cash Value, Unless Endorsed _____

* LMCIT's maximum limit of liability for COVERAGES A and C combined.

Item 5. **DEDUCTIBLE (SUBJECT TO GENERAL ANNUAL AGGREGATE DEDUCTIBLE, IF ANY, SHOWN ON COMMON COVERAGE DECLARATIONS).**
\$ 500 per occurrence

Item 6. **FORMS AND ENDORSEMENTS ATTACHED TO THIS COVERAGE PART:**

A0010(01/25) CMCA(01/25) ME079(11/23)

MUNICIPAL AUTOMOBILE PHYSICAL DAMAGE COVERAGE

Various provisions in this covenant restrict coverage. Read the entire covenant carefully to determine rights, duties and what is or is not covered. Throughout this covenant, the word *member* refers to the first *member* shown in the Declarations. The word *LMCIT* refers to the League of Minnesota Cities Insurance Trust.

The word *you* and *your* refer to the *member* shown in the Declarations. The words *we*, *us* and *our* refer to *LMCIT* providing this covenant.

Other words and phrases that appear in italics have special meaning, as given in SECTION IV - DEFINITIONS.

SECTION I: COVERAGE AGREEMENT

We will pay for direct and accidental damage or loss to a *covered automobile* unless the cause of loss or damage is not covered as described under SECTION II - CAUSES OF LOSS AND DAMAGES NOT COVERED.

SECTION II: CAUSES OF LOSS AND DAMAGES NOT COVERED

1. CAUSES OF LOSS NOT COVERED

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. War.

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. DAMAGES NOT COVERED

We will not pay for the following damages:

a. Damages caused by;

- (1) Wear and tear;
- (2) Freezing; except freezing of the pumping apparatus of a fire truck or similar emergency or other utility truck; or
- (3) Mechanical or electrical breakdowns.

This exclusion does not apply if the above damage results from other loss or damage covered by this Coverage Part.

b. Blowouts, punctures, or other road damage to tires.

This exclusion does not apply if the above damage results from other loss or damage covered by this Coverage Part.

- c. Damages or loss caused by unauthorized intrusive codes or programming, such as computer viruses or hacking.

This exclusion does not apply to damage resulting from a collision caused by the disablement or commandeering of the steering, braking or other vehicle controls.

SECTION III: Limits of coverage and valuation

1. LIMITS OF COVERAGE

- a. The most we will pay for loss or damage is the smaller of the following amounts:
 - (1) The actual cash value of the damaged or stolen property at the time of the loss or damage;
 - (2) The cost of repairing or replacing the damaged or stolen property with other like kind and quality; or
 - (3) \$2,000,000.
- b. Costs for towing, storage and teardown to assess damage are in addition to the limit in a. above.
- c. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible in Item 5 of the Declarations, and the amount of loss will be reduced by the deductible amount.

The deductible applies against the total loss incurred by *you* from any one occurrence, regardless of the number of *covered automobiles* involved.

2. LOSS VALUATION

- a. At *our* option we may:
 - (1) Pay for, repair, or replace damaged or stolen property;
 - (2) Return the stolen property at *our* expense. We will pay for any damage that results to the *covered automobile* from the theft; or
 - (3) Take all or any part of the damaged or stolen property at an agreed or appraised value.
- b. If *you* and we fail to agree as to the amount of loss or damage, either may demand an appraisal of the loss or damage. In such event, *you* and we shall each select a competent appraiser. The two appraisers will select a competent and disinterested umpire. If they cannot agree, either may request that selection be made by a judge of court having jurisdiction. The appraisers will state separately the actual cash value and the amount of the loss or damage. If the appraisers fail to agree, they will submit their differences to the umpire. An award agreed to by any two will be binding.

Each party will:

- (1) Pay its chosen appraiser and;
- (2) Bear the other expenses of the appraisal and umpire equally.

We shall not be held to have waived any of our rights by any act relating to appraisal.

SECTION IV: DEFINITIONS

1. *Automobile* means a land motor vehicle, trailer or semi-trailer designed for travel on public roads.
2. *Covered automobile* means:
 - a. Any *automobile* that *you* own;
 - b. Any *automobile* that *you* rent or lease for a period of more than 30 days;
 - c. Any *automobile* that *you* borrow;
 - d. Any *automobile* that *you* rent or lease from a person or organization that is not in the business of renting or leasing *automobiles*; or
 - e. Any *automobile* that *you* or an *employee* rents for *member* business for less than 30 days from a person or organization in the business of renting *automobiles* if the rental agreement requires *you* or the individual renting the *automobile* to pay for loss or damage to the *automobile*.

However, the following *automobiles* are not a *covered automobile* while used in the business of the *member*:

- a. Any *automobile* which is owned or leased by a *member employee*; or
 - b. Any *automobile* which is owned or leased by a *member* of the *member employee's* household.
 - c. If *you* are a *joint powers entity*, any *automobile* *you* rent, lease, or borrow from a governmental *member* of *your joint powers entity*.
3. *Member* means governmental body or entity first named in the Declarations. For purposes of this coverage, *member* includes *relief associations* of the *member*. Unless specifically named in the Declarations, *member* shall not include:
 - a. Gas, electrical or steam utilities commission;
 - b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority or similar agency;
 - c. Municipal power agency;
 - d. Municipal gas agency;
 - e. Hospital or nursing home board or commission;
 - f. Airport commission;
 - g. Welfare or public relief agency;
 - h. School board;
 - i. *Joint powers entity*; but a joint planning board created pursuant to an orderly annexation agreement or joint resolution between the *member* and a township is deemed to be a *covered joint powers entity* under this agreement.
 4. *Employee* means for actions within his duties as such any present or former:
 - a. Person whom *you* compensate directly by salary, wages, or commissions, and who *you* have the right to direct or control while performing duties for *you*;
 - b. Member of the city council;
 - c. Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;
 - d. Elected or appointed official of the *member*;

- e. Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - f. Other authorized person or agent of the *member* while acting on behalf of the *member* but excludes independent contractors; or
 - g. Members, officers and *employees* of a *relief association* of the *member*.
5. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may be required:
- a. To receive and expend funds;
 - b. To enter into contracts;
 - c. To hire *employees*;
 - d. To purchase or otherwise acquire or hold real or personal property; or
 - e. To sue or be sued.
6. *Relief association* means the following:
- a. A *relief association* as defined under Minnesota Statute §424A.001, subd. 4; or
 - b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.

SECTION V: CONDITIONS

1. COVERAGE UNDER TWO OR MORE COVERAGES

If two or more of this covenant's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

2. COVERAGE PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

- a. We cover loss or damage commencing:
 - (1) During the coverage period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada

3. LOSS CONDITIONS

Duties in the event of loss:

- a. You must promptly notify *us* of any loss.
- b. You must tell *us* how, when, and where the loss happened. You must assist in obtaining the names and addresses of any witnesses.
- c. *You* must do what is reasonably necessary after the loss at *our* expense to protect the *covered automobile* from further loss. *You* must submit a proof of loss when required by *us*.
- d. You must promptly notify the police if the *covered automobile* or any of its equipment is stolen.

However, *LMCIT* will not reimburse *you* for *your* payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of loss under this covenant.

COMPREHENSIVE MUNICIPAL COVERAGE

Various provisions in this covenant restrict coverage. Read the entire coverage agreement carefully to determine rights, duties and what is and is not covered.

The words *member* and *covered party* are defined under SECTION II - WHO IS COVERED.

Other words and phrases that appear in italics have special meaning, as given in SECTION IV - DEFINITIONS.

SECTION I: COVERAGES

COVERAGE A: MUNICIPAL LIABILITY COVERAGE (CLAIMS MADE BASIS)

1. COVERAGE AGREEMENT

- a. Except as otherwise provided in this agreement, *LMCIT* will pay on behalf of the *covered party* all sums which the *covered party* shall become legally obligated to pay as *damages* as a result of an *occurrence*, if the following conditions are met:
 - (1) The claim for such *damages* must be first made against the *covered party* during the coverage period; and
 - (2) The date of the *occurrence* giving rise to the claim for *damages* must be on or after the retroactive date, if any, shown in the Declarations; and
 - (3) The *occurrence* must have taken place in the *coverage territory*.
- b. *LMCIT* will have the right and duty to defend any such claim or *suit* seeking *damages*. *LMCIT* may, at its discretion, investigate any actual or potential claim; and unless the *member* has given notice as provided in SECTION VI - CONDITIONS, 7., *LMCIT* may settle any claim or *suit*.
- c. The amount *LMCIT* will pay for *damages* is limited as described in SECTION III - LIMITS OF COVERAGE.

2. CLAIM AND OCCURRENCE DATES

- a. For any claim for *damages*, the date of the *occurrence* shall be deemed to be as follows:
 - (1) For claims for *bodily injury* or *property damage*, the date of the *occurrence* is the date on which the *bodily injury* or *property damage* first took place or is alleged to have taken place.
 - (2) For any other claim for *damages*, the date of the *occurrence* is the date on which the *wrongful act* giving rise to the claim for *damages* took place or is alleged to have taken place. If the *damages* are alleged to have arisen from a series of *wrongful acts*, the date of the *occurrence* is deemed to be the date when the first such *wrongful act* took place or is alleged to have taken place.

If both (1) and (2) apply to claims for *damages* arising from a single *occurrence*, the date of the *occurrence* is the earlier of the dates defined by (1) and (2), respectively.
- b. For any claim for *damages*, the date the claim is made is deemed to be as follows:
 - (1) For any employment liability claim, the claim is deemed to have been made on the earliest of:
 - (a) The date the claimant files a charge with the Federal Equal Employment Opportunity Commission, the Commissioner of the Minnesota Department of Human Rights, or a local Human Rights Commission as defined in Minnesota Statute §363.01, subd. 23, whichever comes first; or
 - (b) The date when notice of claim for *damages* is received by any *covered party* or by *LMCIT*, whichever comes first.
 - (2) For any Health Insurance Portability and Accountability Act (HIPAA) claim, the claim is deemed to have been made on the earliest of:
 - (a) The date the claimant files a complaint with the Federal Health and Human Services Office for Civil Rights; or
 - (b) The date when notice of claim for *damages* is received by any *covered party* or by *LMCIT*, whichever comes first.

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- (3) For any other claim for *damages*, the claim is deemed to have been made when notice of such claim is received and recorded by any *covered party* or by *LMCIT*, whichever comes first.
- (4) All claims for *damages* arising from a single *occurrence* will be deemed to have been made at the time the first of those claims is made against any *covered party*.
- c. All claims resulting from one or more *personal injustices* and *related personal injustices* will be deemed to constitute a single *personal injustice* claim and will be deemed first made when the first of such claims is made against a *covered party*.

All *bodily injury*, *personal injury*, and *supplementary payments* at issue in a single *personal injustice* claim will be deemed to arise out of one *occurrence*, without regard to the number of:

- (1) *Personal injustices*,
- (2) *Covered parties*, claims made, or *suits* brought,
- (3) Claimants making claims or bringing *suits*,
- (4) Years in which *personal injustices* are alleged to have been sustained or to have continued, or
- (5) Breaches of any legal obligation or duty to any one or more persons arising out of any *personal injustices*.

The date of such *occurrence* will be deemed to be the date of the first *personal injustice* for which the *covered party* is actually or allegedly legally responsible.

- d. All *sexual abuse claims* resulting from one or more acts committed by the same perpetrator or two or more perpetrators acting in concert will be deemed to constitute a single *sexual abuse claim* and will be deemed first made when the first of such claims is made against a *covered party*.

All *bodily injury*, *personal injury*, and *supplementary payments* at issue in a single *sexual abuse claim* will be deemed to arise out of one *occurrence*, without regard to the number of:

- (1) Acts taking place thereafter,
- (2) Victims,
- (3) Locations where the acts took place,
- (4) Coverage periods over which the acts took place, or
- (5) Breaches of any legal obligation or duty to any one or more persons arising out of any sexual abuse.

The date of such *occurrence* will be deemed to be the date of the first act committed by the same perpetrator or two or more perpetrators acting in concert for which the *covered party* is actually or allegedly legally responsible.

3. EXCLUSIONS

This coverage does not apply to:

- a. *Damages* for which the *covered party* is liable by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for *damages*:
 - (1) Assumed in a contract or agreement that is a *covered contract*; or
 - (2) The *covered party* would have in the absence of the contract or agreement.

Provided, however, that any coverage which might be available because subpart (1) or (2) applies shall be subject to exclusions b. through bb. below.

- b. *Damages* for which the *covered party* may be liable by reason of the Minnesota Civil Damages Act (M.S. §340A.801-340A.802), or any other law governing liability for illegal sales of alcoholic beverages.

c. *Bodily injury* to:

- (1) An employee of the *member* arising out of and in the course of employment by the *member*; or
- (2) *Damages* to the spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (1) Whether the *member* may be liable as an employer or in any other capacity; and
- (2) To any obligation to share *damages* with or repay someone else who must pay *damages* because of the injury.

This exclusion does not apply to liability assumed by the *covered party* under a *covered contract*.

d. Any *pollution claim*. But this exclusion does not apply to:

- (1) Any *limited contamination liability claim*;
- (2) Any claim arising out of the discharge of mace, tear gas, or similar agent, if such discharge was for the purpose of protecting persons or property or incident to an arrest;
- (3) Any claim for damages included in the *products hazard*.

e. *Damages* arising out of the ownership, maintenance, use or entrustment to others of any *aircraft, auto* or watercraft owned or operated by or rented or loaned to any *covered party*. Use includes operation and *loading or unloading*.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises the *member* owns or rents;
- (2) A watercraft that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an *auto* on, or on the ways next to, premises the *member* owns or rents, provided the *auto* is not owned by or rented or loaned to the *covered party*.

f. *Damages* due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

g. *Property damage* to:

- (1) Premises the *member* sells, gives away or abandons, if the *property damage* arises out of any part of those premises;
- (2) *Your product* arising out of it or any part of it.

h. *Damages* claimed for any repair or replacement of *your work*.

i. *Damages* claimed for any loss, cost or expense incurred by the *member* or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) *Your product*;
- (2) *Your work*; or

(3) *Impaired property;*

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

- j. *Bodily injury* to any volunteer while acting on behalf of the *member* if the volunteer is an employee within the meaning of a workers' compensation law or similar law, or is covered under a voluntary endorsement to a workers' compensation insurance policy.
- k. *Damages for bodily injury, property damage or personal injury* arising out of the *member's* ownership, operation or maintenance of any airport. This exclusion does not apply to a heliport that is not held out for public use.
- l. *Damages for bodily injury, property damage or personal injury* arising out of the *member's* ownership, construction, operation or maintenance of any railroad track or *rolling stock*.
- m. *Damages for bodily injury, property damage, or personal injury* arising out of the *member's* ownership, operation or maintenance of any:
 - (1) Medical clinic;
 - (2) Licensed hospital, boarding care home, outpatient surgical center, or supervised living facility;
 - (3) Licensed psychiatric hospital;
 - (4) Mental health clinic;
 - (5) Licensed nursing home or home care providers;
 - (6) Registered housing with services establishments; or
 - (7) Licensed child care program, except that this exclusion shall not apply to:
 - (a) A "drop-in child care program" as defined under Minnesota Statutes, section 245A.02, subd.6a; or
 - (b) A summer day camp, holiday break camp, or similar program.
- n. *Damages* arising out of the rendering of or failure to render professional services by any professional listed below:
 - (1) Attorney, unless the attorney is an employee of the *member* and not an independent contractor, and the professional services are within the scope of the attorney's duties as a *member* employee, including professional services performed for any of the *member's* boards, commissions, authorities or agencies, or *joint powers entities* in which the *member* participates.
 - (2) Architect.
 - (3) Doctor of medicine.
 - (4) Doctor of osteopathic medicine.
 - (5) Doctor of optometry.
 - (6) Podiatrist.
 - (7) Physician assistant.
 - (8) Veterinarian.

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- (9) Dentist.
- (10) Dental therapist authorized to dispense and administer under Minnesota Statutes, chapter 150A.
- (11) Nurse, except that this exclusion shall not apply to:
 - (a) Claims arising from the nurse's activities in the capacity of an emergency medical technician, paramedic or first responder; or
 - (b) Claims arising from the nurse's activities in administering vaccinations or immunizations to *member* employees or volunteers.
- (12) Pharmacist.
- (13) Psychologist, except that this exclusion shall not apply to claims arising from the psychologist's activities in the capacity of an emergency medical technician, paramedic or first responder.
- (14) Engineer, unless the engineer is an employee of the *member* and not an independent contractor, and the professional services are within the scope of the engineer's duties as a *member* employee, including professional services performed for any of the *member's* boards, commissions, authorities or agencies, or *joint powers entities* in which the *member* participates.
- (15) Surveyor, unless the surveyor is an employee of the *member* and not independent contractor, and the professional services are within the scope of the surveyor's duties as a *member* employee, including professional services performed for any of the *member's* boards, commissions, authorities or agencies, or *joint powers entities* in which the *member* participates.

o. *Damages* arising out of the failure or bursting of any:

- (1) Class I or Class II dam as classified by the Commissioner of the Department of Natural Resources pursuant to Minnesota Rules §6115.0340; or
- (2) Any dike, levee or similar structure.

This exclusion does not apply for wastewater lagoon embankments.

p. *Damages* arising out of the *member's* ownership, sponsorship or operation of:

- (1) *Motorized amusement rides*, if the power supply motor is rated at greater than 5 horsepower;
- (2) Any *mobile equipment, automobile, snowmobile or motorcycle* in any pre-arranged racing, pulling, pushing, speed, or demolition contest or exhibition, or in any pre-arranged *stunting activity*;
- (3) Any pre-arranged racing, pulling, pushing, speed, or demolition contest or exhibition involving the use of *mobile equipment, automobiles, snowmobiles or motorcycles*;
- (4) Rodeos;
- (5) Fireworks displays or exhibitions; or
- (6) Any pre-arranged *stunting activity*.

q. *Damages* arising from or relating to the detention or confinement of any person(s) in:

- (1) Any jail, holding cell or similar detention facility, which the *member* owns, operates or maintains, if the date of the *occurrence* causing such *damages* takes place after a continuous detention or confinement period of 30 days, or
- (2) Any detention facility which is intended and regularly used for confinement of persons for periods in excess of 30 days.

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- r. *Damages* arising out of the activities of any of the following *member* boards, commissions, or agencies:
 - (1) Gas, electrical or steam utilities commission;
 - (2) Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency;
 - (3) Municipal power agency; or
 - (4) Municipal gas agency,unless such board, commission, authority, or agency is named in the Declarations, in which case the *member* will also be covered to the extent of coverage provided under this covenant to the named board, commission, authority or agency for *damages* arising out of the activities of the respective named board, commission, authority or agency.
- s. *Damages* arising out of the activities of a *joint powers entity* in which the *member* is or was a member unless the *joint powers entity* is named in the Declarations.
- t. *Damages* arising out of condemnation, inverse condemnation, adverse possession, or dedication by adverse use. This exclusion does not apply to any claim for taking of property wherein the taking of property is incident to an arrest or for the purpose of protecting persons or property in an emergency.
- u. Any criminal proceedings or proceedings under the open meeting law against any *covered party*.
- v. *Damages* with respect to any claim(s) made by *LMCIT* or the *member* against any other *covered party*.
- w. Any claim for *damages* asserted in any *land use and special risk litigation*.
- x. *Damages* arising from or relating to the actual, pending, or threatened bankruptcy of the *member*.
- y. *Damages* arising from a collective bargaining agreement or employment contract between the *member* and one or more of its employees, except for a *covered contract*.
- z. Any *PFAS* claims as set forth in the UME-56 endorsement “*PFAS Claims Exclusion*”.
- aa. *Damages* for *bodily injury, property damage, or personal injury* arising out of the *member’s*:
 - (1) Ownership, operation or maintenance of any *cannabis business*; or
 - (2) The sale of *cannabis products*.This exclusion does not apply for *low potency edible cannabinoid products* sold from a licensed retailer of alcoholic beverages or on- or off-sale municipal liquor store.
- bb. *Damages* for which the *covered party* may be liable by reason of M.S. § 342.81, or any other law governing liability for illegal sales of cannabis.

COVERAGE B. MEDICAL AND RELATED EXPENSE

1. COVERAGE AGREEMENT

- a. *LMCIT* will pay to or for each person who sustains *bodily injury* caused by accident all reasonable *medical and related expense* incurred within one year from the date of the accident as a result of such *bodily injury*, provided such *bodily injury* arises out of a condition in the *covered premises*.
- b. The amount *LMCIT* will pay for *medical and related expense* is limited as described in SECTION III - LIMITS OF COVERAGE.

2. EXCLUSIONS

LMCIT will not pay expenses for *bodily injury*:

- a. Arising out of the operation or use of any snowmobile or *trailer* designed for use therewith;
- b. Included within the *products hazard*;
- c. Arising out of operations performed for the *member* by an independent contractor other than:
 - (1) Maintenance and repair of the *covered premises*; or
 - (2) Structural alterations at such premises which do not involve changing the size of or moving buildings or other structures;
- d. To any tenant or other person regularly residing on the *covered premises*;
- e. To any other tenant if the *bodily injury* occurs on that part of the *covered premises* rented from the *member*;
- f. To any person while engaged in maintenance and repair of the *covered premises* or alteration, demolition or new construction at such premises;
- g. To any person practicing, instructing or participating in any physical training, sport, athletic activity or contest whether on a formal or informal basis;
- h. To a member or guest of any club, tourist court or trailer park operated or owned by the *member*; or
- i. For any injury for which the injured party has received or is entitled to receive workers' compensation benefits.

The exclusions of the MUNICIPAL LIABILITY COVERAGE PART (COVERAGE A) also apply to this Coverage Part as respects *bodily injury*.

3. ADDITIONAL DEFINITIONS

When used herein:

Covered premises means all premises owned or rented to the *member* with respect to which the *member* is afforded coverage for *bodily injury* liability under this covenant, and includes the ways immediately adjoining on land; however, *covered premises* does not include streets, sidewalks, or boulevards that do not abut a *member* owned building or *member* owned parking lot.

Medical and related expense means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices, necessary ambulance, hospital, professional nursing and funeral services, and replacement or repair of damaged eyeglasses or clothing.

4. ADDITIONAL CONDITION MEDICAL REPORTS; PROOF AND PAYMENT OF CLAIM

As soon as practicable, the injured person or someone on his behalf shall give to *LMCIT* written proof of claim, under oath if required, and shall, after each request from *LMCIT*, execute authorization to enable *LMCIT* to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by *LMCIT* when and as often as *LMCIT* may reasonably require. *LMCIT* may pay the injured person or any person or organization rendering the services, and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability of any *covered party* or of *LMCIT*.

COVERAGE C. AUTOMOBILE LIABILITY - BODILY INJURY AND PROPERTY DAMAGE

1. COVERAGE AGREEMENT

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LMCIT will pay on behalf of the *covered party* all sums which the *covered party* shall become legally obligated to pay as *damages* because of *bodily injury* or *property damage* to which this coverage applies, caused by an *occurrence* and arising out of the ownership, maintenance or use, including *loading or unloading*, of any *automobile*. This coverage applies only to *bodily injury* or *property damage* which occurs during the coverage period and within the *coverage territory*.

LMCIT will have the right and duty to defend any *suit* seeking those *damages*. However:

- a. The amount *LMCIT* will pay for *damages* is limited as described in SECTION III - LIMITS OF COVERAGE.
- b. *LMCIT* may, at its discretion, investigate any *occurrence* and settle any claim or *suit* that may result.

2. EXCLUSIONS

This coverage does not apply to:

- a. Any obligation for which the *covered party* or any carrier as his insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law.
- b. *Bodily injury* to:

- (1) An employee of the *member* arising out of and in the course of employment by the *member*; or
- (2) *Damages* to the spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (1) Whether the *member* may be liable as an employer or in any other capacity; and
- (2) To any obligation to share *damages* with or repay someone else who must pay *damages* because of the injury.

This exclusion does not apply to liability assumed by the *covered party* under a *covered contract*.

- c. *Property damage* to property owned by the *covered party*.
- d. *Bodily injury* due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing.
- e. *Any pollution claim or limited contamination liability claim*. But this exclusion does not apply to :1) *organic pathogen claims* or;2) *limited auto pollution claims*;
- f. *Damages* for which the *covered party* is liable by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for *damages*:
 - (1) Assumed in a contract or agreement that is a *covered contract*; or
 - (2) The *covered party* would have in the absence of the contract or agreement.
- g. Liability arising from use of an *owned automobile* or *hired automobile* in any pre-arranged racing, pulling, pushing, speed or demolition contest or exhibition, or in any pre-arranged *stunting activity*.

3. ADDITIONAL DEFINITIONS

These additional definitions apply for purposes of COVERAGE C:

Automobile business means the business or occupation of selling, repairing, servicing, storing or parking *automobiles*.

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Hired automobile means an *automobile* not owned by and is used under contract on behalf of, or loaned to, the *member*.

Owned automobile means an *automobile* owned by the *member*.

Trailer includes *semi-trailer* but does not include *mobile equipment*.

COVERAGE D. LAND USE AND SPECIAL RISK LITIGATION

1. COVERAGE AGREEMENT

Except as provided below, for any *land use and special risk litigation* which is first filed or served by or against the *member* or a *member* officer or employee during the annual coverage period of this agreement, *LMCIT* will pay the following on the *member's* behalf:

- a. 85% of the first \$250,000 of *litigation costs* which are incurred after the litigation has been reported to *LMCIT*; and 60% of any *litigation costs* in excess of \$250,000 which are incurred after the litigation has been reported to *LMCIT*; and
- b. 50% of any necessary legal fees for counsel to represent the *member* which the *member* incurs prior to reporting the litigation to *LMCIT*.

This coverage shall not apply to any *land use and special risk litigation* which is first reported to *LMCIT* more than one year after the date on which the litigation was first filed or served by or against the *member* or a *member* officer or employee.

The amount *LMCIT* will pay for *litigation costs* for *land use and special risk litigation* covered under this section is limited as described in SECTION III - LIMITS OF COVERAGE.

The amount *LMCIT* pays for *litigation costs* for *land use and special risk litigation* is subject to the Municipal Liability Deductible shown in the Municipal Liability Declarations or the General Annual Aggregate Deductible, if any, shown in the Common Coverage Declarations.

2. LITIGATION MANAGEMENT

For any *land use and special risk litigation*, legal counsel will be selected by mutual agreement of the *member* and *LMCIT*.

If *LMCIT* and the *member* are not able to agree on selection of counsel, *LMCIT* will provide a list of five attorneys experienced in *land use and special risk litigation* matters; and the *member* will select legal counsel from that list.

A *land use and special risk litigation suit* may not be settled without the approval of both *LMCIT* and the *member*.

3. ADDITIONAL DEFINITIONS

This additional definition applies for the purpose of COVERAGE D.

Litigation costs means:

- a. Costs for legal counsel appointed pursuant to 2. LITIGATION MANAGEMENT, above;
- b. Necessary legal fees for counsel to represent the *member* which the *member* incurs prior to reporting the litigation to *LMCIT*;
- c. Necessary litigation expenses other than legal fees;
- d. *Damages* which the *member* is required to pay; and
- e. *Supplementary payments* made or incurred as defined in SECTION V - SUPPLEMENTARY PAYMENTS.

4. SPECIAL PROVISIONS - INTER-MEMBER LITIGATION

The following special provisions shall apply only to coverage for any *land use and special risk litigation* in which: 1) An opposing litigant is also a *member* of the *LMCIT* property/casualty program; and 2) The litigation is also a covered claim for the opposing litigant under COVERAGE D of the opposing litigant's *LMCIT* municipal liability coverage:

- a. Legal counsel will be selected as provided above, but *LMCIT* will not otherwise participate in the management of the litigation.
- b. Any settlement of the litigation involving a payment of *damages* must be approved by *LMCIT*.
- c. The percentage *LMCIT* will pay of any *litigation costs* will be one-half of the percentages specified in COVERAGE D. 1. COVERAGE AGREEMENT.
- d. *LMCIT*'s total liability to the *member* for *litigation costs* for the litigation shall not exceed \$500,000. This does not increase the annual aggregate limit as described in SECTION III - LIMITS OF COVERAGE, 9.

COVERAGE E. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE

1. COVERAGE AGREEMENT

- a. *LMCIT* agrees to provide *uninsured and underinsured motorists coverage*.
- b. The amount *LMCIT* will pay for *uninsured and underinsured motorists coverage* is limited as described in SECTION III-LIMITS OF COVERAGE.

2. ADDITIONAL DEFINITIONS

These additional definitions apply for purposes of COVERAGE E:

Covered motor vehicle means any *motor vehicle* that is owned by the *member*.

Uninsured and underinsured motorists coverage means amounts due to such persons, in such amounts and for such *covered motor vehicles* in accordance with and as may be required, limited or excluded by the terms, definitions, limitations, conditions and exclusions of the Minnesota No-Fault Act, Minnesota Statutes §65B.41 to §65B.71 in no greater amount or scope than required by said Statute unless a contrary intent is clearly and unequivocally stated herein.

But *uninsured and underinsured motorists coverage* does not include punitive or exemplary *damages*.

Uninsured motor vehicle and underinsured motor vehicle have the meaning given them in the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

Motor vehicle has the meaning given it in the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71 but for the purposes of this coverage, *motor vehicle* also includes motorcycles, as defined under the Act, and vehicles exempted from tax, fees, or plate displays as listed in Minnesota Statute §168.012 Subd.1.

When necessary to determine the application of this policy under Minnesota Statute §65B.49 Subd.(3a) *occupying* means in, or upon a *motor vehicle*.

3. ADDITIONAL CONDITIONS

These additional conditions apply for purposes of COVERAGE E:

Any amount payable under this coverage will be reduced by:

- a. All sums paid or payable under any workers compensation, disability benefits or similar law; and

- b. All sums paid by or for anyone who is legally responsible, including all sums paid under Comprehensive Municipal Coverage, Coverage
- c. Automobile Liability-*Bodily Injury and Property Damage*.

The COMMON CONDITIONS also apply unless they are in conflict with the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

COVERAGE F. BASIC ECONOMIC LOSS BENEFITS COVERAGE

1. COVERAGE AGREEMENT

- a. LMCIT agrees to provide *basic economic loss benefits*.
- b. The amount LMCIT will pay for *basic economic loss benefits* is limited as described in SECTION III-LIMITS OF COVERAGE.

2. ADDITIONAL DEFINITIONS

These additional definitions apply for purposes of COVERAGE F.

Covered motor vehicle means any *motor vehicle* that is owned by the *member*.

Basic economic loss benefits means benefits to such persons, in such amounts and for such *covered motor vehicles* in accordance with and as may be required, limited or excluded by the terms, definitions, conditions limitations and exclusions of the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71 in no greater amount and scope than required by said statute unless a contrary intent is clearly and unequivocally stated herein.

Motor vehicle has the meaning given it in the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71 but for the purposes of this coverage, *motor vehicle* also includes motorcycles, as defined under the Act, and vehicles not required to be registered pursuant to Chapter 168, but which otherwise meets the definition of a *motor vehicle* under the Act.

3. ADDITIONAL CONDITIONS

This additional condition applies for purposes of COVERAGE F.

The COMMON CONDITIONS also apply unless they are in conflict with the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

SECTION II - WHO IS COVERED

- 1. *Member* means the *member* or other governmental body or entity first named in the Declarations. Unless specifically named in the Declarations, *member* shall not include any of the following:
 - a. Gas, electrical or steam utilities commission;
 - b. Port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority or similar agency;
 - c. Municipal power agency;
 - d. Municipal gas agency;
 - e. Welfare or public relief agency;
 - f. School board; or

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- g. *Joint powers entity*; but the following are deemed to be a covered *joint powers entity* under this agreement:
- (1) A joint planning board created pursuant to an orderly annexation agreement, pursuant to Minnesota Statute 462.3585, or pursuant to a joint resolution between the *member* and a township; or
 - (2) A joint airport zoning board created pursuant to Minnesota Statute 360.063.

2. For purposes of COVERAGE A and COVERAGE D, *covered party* means:

- a. The *member*, and any other entity named in the Declarations;
- b. For actions within his duties as such, any present or former:
 - (1) Member of the city council;
 - (2) Member of a *member* board, commission, or committee which is not excluded by the definition of *member*;
 - (3) Elected or appointed official of the *member*;
 - (4) Employee of the *member*;
 - (5) Volunteer person or organization while acting on behalf of the *member* and subject to the *member's* direction and control;
 - (6) Other authorized person or agent of the *member* while acting on behalf of the *member*;
 - (7) *Relief associations* of the *member* and its members, officers, and employees; or
 - (8) Person while acting in the administrative capacity of medical director or medical advisor to the *member* ambulance service, whether that person is a volunteer, an employee, or an independent contractor.

Notwithstanding any other provision of subdivision b, (1) through (8), an independent contractor is not a *covered party* for purposes of COVERAGE A and COVERAGE D, except

- i. When acting in the administrative capacity of medical director or medical advisor to the member ambulance service, or
 - ii. When serving as a member of a committee, subcommittee, board, or commission of the *member*, or when representing the member as a member of a committee, subcommittee, board, or commission.
- c. With respect to a joint powers entity named in the Declarations:
- (1) The *joint powers entity*;
 - (2) While acting on behalf of the *joint powers entity*, or with respect to liability arising out of the activities of the *joint powers entity*, any present or former:
 - (a) Governmental member of the *joint powers entity*, unless prohibited by law;
 - (b) Elected or appointed official of the governmental member;
 - (c) Employee of the governmental member; or
 - (d) Other authorized person or agent of the governmental member, but excluding independent contractors.

3. For purposes of COVERAGE A, *covered party* also means:

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Any person or organization from whom the *Member* leases premises or equipment that is not an *automobile* and to whom the *Member* is contractually obligated to have named as an additional *covered party* under this agreement, but:

- a. Only with respect to, and to the extent of claims made against the additional *covered party* by reason of act or omission of the *Member* or its agents or employees and not by reason of act or omission of the additional *covered party* or its agents or employees;
 - b. Only with respect to *bodily injury, property damage, and personal injury*; and
 - c. Only with respect to acts and omissions of the *Member* occurring during the terms of the lease.
4. For purposes of COVERAGE C, *covered party* means:
- a. The *member*, and any other entity named in the Declarations with respect to any *automobile*;
 - b. Any present or former elected or appointed official, employee or volunteer of the *member* with respect to any *automobile* while such *automobile* is or was being used in the business of the *member*;
 - c. Any person or organization from whom a *covered party* hires or borrows a *trailer* which is connected to an *owned automobile*;
 - d. Any person while using an *owned automobile* or *hired automobile* only while such *automobile* is or was used with the *member's* permission.
 - e. Any other person or organization but only with respect to his or its liability because of acts or omissions of a *covered party* under a., b., c. or d. above.

For purposes of COVERAGE C, none of the following is a *covered party*:

- a. Any person or organization from whom a *covered party* hires or borrows an *automobile* that is not a *trailer*.
 - b. Any person while employed in or otherwise engaged in duties in connection with an *automobile business*, other than an *automobile business* operated by the *member*.
 - c. Any person while *loading or unloading* an *automobile*, other than:
 - (1) A *member* officer, employee, or volunteer; or
 - (2) A lessee or borrower of an *owned automobile* or their employees.
5. For purposes of this COVERAGE E, *covered party* means:

Anyone *occupying* a *covered motor vehicle*.

For purposes of COVERAGE E, none of the following is a *covered party*:

Anyone using a *covered motor vehicle* while such *covered motor vehicle* was used without the *member's* permission.

6. For purposes of COVERAGE F, *covered party* means:

Anyone entitled to benefits as may be required, limited or excluded by the terms, definitions, conditions and exclusions of the Minnesota No-Fault Automobile Insurance Act, Minnesota Statutes §65B.41 to §65B.71.

For purposes of COVERAGE F, none of the following is a *covered party*:

Anyone using a *covered motor vehicle* while such *covered motor vehicle* was used without the *member's* permission

SECTION III - LIMITS OF COVERAGE

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1. The Limits of Coverage shown in the Declarations and the rules below, except as otherwise described, fix the most *LMCIT* will pay as *damages* under each coverage part regardless of the number of:
 - a. *Covered parties*;
 - b. Claims made or *suits* brought; or
 - c. Persons or organizations making claims or bringing *suits*.
2. *LMCIT*'s maximum limit of liability for COVERAGES A and C combined shall be the per *occurrence* limit shown in the Declarations whether the claim or claims fall under COVERAGE A, COVERAGE C, or both.
3. The Limits of Coverage shown in the Declarations, except as otherwise described, apply only to the *damages* under each Coverage Part in excess of the Municipal Liability Deductible shown in the Municipal Liability Declarations or the General Annual Aggregate Deductible, if any, shown in the Common Coverage Declarations, and the Limits of Coverage will be reduced by the Deductible amount.
4. The Products Annual Aggregate Limit is the most *LMCIT* will pay under COVERAGE A for *damages* included in the *products hazard*.
5. The *Medical and Related Expense* Limit is the most *LMCIT* will pay under COVERAGE B for all medical expenses because of *bodily injury* sustained by any one person, and the *occurrence* limit is the most *LMCIT* will pay under COVERAGE B for all medical expenses because of *bodily injury* to two or more persons resulting from one *occurrence*.
6. The *Limited Contamination Liability Claim* Annual Aggregate Limit is the most *LMCIT* will pay during the annual coverage period for:
 - a. *Limited contamination liability claims* for COVERAGE A;
 - b. *Organic pathogen claims* for COVERAGE C.; and
 - c. *Limited auto pollution claims* for Coverage C.

The *Limited Contamination Liability Claim* Annual Aggregate Limit is the most *LMCIT* will pay during the annual coverage period whether the claim or claims fall under COVERAGE A, COVERAGE C, or both. The *Limited Contamination Liability Claim* Annual Aggregate Limit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V - *SUPPLEMENTARY PAYMENTS*.

As part of and not in addition to the *Limited Contamination Liability Claim* Annual Aggregate Limit, the most *LMCIT* will pay for *Excavation and Dredging claims* is \$250,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V *SUPPLEMENTARY PAYMENTS*.

As part of and not in addition to the *Limited Contamination Liability Claim* Annual Aggregate Limit, the most *LMCIT* will pay for *organic pathogen claims* is \$250,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V *SUPPLEMENTARY PAYMENTS*.

As part of and not in addition to the *Limited Contamination Liability Claim* Annual Aggregate Limit, the most *LMCIT* will pay for *limited auto pollution claims* is \$50,000 per *occurrence* and \$100,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V. *SUPPLEMENTARY PAYMENTS*.

7. The *Failure to Supply Claim* Annual Aggregate Limit is the most *LMCIT* will pay for *damages* for *failure to supply claims* during the annual coverage period.
8. The *EMF Claim* Annual Aggregate Limit is the most *LMCIT* will pay for *damages* for *EMF claims* during the annual

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coverage period.

9. *LMCIT's total liability for litigation costs*, as defined in SECTION I - COVERAGE D, *LAND USE AND SPECIAL RISK LITIGATION*, for all *land use and special risk litigation* which is first filed or served against the *member* during the annual coverage period of this agreement shall not exceed \$1,000,000, regardless of the number of *suits*, defendants, or claimants.
10. The *Outside Organization Claim Annual Aggregate Limit* is the most *LMCIT* will pay for *outside organization claims* during the annual coverage period. The *Outside Organization Claim Limit* applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V- *SUPPLEMENTARY PAYMENTS*.
11. The *System Security Breach Claim Annual Aggregate Limit* is the most *LMCIT* will pay for *damages for system security breach claims* during the annual coverage period.

As part of and not in addition to the *System Security Breach Claim Annual Aggregate Limit*, the most *LMCIT* will pay for the sum of *data security breach regulatory fines and penalties* and *payment card industry fines and penalties* is \$250,000 during the annual coverage period. This sublimit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in SECTION V - *SUPPLEMENTARY PAYMENTS*.

12. The *Per Occurrence Limit* is the most *LMCIT* will pay for *damages* for a single *sexual abuse claim*. Only the covenant or other coverage agreement and corresponding *Per Occurrence Limit* in effect when a *sexual abuse claim* is deemed first made will apply to such claim, regardless whether:
 - a. *LMCIT* issued such covenant or other coverage agreement, or
 - b. *LMCIT* insured the *covered party* under one or more covenants in effect after such covenant or other coverage agreement.

Subject to the foregoing, the *sexual abuse claim Annual Aggregate Limit* is the most *LMCIT* will pay for damages for *sexual abuse claims* under this covenant.

13. The *Uninsured and Underinsured Motorists Limit* as stated in the Declarations is the most *LMCIT* will pay under COVERAGE E for *uninsured and underinsured motorists coverages* in any one accident regardless the number of:
 - a. *Covered motor vehicles*;
 - b. *Covered parties*;
 - c. *Claims made*; or
 - d. *Motor vehicles* involved in the accident.
14. The *Basic Economic Loss Benefits Limit* as stated in the Declarations is the most *LMCIT* will pay under COVERAGE F to one person for *basic economic loss benefits* and the party to whom this policy is issued specifically rejects its right, if any it may have, to elect to add two or more policies or limits together unless otherwise clearly and unequivocally stated herein.
15. *LMCIT* shall not be obligated under this covenant to pay any claim or judgment or to defend any *suit* after the applicable limit of *LMCIT's* coverage has been exhausted. However, to the extent that *LMCIT* provides excess liability coverage, subject to the terms of the excess coverage, *LMCIT* shall continue to defend *suits* jointly under this covenant and the excess covenant until the applicable excess limits have been exhausted by payment of judgment or settlements.
16. For any Annual Aggregate Limit shown in the Declarations, the limit shall apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the coverage period shown in the Declarations, unless the coverage period is extended after issuance for an additional period of less than 12

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months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the limits of coverage.

17. The *wildfire claim* Annual Aggregate Limit is the most LMCIT will pay for *damages* for *wildfire claims* during the annual coverage period.
18. The *Limited Law Enforcement Service Contract Claim* Annual Aggregate Limit is the most LMCIT will pay for *limited law enforcement service contract claims* during the annual coverage period. The *Limited Law Enforcement Service Contract Claim* Limit applies to the sum of *damages* and loss adjustment expense, including defense costs and *supplementary payments* as defined in *SECTION V-SUPPLEMENTARY PAYMENTS*.
19. The *Per Occurrence* Limit is the most LMCIT will pay for *damages* for a single *personal injustice* claim. Only the covenant or other coverage agreement and corresponding *Per Occurrence* Limit in effect when a *personal injustice* claim is deemed first made will apply to such claim, regardless whether:
 - a. LMCIT issued such covenant or other coverage agreement, or
 - b. LMCIT insured the *covered party* under one or more covenants in effect after such covenant or other coverage agreement.

SECTION IV – DEFINITIONS

1. *Advertisement* means a notice that is broadcast or published to the general public or specific market segments about the *member's* goods, products or services for the purpose of attracting customers or supporters.
2. *Aircraft* means a vehicle designed for the transport of persons or property principally in the air, including airplanes, helicopters, blimps, hot air balloons, and gliders.
3. *Asbestos claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by or contributed to by:
 - a. The use of, sale of, installation of, removal of, abatement of, distribution of, containment of, or exposure to asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
 - b. The actual or threatened abatement, mitigation, removal or disposal of asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
 - c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with subparagraphs a. and b. above; or
 - d. Any obligation of the *covered party* to indemnify any party in connection with subparagraphs a., b. or c. above.
4. *Automobile (auto)* means a land *motor vehicle, trailer* or *semi-trailer* designed for travel on public roads, including any attached machinery or equipment.
5. *Bodily injury* means *bodily injury*, sickness or disease sustained by a person, including death resulting from any of these at any time.
6. *Cannabis business* means any cannabis microbusiness, mezzobusiness, cultivator, manufacturer, retailer, wholesaler, transporter, testing facility, event organizer, or delivery service; or any medical cannabis cultivator, processor, retailer, or combination business, as described in MN Statute 342.01, Subd. 14.
7. *Cannabis product* means any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
8. *Computer equipment* means programmable electronic equipment that is used to store, retrieve, and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or

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auxiliary functions such as data transmission.

9. *Coverage territory* means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, provided the injury or *damages* do not occur in the course of travel or transportation to or from any place not included in a. above; or
- c. All parts of the world if:
 - (1) The injury or *damage* arises out of:
 - (a) Goods or products made or sold by the *member* in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on the *member's* business; and
 - (2) The *covered party's* responsibility to pay *damages* is determined in a *suit* on the merits, in the territory described in a. above or in a settlement *LMCIT* agrees to.

10. *Covered contract* means an indemnification of a municipality as required by ordinance, or that part of any collective bargaining, employment, or other contract or agreement pertaining to the *member's* business under which the *member* assumes the tort liability of another to pay *damages* to a third person or organization, if the contract or agreement is made prior to the date of the *occurrence* giving rise to the *damages*. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

With respect only to *data security breach claims*, *covered contract* also means that part of a *merchant services agreement* pertaining to *payment card industry fines and penalties*.

Covered contract does not include that part of any contract or agreement

- a. That indemnifies or agrees to defend any person or organization for *damages* by fire to premises rented or loaned to the *member*; or
 - b. That indemnifies or agrees to defend any person or organization for *damages* arising out of such person's or organization's operation, maintenance or use of any *auto* not owned by or rented or loaned to a *covered party*.
 - c. That indemnifies any person or organization for; *property damage* to any adjacent property of others during a construction, demolition, or excavation project intended, expected or reasonably foreseeable by such person or organization or by any *covered party*; or
 - d. That is contrary to or unenforceable under State law, including without limitation Minnesota Statutes § 15.71-15.74.
11. *Damages* means money *damages*, and includes awards for attorneys' fees with respect to *suits* alleging violations under federal civil rights laws, state human rights laws or the federal or state constitution.

With respect to any *land use and special risk litigation*, *damages* also includes amounts the *member* is obligated to pay for loss of use of property during the time prior to a final determination by the court that enforcement of a land use, zoning, subdivision, or similar ordinance or regulation constitutes a taking of private property.

With respect to any *data security breach claim*, *damages* also includes *data security breach regulatory fines and penalties* and *payment card industry fines and penalties*.

Damages does not include any of the following:

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- a. Any obligation of a *covered party* under a workers' compensation, disability benefits, or unemployment compensation law or any similar law, except this exclusion does not apply to obligations arising under Minnesota Statutes, section 176.82.
 - b. Exemplary *damages* or punitive *damages* except punitive *damages* claimed or levied against an officer, employee or volunteer of the *member*, provided that the officer, employee or volunteer:
 - (1) Was acting in the performance of the duties of the position; and
 - (2) Was not guilty of malfeasance in office, willful neglect of duty, or bad faith.
 - c. Fines or penalties imposed by law, except *data security breach regulatory fines and penalties*.
 - d. Injunctive or equitable relief, or quasi- judicial or administrative orders.
 - e. Repayment of any tax, assessment, fee, or other charge that was wrongfully obtained, or any interest on, or any other amount claimed for loss of use of, such tax, assessment, fee, or other charge.
 - f. Amounts paid or payable for the purchase or permanent acquisition of property or property rights, or for the right to permanently enforce an ordinance, regulation, or restriction on the use of property.
 - g. Amounts owed pursuant to the explicit terms of any contractual obligation, including but not limited to amounts due under the terms of any *member debt obligations*, except for liability:
 - (1) Assumed in a *covered contract*; or
 - (2) Assumed in an employment contract between the *member* and its employees.
 - h. With respect to any litigation relating to *member debt obligations*, any profit, advantage or remuneration to which the *covered party* was not legally entitled.
 - i. Any back wages or employment benefits for work that has been performed by the employee making the claim, except for any of the following:
 - (1) Back wages or benefits owed because of a violation of the wage and hour provisions of the federal or state Fair Labor Standards Acts; or
 - (2) Back wages or benefits owed because of a violation of any state or federal statute prohibiting discrimination in employment based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, or age.
 - j. Any claimed increases in wages and employment benefits for work to be performed in the future by the employee making the claim.
12. *Data security breach claim* means any claim for *damages* arising out of actual or potential unauthorized acquisition of data that:
- a. Compromises the security, confidentiality, or integrity of personal information; or
 - b. Contains data classified as private or confidential by the Minnesota Government Data Practices Act.

For purposes of this section, "Personal information" means:

- a. An individual's first name or first initial and last name in combination with any one or more of the following data elements, when the data element is not secured by encryption or another method of technology that makes electronic data unreadable or unusable, or was secured and the encryption key, password, or other means necessary for reading or using the data was also acquired:

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- (1) Social Security number;
 - (2) Driver's license number or Minnesota identification card number; or
 - (3) Account number or credit or debit card number, in combination with any required security codes, access code, or password that would permit access to an individual's financial account.
13. *Data security breach regulatory fines and penalties* means monetary fines or penalties that the *member* is legally obligated to pay to, and as a result of a demand brought by or on behalf of, a governmental or regulatory authority resulting from a *data security breach claim* involving the actual unauthorized acquisition of data.
14. *Electronic data* means programmed and recorded material stored on *computer equipment* or *electronic media*, and programming records used for electronic data processing, or electronically controlled equipment. *Electronic data* is not tangible property.
15. *Electronic media* means *electronic data* processing or storage media such as films, tapes, discs, drums or cells.
16. *EMF claim* means any claim for *damages* arising out of the actual or alleged exposure to electromagnetic fields, electromagnetic radiation or stray voltage.
17. *Excavation and dredging claim* means any claim for *damages* arising out of the deposit of excavated or dredged *pollutants* when the excavation or dredging was undertaken to construct, maintain, repair, or reconstruct the *member's* streets, ditches, sanitary sewer, storm sewer, drainage, or water supply systems, or electric, gas, cable communication, or other public utilities.
18. *Failure to supply claim* means any claim for *damages* arising out of the complete or partial failure to supply water, electricity, gas, steam, telecommunications, or electronic data transmission service.
19. *Fungus(es)* includes, but is not limited to, any form or type of mold, mushroom or mildew.
20. *Impaired property* means tangible property, other than *your product* or *your work*, that cannot be used or is less useful because:
- a. It incorporates *your product* or *your work* that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. The *member* has failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- (1) The repair, replacement, adjustment or removal of *your product* or *your work*; or
 - (2) The *member's* fulfilling the terms of the contract or agreement.
21. *Joint powers entity* means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:
- a. To receive and expend funds;
 - b. To enter into contracts;
 - c. To hire employees;
 - d. To purchase or otherwise acquire and hold real or personal property; or

- e. To sue or be sued.

22. *Land use and special risk litigation* means:

- a. Any litigation relating to:
 - (1) The *member's* regulation of the use of land or real property with a land use, zoning, subdivision, or similar ordinance or regulation; or
 - (2) The regulation of the use of land or real property owned, leased, or rented by the *member* with a land use, zoning, subdivision, or similar ordinance or regulation.
- b. Any litigation relating to the *members* participation in or financing of any housing, development, or redevelopment project.
- c. Any litigation relating to the granting, refusal, interpretation, or enforcement of any franchise, ordinance, permit, license, or other mechanism through which the *member* authorizes or regulates parties other than the *member*, with regard to the provision of telecommunications, electricity, gas, heat, sewage treatment or refuse collection within the *member*.
- d. Any litigation relating to the *member* authority to engage in enterprise operations. "Enterprise operations" means any arrangement under which the *member* offers goods or services for a fee, including but not limited to sales of utilities, telecommunications services, refuse collection, and liquor.
- e. Any litigation relating to *member debt obligations*.

Any litigation meeting the criteria listed above will be considered to be *land use and special risk litigation* in its entirety, regardless of whether the litigation may assert other claims as well.

But *land use and special risk litigation* does not include litigation:

- a. That seeks only compensation or other relief for an actual or alleged physical occupation, invasion, or use of property by the *member*;
- b. That seeks only a reduction or invalidation of a special assessment;
- c. That seeks only compensation for *damages* based on the *member's* actual or alleged negligent inspection or enforcement of the state building, plumbing, electrical, fire, or similar state codes;
- d. That seeks only amounts owed pursuant to the explicit terms of any contractual obligation, including but not limited to any *member debt obligations*;
- e. That was initiated by the *member* to enforce a building, zoning, subdivision, or similar ordinance or regulation related to the use of property, unless that litigation also involves a challenge to the constitutionality or interpretation of the ordinance or regulation or to the legal authority of the *member* to enact it;
- f. That is a criminal prosecution by the *member*;
- g. That is brought by *LMCIT* or the *member* against any other *covered party*;
- h. That arises from or is related to the actual, pending or threatened bankruptcy of the *member*; or
- i. That makes only a *pollution claim*

23. *Lead claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by or contributed to by:

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- a. The toxic or pathological properties of lead, lead compounds or lead contained in any materials;
 - b. The actual or threatened abatement, mitigation, removal or disposal of lead, lead compounds or materials containing lead;
 - c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with subparagraphs a. or b. above; or
 - d. Any obligation of the *covered party* to indemnify any party in connection with subparagraphs a., b. or c. above.
24. *Limited auto pollution claim* means any claim for *damages* resulting from the actual, alleged, or threatened accidental discharge, dispersal, release, or escape of *pollutants* arising out of the ownership, maintenance or use, including *loading or unloading* of any *automobile* which:
- a. Begins and ends within 72 hours; and
 - b. Is not a repeat or resumption of a previous discharge, dispersal, release, or escape of the same type of *pollutant* from essentially the same source within 12 months of a previous discharge, dispersal, release, or escape.

25. *Limited contamination liability claim* means:

- a. Any claim for *damages* arising out of pesticide or herbicide application operations;
- b. Any claim for *damages* which arises from the accidental rupture, backup, or overflow of the *member's* sanitary sewer, storm sewer, or water supply systems;
- c. Any *excavation and dredging claim*.

Limited contamination liability claim also includes the following, unless the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release, or escape of *pollutants* occurred or is alleged to have occurred at or from any landfill, dump, or other site or location presently or formerly used by or for the *member* or others for the handling, storage, disposal, processing, or treatment of *pollutants*:

- d. Any claim for *damages* resulting from an actual, alleged, or threatened accidental existence, discharge, dispersal, seepage, migration, release, or escape of *pollutants* which begins and ends within 72 hours;
- e. Any *lead claim* or *asbestos claim*;
- f. Any mold claim;
- g. Any *organic pathogen claim*;
- h. Any claim for *damages* arising from an actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release, or escape of *pollutants* at or from premises not presently or formerly owned, rented, leased, used, or occupied by the *member*;
- i. Any claim for *damages* arising out of heat, smoke, or fumes from a hostile fire or controlled burn. A hostile fire is a fire which becomes uncontrollable or breaks out from where it was intended to be.

But *limited contamination claim* does not include:

- a. Any *PFAS* claims as set forth in the UME-56 endorsement "*PFAS Claims Exclusion*".

26. *Limited law enforcement service contract* means a contract for law enforcement services for which the *member* pays a fee to an entity that does not have the liability coverage through *LMCIT* in exchange for law enforcement services. A mutual aid agreement or agreement that creates a *joint powers entity* is not a *limited law enforcement service contract*.

27. *Limited law enforcement service contract claim* means a claim for which the *member* is obligated to defend or indemnify the service provider for claims arising out of the service provider's acts, errors, or omissions under the terms

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of the *limited law enforcement service contract*.

28. *LMCIT* means the League of Minnesota Cities Insurance Trust.
29. *Loading or unloading* means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an *aircraft*, *watercraft* or *auto*;
 - b. While it is in or on an *aircraft*, *watercraft* or *auto*; or
 - c. While it is being moved from an *aircraft*, *watercraft* or *auto* to the place where it is finally delivered; but *loading or unloading* does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the *aircraft*, *watercraft* or *auto*.
30. *Low Potency edible cannabinoid product* means products that fall within the requirements specified in MN Statute 151.72, Subd. 4., 5., and 5a.
31. *Member debt obligations* means bonds, notes, financing certificates, lease-purchase agreements, or other similar debt instruments or financial obligations proposed, guaranteed, approved, issued, or entered into by the *member*.
32. *Merchant services agreement* means an agreement between the *member* and a financial institution, credit/debit card company, credit/debit card processor or independent service operator enabling the *member* to accept credit card, debit card, prepaid card, or other payment cards for payments or donations.
33. *Mobile equipment* means any of the following types of land vehicles, other than *automobiles*, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts, snowmobiles and other vehicles designed for use principally off public roads;
 - b. Vehicles that travel on crawler treads;
 - c. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - d. Vehicles not described in a., b., or c. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment;
 - (2) Cherry pickers and similar devices used to raise or lower workers; or
 - e. Vehicles not described in a., b., or c. above maintained primarily for purposes other than the transportation of persons or cargo.
34. *Mold claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by, or contributed to by:
- a. Any *fungus(es)* or *spore(s)*;
 - b. Any solid, liquid, vapor, or gas produced by or arising out of any *fungus(es)* or *spore(s)*;
 - c. Any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any *fungus(es)* or *spore(s)*;

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- d. Any intrusion, leakage, or accumulation of water or any other liquid that contains, harbors, nurtures or acts as a medium for *fungus(es)* or *spore(s)*;
 - e. The actual or threatened abatement, mitigation, removal or disposal of *fungus(es)* or *spore(s)* or any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any *fungus(es)* or *spore(s)*;
 - f. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with subparagraphs a., b., c., d., or e. above; or
 - g. Any obligation of the *covered party* to indemnify any party in connection with subparagraphs a., b., c., d., e., or f. above.
35. *Motorized amusement ride* means a mechanical bull or similar device, motorized carnival ride, or other motorized device that carries or conveys passengers along, around, or over a fixed or restricted route or course for the primary purpose of giving its passengers amusement, pleasure, thrills, or excitement.
36. *Occurrence* means:
- a. With respect to COVERAGE A, a *wrongful act* or a series of related *wrongful acts*. Series of related *wrongful acts* means all *wrongful acts* that are temporally, logically or causally connected by any common fact, circumstances, situation, transaction, advice or decision. All resulting injury, loss or *damage* shall be deemed to have occurred at the time of the first *wrongful act* alleged to have resulted in any such injury, loss or *damage*.
 - b. With respect to COVERAGE C, an accident, including continuous or repeated exposure to substantially the same general harmful condition.
- Provided that for purposes of SECTION III - LIMITS OF COVERAGE, *occurrence* has the same meaning as it does for purposes of the applicable statute establishing monetary limits on the *member's* tort liability.
37. *Organic pathogen* means any disease-producing organic agent, including but not limited to a virus, bacterium, or other microorganism.
38. *Organic pathogen claim* means any claim for *damages* arising directly or indirectly out of, or resulting from, caused by, or contributed to by any *organic pathogen*.
39. *Outside organization claim* means any claim for *damages* against a *member* officer, employee, or volunteer, arising from his or her activities as a member or officer of any formally organized membership association, any professional organization, or any private non-profit or for-profit corporation, if the *member* determines that the individual's membership and participation in that association, organization, or corporation are within the scope of the individual's duties as a *member* officer, employee, or volunteer. But *outside organization claim* does not include any claim arising from the activities of any entity listed in SECTION II-WHO IS COVERED, 1., a-g., or any entity that is a *covered party* under this covenant.
40. *Payment card industry fines and penalties* means monetary fines, penalties or assessments that are owed under the terms of a *merchant services agreement*, but only where such fines or penalties result from both the *member's* noncompliance with published Payment Card Industry Data Security Standards and from a *data security breach claim* involving the actual unauthorized acquisition of data.

Payment card industry fines and penalties does not include charge backs, interchange fees, discount fees, or other services related fees, rates, or charges.

41. *Personal injury* means injury other than *bodily injury*, arising out of one or more of the following offenses:
- a. False arrest, detention, or imprisonment, or malicious prosecution.

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- b. The publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy.
 - c. Wrongful entry or eviction, or other invasion of the right of private occupancy.
 - d. Assault or battery committed for the purpose of protecting persons or property or incident to an arrest.
 - e. The use of another's advertising idea in *your advertisement*.
 - f. Infringing upon another's copyright, trade dress or slogan in *your advertisement*.
42. *Personal injustice(s)* means any actual or alleged false, negligent, malicious, or wrongful arrest, detention, imprisonment, prosecution, or conviction, as well as any of the following offenses alleged in a claim or suit that also alleges false, negligent, malicious, or wrongful arrest, detention, imprisonment, prosecution, or conviction:
- a. Violation of civil rights;
 - b. Libel;
 - c. Slander;
 - d. Defamation;
 - e. False light;
 - f. Invasion of privacy; or
 - g. Failure of your law enforcement department and its employees to follow departmentally approved policy(ies) or procedure(s).

including but not limited to any actual or alleged emotional distress, physical injury, mental anguish, or other injury, loss, or *damage* resulting from any of the foregoing.

Personal injustices also include *related personal injustices*.

43. *Pollutants* means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
44. *Pollution claim* means:
- a. Any direction, demand, or request by the government or any other entity or person that the *member* or any other entity test for, monitor, clean up, remove, contain, treat, detoxify or neutralize *pollutants*; or
 - b. Any claim for *damages* arising out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of *pollutants*:
 - (1) At or from premises the *member* owns, rents, leases, uses, or occupies, and premises the *member* no longer owns, rents, leases, uses, or occupies;
 - (2) At or from any landfill, dump, or other site or location presently or formerly used by or for the *member* or others for the handling, storage, disposal, processing or treatment of *pollutants*;
 - (3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for the *member* or any person or organization for whom the *member* may be legally responsible; or
 - (4) At or from any site or location on which the *member* or any contractors or subcontractors working directly or indirectly on the *member's* behalf are or have been performing operations:
 - (a) If the *pollutants* are brought on or to the site or location in connection with such operations; or

(b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the *pollutants*.

45. *Products hazard* includes all *damages* arising out of *your product* except that the *products hazard* does not include any of the following:

- a. *Damages* which arise from products that are still in the *member's* physical possession;
- b. *Damages* which arise out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of pollutants at or from any landfill, dump, or other site or location presently or formerly used by or for the *member* or others for the handling, storage, disposal, processing, or treatment of *pollutants*;
- c. *Damages* which arise out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of *pollutants* which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for the *member* or any person or organization for whom the *member* may be legally responsible;
- d. *Damages* which arise out of the actual, alleged, or threatened existence, discharge, dispersal, seepage, migration, release or escape of pollutants at or from any site or location on which the *member* or any contractor or subcontractors working directly or indirectly on the *member's* behalf are or have been performing operations if the operations are to test for, monitor, clean up, remove, treat, detoxify or neutralize the pollutants; or
- e. *Damages* which arise out of pesticide or herbicide application operations.
- f. *Damages* which arise out of any *PFAS* claims as set forth in the UME-56 endorsement "*PFAS Claims Exclusion*".

46. *Property damage* means:

- a. Physical injury to tangible property, including all resulting loss of use of that property; or
- b. Loss of use of tangible property that is not physically injured.

47. *Related personal injustices* mean all *personal injustices* that are temporally, logically, or causally connected by any common fact, circumstances, situation, transaction, advice, or decision. All resulting injury, loss or damage shall be deemed to have occurred at the time of the first *personal injustice* alleged to have resulted in any such injury, loss, or *damage*.

48. *Relief association* means the following:

- a. A *relief association* as defined under Minnesota Statute §424A.001, subd. 4; or
- b. A *relief association* that has elected to continue to be in existence under the provisions of Minnesota Statute §353G.06.

49. *Rolling stock* means any railroad locomotive, cars or other equipment designed to be used on railroad tracks.

50. *Sexual abuse claim* means any claim for *damages* arising out of:

- a. Actual or alleged sexual abuse, sexual molestation, sexual exploitation, of any one or more persons, or any related unwelcome or offensive conduct of sexual nature, whether physical, verbal or written (including conduct using visual images or through electronic means) directed against any one or more persons, including any conduct that causes, grooms, or is intended to cause or groom any one or more persons to engage in any act of a sexual nature or is done to arouse or satisfy a sexual desire of anyone; or

b. Negligent:

- (1) Employment;

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- (2) Investigation;
- (3) Supervision;
- (4) Reporting to proper authorities, or failure to so report; or
- (5) Retention;

of a person or persons for whom any *covered party* is or ever was legally responsible and whose conduct is described in subparagraph a. above of this definition; or

- c. Breach of any legal obligation duty owed to any one or more persons arising out of any conduct described in subparagraph a. or b. above of this definition.

51. *Spore(s)* include any reproductive body produced by or arising out of any *fungus(es)*.

52. *Stunting activity* means any pre-arranged, organized or publicized event, feat or performance which:

- (a) Involves a demonstration or display of notable strength, skill, speed, or endurance; and which
- (b) Involves a significant risk of serious injury to the participant, performer, or others.

But *stunting activity* does not include common traditional athletic events such as hockey, baseball, softball, football, basketball, wrestling, soccer, gymnastics, track and field events, or bicycle racing.

53. *Suit* means a civil proceeding in which *damages* to which this coverage applies are alleged. *Suit* includes an arbitration proceeding alleging such *damages* to which the *member* must submit or submit with *LMCIT's* consent. *Suit* does not mean any criminal proceeding against any *covered party* or any open meeting law proceeding, unless *damages* are also claimed in that proceeding.

The following are also deemed a *suit* for *damages*:

- a. A charge of employment discrimination filed with the Federal Equal Employment Opportunity Commission, the Commissioner of the Minnesota Department of Human Rights, or a local human rights commission as defined in Minnesota Statute §363.01, subd 23; or
- b. A complaint filed with the Federal Health and Human Services Office for Civil Rights alleging any breach of the responsibilities, obligations or duties imposed by the Health Insurance Portability and Accountability Act (HIPPA) and any rules or regulations promulgated thereunder.

54. *System security breach claim* means:

- a. A *data security breach claim*; or
- b. Any other claim for *damages* arising out of the unauthorized intrusive codes or programming, such as computer viruses or hacking, or other unauthorized access into your *computer equipment, electronic data* or *electronic media*.

55. *Wrongful act* means any actual or alleged error, statement, act, omission, offense, neglect, accident, or violation. Violation includes violation of any rights, immunities, or privileges secured by the Constitution and Laws of the United States of America.

56. *Your product* means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) The *member*;

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(2) Others trading under the *member's* name; or

(3) A person or organization whose business or assets the *member* has acquired; and

- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

Your product includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

Your product does not include vending machines or other property rented to or located for the use of others but not sold.

57. *Your work* means:

a. Improvements, alterations or other work the *member* performs on the property of others.

b. *Your work* includes warranties or representations made any time with respect to the fitness, quality, durability; or performance of any items included in a. above.

58. *Wildfire claim* means any claim for *damages* arising directly or indirectly out of, resulting from, caused by, or contributed to by an unplanned fire that burns in an area of combustible vegetation.

SECTION V - SUPPLEMENTARY PAYMENTS

With respect to any claim or *suit* LMCIT defends under COVERAGES A, C, AND D, LMCIT will pay *supplementary payments*.

Supplementary payments means:

1. All expenses LMCIT incurs.
2. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the coverage applies. LMCIT does not have to furnish these bonds.
3. The cost of bonds to release attachments, but only for bond amount within the applicable limit of coverage. LMCIT does not have to furnish these bonds.
4. All reasonable expenses incurred by the *covered party* at LMCIT's request, to assist it in the:
 - a. Investigation or defense of the claim or *suit*; or
 - b. Litigation of any *land use and special risk litigation* which is filed or served.

Reasonable expenses include the actual loss of earnings per day because of time off from work.

5. All costs taxed against the *covered party* in the *suit*.
6. Prejudgment interest awarded against the *covered party* on that part of the judgment LMCIT pays. If LMCIT makes an offer to pay the applicable limit of coverage, LMCIT will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before LMCIT has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limits of coverage.

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8. Up to \$200,000 for all awards for attorneys' fees pursuant to a statute, but this *supplementary payment* does not include:
 - a. Awards for attorney fees with respect to *suits* alleging violations under federal civil rights laws, state human rights laws or the federal or state constitution; or
 - b. Attorneys' fees awarded for an act, error, omission or violation which *LMCIT* does not have a duty to indemnify pursuant to SECTION VI - CONDITIONS, 1.

SECTION VI – CONDITIONS

1. LIMITATIONS ON *LMCIT'S* DUTY TO INDEMNIFY

LMCIT's duty to pay on behalf of or to indemnify a *covered party* other than the *member* shall not apply to any act, error, omission, or violation:

- a. Which constitutes malfeasance in office; or
- b. Which constitutes willful neglect of duty; or
- c. Which constitutes bad faith; or
- d. For which the *member* is not authorized to indemnify any person by statute; or
- e. Which constitutes dishonesty on the part of a *covered party*; or
- f. Which constitutes the willful violation of a statute or ordinance by any official, employee, or agent of the *member*.

The terms "malfeasance", "willful neglect of duty", and "bad faith" shall be given the same meaning in this covenant as given in the applicable statute with respect to the *member's* duty to defend or indemnify its officers, employees or agents.

2. FINANCIAL RESPONSIBILITY LAW

When this covenant is certified as proof of financial responsibility for the future under the provisions of any *motor vehicle* financial responsibility law, such coverage as is afforded by this covenant shall comply with the provisions of such law to the extent of the coverage and limits of liability required by such law.

3. COVERED PARTY'S DUTIES IN THE EVENT OF OCCURRENCE, CLAIM OR SUIT

- a. In the event of a claim or *suit*, notice containing particulars sufficient to identify the *covered party* and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the *covered party* to *LMCIT* or any of its authorized agents as soon as practicable.

The *member* shall promptly take, at its own expense, all reasonable steps to prevent *damages* from arising out of the same or similar conditions; provided that:

- (1) A failure to take such preventative measures shall not constitute a breach of this condition unless *LMCIT* has requested the *member* in writing to undertake such preventative measures; and
- (2) Such expense shall not be recoverable under this covenant.

Notice of *damages* or injury is not notice of a claim.

- b. If claim is made or *suit* is brought against the *covered party*, the *covered party* shall immediately forward to *LMCIT* every demand, notice, summons or other process received by him or his representative.

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- c. With respect to any incident or *occurrence* for which no claim for *damages* has been made but that might result in a covered claim for *damages* under this covenant, *LMCIT* shall have the right, at its discretion and at its expense, to associate with the *covered party* in the investigation, handling and defense of such matter, in which event *LMCIT* and the *covered party* shall mutually cooperate.

4. EXTENDED REPORTING PERIOD

- a. *LMCIT* will provide one or more extended reporting periods, as described below, if:
 - (1) COVERAGE A is canceled or not renewed; or
 - (2) *LMCIT* renews or replaces COVERAGE A with coverage that:
 - (a) Has a retroactive date later than the date shown on the Declarations page; or
 - (b) Does not apply on a claims made basis.
- b. A basic extended reporting period of 60 days from the end of the coverage period is automatically provided without additional charge.
- c. A supplemental extended reporting period of unlimited duration is available, but only by an endorsement and for an extra charge. The supplemental extended reporting period starts 60 days after the end of the coverage period.

The *member* must give *LMCIT* a written request for the endorsement within 60 days after the end of the coverage period. The supplemental extended reporting period will not go into effect unless the *member* pays the additional premium promptly when due.

The additional premium for the supplemental extended reporting period will be a percentage of the annual expiring premium for COVERAGE PART A.

Number of Years Since

Retroactive Date Shown

<u>on Declarations Page</u>	<u>Additional Cost</u>
1	55.0%
2	57.0%
3	60.3%
4	65.9%
5, 5+	70.8%

- d. An extended reporting period does not extend the coverage period or change the scope of coverage provided. It applies only if the date of the *occurrence* giving rise to the claim for *damages* is after the retroactive date and before the end of the coverage period.

Claims for *damages* which are first received and recorded during the basic extended reporting period (or during the supplemental extended reporting period, if it is in effect) will be deemed to have been made on the last day of the coverage period.

Once in effect, extended reporting periods may not be canceled.

- e. Extended reporting periods do not reinstate or increase the limits of coverage applicable to any claim to which this coverage part applies.

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f. Neither the basic extended reporting period nor the supplemental extended reporting period is applicable to, and no extended reporting period is provided for, the following:

- (1) Any *limited contamination liability claim*; or
- (2) Any *land use and special risk litigation*.

5. ACTION AGAINST LMCIT

No action shall lie against *LMCIT* unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this covenant, nor until the amount of the *covered party's* obligation to pay shall have been fully determined either by judgment against the *covered party* after actual trial or by written agreement of the *covered party*, the claimant and *LMCIT*.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this covenant to the extent of the coverage afforded by this covenant. No person or organization shall have any right under this covenant to join *LMCIT* as a party to any action against the *covered party* to determine the *covered party's* liability, nor shall *LMCIT* be impleaded by the *covered party* or his legal representative.

Bankruptcy or insolvency of the *covered party* or of the *covered party's* estate shall not relieve *LMCIT* of any of its obligations hereunder.

6. WAIVER OF STATUTORY LIABILITY LIMITATIONS

- a. It is the express intent of the *member* and of *LMCIT* that the procurement of this covenant shall not waive any monetary limits of liability provided by Minnesota Statute §466.04 by any comparable or successor statute, or by common law, which may be applicable to any *covered party*; and that any previous waiver of liability limits is revoked to the extent that it may apply to claims covered under this covenant.
- b. It is the express intent of the *member* and of *LMCIT* that the procurement of this covenant shall not waive any other immunities, limitations, or defenses imposed by or available under any statute or common law which is applicable to any *covered party*.

7. CONSENT TO SETTLE

The *member* may prohibit *LMCIT* from settling any claim or *suit* against a *covered party* without the *member's* consent, as provided below:

- a. At any time before *LMCIT* has offered or made a settlement of a claim or *suit*, the *member* may notify *LMCIT* that *LMCIT* may not settle the claim or *suit* without the *member's* consent. The *member* must give a separate notice for each claim or *suit* which the *member* intends to prohibit *LMCIT* from settling without the *member's* consent.
- b. If the *member* notifies *LMCIT* that the claim or *suit* may not be settled without the *member's* consent, the *member* must designate an individual authorized to give or refuse consent on the *member's* behalf. The *member's* notice must include the name, address, and telephone number of the individual authorized to give or refuse consent on the *member's* behalf.
- c. If the *member* has notified *LMCIT* that the claim or *suit* may not be settled without the *member's* consent, *LMCIT* will notify the *member* of the terms and conditions of any proposed settlement. If the *member* does not consent to the proposed settlement, the *member* must notify *LMCIT* within 14 days of the date the *member* receives notice of the proposed settlement, unless the *member* and *LMCIT* have mutually agreed to a longer or shorter period. If within that time the *member* does not notify *LMCIT* that the *member* does not consent to the settlement, the *member* will be deemed to have consented to the settlement.
- d. If the *member* refuses to consent to a settlement recommended by *LMCIT*, *LMCIT* will not be liable for any excess amount. Excess amount means the sum of all *damages* and legal defense costs for the claim or *suit* minus the sum of:

- (1) The amount of the settlement proposed by *LMCIT*; and
 - (2) Any costs of defense incurred before the date of the *member's* refusal. Any excess amount shall not be included in the calculation of *damages* for purposes of any applicable Municipal Liability Deductible or General Annual Aggregate Deductible.
- e. If the *member* refuses to consent to a settlement recommended by *LMCIT*, *LMCIT* may, at its sole discretion, exercise either of the following options:
- (1) *LMCIT* may pay to the *member* an amount equal to the amount of the recommended settlement, minus any applicable deductible. If *LMCIT* makes such payment, *LMCIT* has no further duty to defend or to indemnify the *member* or any other *covered party* for this claim or *suit*, and the *member* assumes any duty which *LMCIT* would otherwise have had to defend and to indemnify any other *covered party*.
 - (2) *LMCIT* may continue to defend the claim or *suit*. If *LMCIT* elects to continue to defend the claim or *suit*, the *member* must reimburse *LMCIT* for any excess amount.
- f. If the *member* refuses to consent to a settlement recommended by *LMCIT*, the *member* must defend and indemnify *LMCIT* for any claim or *suit* arising out of the failure to settle the original claim or *suit*, including amounts the *member* may owe as a Medicare Secondary Payer under federal law.
- g. If the *member* refuses to consent to a settlement recommended by *LMCIT*, and regardless of which of the options *LMCIT* chooses to exercise under subparagraph e. above, *LMCIT* as an agent of the *member*, will continue to fulfill the mandatory Medicare Secondary Payer reporting obligation under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007, if any, associated with the claim; but shall have no payment obligation beyond the amount of the recommended settlement amount. The *member* must cooperate with *LMCIT* in providing *LMCIT* the necessary information to allow *LMCIT* to fulfill the reporting responsibility.

8. RETROACTIVE JOINT POWERS COVERAGE

LMCIT will, upon the *member's* request, issue retroactive comprehensive municipal coverage to any *joint powers entity* in which the *member* is or was a member, in any situation where there is a claim arising from the *joint powers entity's* activities which is not covered by this covenant nor any other *LMCIT* liability covenant.

Pursuant to this section, *LMCIT* will issue its standard Comprehensive Municipal Coverage document to the *joint powers entity*, but coverage shall be subject to an annual aggregate limit of \$200,000. This limit shall apply to the sum of *damages* and loss adjustment expenses, including defense costs, for all claims to which the coverage applies.

Coverage issued pursuant to this section will be issued with the same inception date and the same retroactive date as this covenant.

The premium must be paid to *LMCIT* before the coverage goes into effect. The premium for coverage issued pursuant to this section shall be equal to the greater of \$5,000 or the premium the *joint powers entity* would otherwise pay for coverage at *LMCIT's* current rates.

9. NO DUPLICATION OF COVERAGE

This covenant shall not apply to any claim or claims arising out of an *occurrence*, if any claim or claims arising out of that *occurrence* were covered under any prior covenant issued by *LMCIT* to the *member*.

10. OTHER COVERAGE

If, pursuant to the COMMON CONDITIONS, 11.a., a *covered party* has primary liability coverage as an additional insured or additional named insured on another party's coverage, and that insurer fails to defend or indemnify the *covered party*, *LMCIT* will do so under this covenant.

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In any case in which *LMCIT* incurs costs for a claim which is also covered under any other liability coverage or insurance, *LMCIT* shall be entitled to the *covered party's* rights to recover those costs from that insurer. The *covered party* shall cooperate with and assist *LMCIT* as requested in enforcing any rights against that insurer.

11. SEPARATION OF COVERED PARTIES

As respects the particulars and statements contained in the application for this coverage and the exclusion set forth herein, this coverage shall be construed as a separate agreement with each *covered party*. Nothing in this paragraph shall be construed to increase *LMCIT's* maximum liability set forth in the Declarations and as described in SECTION III - LIMITS OF COVERAGE.

12. DEDUCTIBLES

- a. For purposes of deductibles under this coverage, the deductible applies to the sum of the *damages*, loss adjustment expense, defense costs and *supplementary payments* as defined in SECTION V - *SUPPLEMENTARY PAYMENTS*.
- b. The terms of the covenant, including those with respect to:
 - (1) The *LMCIT's* rights and duties with respect to the defense of *suits*; and
 - (2) The *covered party's* duties, in the event of an *occurrence*, apply irrespective of the application of the deductible amount.
- c. *LMCIT* may pay any part or all of the deductible amount to effect settlement of any claim or *suit*, and upon notification of the action taken, the *member* shall promptly reimburse *LMCIT* for such part of the deductible amount as has been paid by *LMCIT*.

TERRORISM LOSSES - SPECIAL POOL LIMIT ENDORSEMENT

This Endorsement modifies coverage provided under the Municipal Property Coverage and the Municipal Automobile Physical Damage Coverage.

1. **Shared limit.** For any *terrorism loss occurrence* in which the *LMCIT terrorism occurrence loss cost* is greater than \$50,000,000, the amount *LMCIT* will pay for the *member's* covered losses is limited to an amount equal to the *member's* covered loss multiplied by the *terrorism loss coverage percentage* for that *terrorism loss occurrence*.
2. **Sub limits.** LMCIT will not pay more than \$1,000,000 for any one or any combination of the following which rise out of or are either directly or indirectly related to any *terrorist activity* during the annual coverage period:
 - a. Any losses, costs or expenses that result directly or indirectly from any discharge of *pollutants*. However, this sublimit does not apply for losses, costs or expenses caused by resulting fire, explosion, smoke, water damage, or leakage or discharge from fire extinguishing equipment.
 - b. Any losses, costs, or expenses that result directly or indirectly from chemical or biological release or exposure of any kind. However, this sublimit does not apply for losses, costs or expenses caused by resulting fire, explosion, smoke, water damage, or leakage or discharge from fire extinguishing equipment.
 - c. Any losses, costs, or expenses that result from attack by electronic means including computer hacking, or the introduction of any form or computer virus or other form of corrupting or unauthorized code or instructions. However, this sublimit does not apply for losses, costs or expenses caused by resulting fire, explosion, smoke, water damage, or leakage or discharge from fire extinguishing equipment.
 - d. Any losses, costs, or expenses that result directly or indirectly from asbestos, emission, release, discharge, dispersal or escape or asbestos exposure of any kind including any resulting fire or damage;
 - e. Any losses, costs, or expenses that result from any threat or hoax;
 - f. Any *expediting expense*; or
 - g. Any resulting fire losses, costs or expenses that result directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination.

These sub limits are part of and not in addition to the shared limit provided in Paragraph 1.

3. **No expansion of coverage.** The terms and limitations of this terrorism endorsement, or the inapplicability of this terrorism endorsement, do not serve to create coverage which would otherwise be excluded by this covenant.
4. **Termination of terrorism coverage.**

COVENANT NUMBER: CMC 1005477-1

A. Automatic termination. If the *LMCIT terrorism occurrence loss cost* for any *terrorism loss occurrence* exceeds \$15,000,000, coverage for loss resulting from any subsequent *terrorism loss occurrence* is excluded.

B. Discretionary termination. The *LMCIT* Board of Trustees may terminate coverage for losses arising from *terrorist activities* at any time upon ten days notice to the *member*, if the Board determines that it is necessary to protect the interests of *LMCIT* or its *members*.

5. Definitions

A. *Terrorist activity* means any of the following, regardless of any other cause or event that in any way contributes concurrently or in any sequence to the loss, cost or expense:

1. Any deliberate, unlawful act that:
 - a. Is declared by any authorized governmental official to be or to involve terrorism, *terrorist activity* or acts of terrorism; or
 - b. Includes, involves, or is associated with the use or threatened use of force, violence or harm against any person, tangible or intangible property, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to:
 - (1) Promote or further any political, ideological, philosophical, racial, ethnic, social or religious cause or objective of the perpetrator or any organization, association or group affiliated with the perpetrator; or
 - (2) Influence, disrupt or interfere with any government related operations, activities or policies; or
 - (3) Intimidate, coerce or frighten the general public or any segment of the general public; or
 - (4) Disrupt or interfere with a national economy or any segment of a national economy; or
 - c. Includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
 - (1) Hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle; or
 - (2) Hostage taking or kidnapping; or
 - (3) The use of any biological, chemical, radioactive, or nuclear agent, material, device or weapon; or
 - (4) The use of any bomb, incendiary device, explosive or firearm; or
 - (5) The interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or systems: electricity,

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natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer or waste disposal; or

- (6) The injuring or assassination of any elected or appointed government official or any government *employee*; or
 - (7) The seizure, blockage, interference with, disruption of, or damage to any government *buildings*, institutions, functions, events, tangible or intangible property or other assets; or
 - (8) The seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.
2. Any of the activities listed in section A.1.c. above shall be considered *terrorist activity* except where *you* can conclusively demonstrate to *us* that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to:
- a. Promote or further any political, ideological, philosophical, racial, ethnic, social or religious cause or objective of the perpetrator or any organization, association or group affiliated with the perpetrator; or
 - b. Influence, disrupt or interfere with any government related operations, activities or policies; or
 - c. Intimidate, coerce or frighten the general public or any segment of the general public; or
 - d. Disrupt or interfere with a national economy or any segment of a national economy.

B. *Terrorism loss occurrence* means all individual losses arising from *terrorist activity*, occurring during any period of 72 consecutive hours.

C. *LMCIT terrorism occurrence loss cost* means the cost to *LMCIT* for covered loss, costs or expenses from a single *terrorism loss occurrence*, gross of any applicable deductibles.

D. For any *terrorism loss occurrence*, the *terrorism loss coverage percentage* is equal to \$50,000,000 divided by the *LMCIT terrorism occurrence loss cost* for that *terrorism loss occurrence*.

Covenant Number:
OML 1005478-1

Previous Covenant Number:

**AGREEMENT DECLARATIONS
DEFENSE COST
REIMBURSEMENT AGREEMENT**
Coverage is Provided By:
**THE LEAGUE OF MINNESOTA CITIES
INSURANCE TRUST**
(Herein called LMCIT)



Item 1. **COVERED PARTY and MAILING ADDRESS:**
NORTH ZUMBRO SANITARY SEWER REGIONAL FACILITY

PO Box 280
Pine Island, MN 55963

Item 2. **COVERAGE PERIOD:**
From: 04/24/2025 **To:** 04/24/2026 **12:01 AM Standard Time at
Mailing Address Indicated Above**

Item 3. **RETROACTIVE DATE:** 04/24/2025

Item 4. **THE COVERED PARTY IS:**
 City Joint Powers Entity Others (Describe) _____

Item 5. **DEFENSE COST REIMBURSEMENT LIMITS:**
1. Agreement Term Annual Aggregate Per *Member Official*: \$ 50,000
2. Agreement Term Annual Aggregate: \$ 250,000

Item 6. **PREMIUM:** \$ NO CHARGE

Item 7. **FORMS AND ENDORSEMENTS APPLICABLE TO AGREEMENT:**
OMLRA-1(11/23)

DEFENSE COST REIMBURSEMENT AGREEMENT

I. DEFENSE COST REIMBURSEMENT COVERAGE

LMCIT will reimburse a *member official* for 100 percent of the *defense costs* incurred by the *member official* in defending a *covered lawsuit*, if the following conditions are met:

1. The date on which the *covered lawsuit* is commenced must be within the term of this agreement; and;
2. The date on which the occurrence giving rise to the *covered lawsuit* must be on or after the retroactive date, if any, shown in the Declarations.

A *covered lawsuit* is deemed to be commenced on the date the *member official* is served notice of the lawsuit.

II. LIMITS

1. The Defense Cost Reimbursement Agreement Limit is \$50,000. This is the most LMCIT will reimburse any one *member official* for *defense costs* for *covered lawsuits* commenced during the term of this agreement, regardless of the number of lawsuits, the number of actual or alleged violations, or the date the *defense costs* are actually incurred.
2. The Defense Cost Reimbursement Annual Aggregate Limit is \$250,000. This is the most LMCIT will pay for *defense costs* under this agreement for all *member officials* for *covered lawsuits* commenced with the term of this agreement.

III. CONDITIONS AND EXCLUSIONS

1. The term of this Agreement shall be one year beginning with the effective date stated in the Declarations. Subsequent renewals of this Agreement shall be treated as separate terms.
2. LMCIT shall have no duty to provide a defense to a *member official* with respect to a *covered lawsuit*; however, LMCIT shall have the right to intervene at its expense in the investigation or defense of such legal action.
3. The *member* or the *member official* shall give prompt notice to LMCIT of any actual or threatened *covered lawsuit*. The *member* and the *member official* shall at all times cooperate with and promptly respond to LMCIT's requests for information, investigative data, records, or any other material documentation.
4. The *member official* will be reimbursed only for *defense costs* incurred *with* respect to legal services actually rendered and expenses actually incurred.
5. The *member official* shall have complete freedom to choose an *attorney* licensed in the State of Minnesota to provide the *member official* with legal services with respect to which *defense costs* are reimbursable under this Agreement.
6. It is the express intent of the parties to this Agreement that, neither the *member* nor the *member official*, waive any immunities, defenses, or limitations on liability available under Minnesota statutes or common law.
7. In the event that a *member official* makes a recovery of *defense costs* from any third party, that recovery shall be applied first to any *defense costs* which the *member official* has incurred which have not been reimbursed by LMCIT; and any remainder shall be applied to reimburse LMCIT for any payment it has made under this Agreement.
8. LMCIT may *cancel* this Agreement by mailing or delivering written notice to the *member* at least:
 - a. Ten (10) days before the effective date of cancellation for nonpayment of premium for the *member's* covenant that provides the following coverages:

COVENANT NUMBER: OML 1005478-1

Municipal Property, Crime, Bond and Petrofund Coverage; Equipment Breakdown Coverage; Comprehensive Municipal Coverage; Automobile Liability Coverage; or Automobile Physical Damage Coverage.

- b. Thirty (30) days before the effective date of cancellation for any other reason.

If *LMCIT* decides not to renew this Agreement, *LMCIT* will mail or deliver to the *member* written notice of non-renewal not less than thirty 30 days before the expiration date.

- 9. It is mutually understood and agreed that the *member* and all other *LMCIT* pool participants are jointly and severally liable for all claims and expenses of the pool. The amount of any liabilities in excess of assets may be assessed to *LMCIT* pool participants when a deficiency is identified.

IV. DEFINITIONS

- 1. "*Bankruptcy lawsuit*" means a lawsuit against a *member official* for actions within his or her duties as such, that arises from or is related to the actual, pending, or threatened bankruptcy of the *member*.
- 2. "*Covered lawsuit*" means an *Open Meeting Law lawsuit* or a *bankruptcy lawsuit*.
- 3. "*Defense costs*" means reasonable and necessary attorney fees, court costs, court reporter and transcript fees, general witness and expert witness fees and expense, and similar defense related costs. *Defense costs* does not include any fines or penalties, or any attorney's fees awarded to a plaintiff in a suit charging a violation of the Open Meeting Law.
- 4. "*Joint powers entity*" means an operating entity created by two or more governmental units entering into an agreement as provided by statute for the joint exercise of governmental powers. An intergovernmental agreement will be deemed to create a *joint powers entity* if the agreement establishes a board with the effective power to do any of the following, regardless of whether the specific consent of the constituent governmental units may also be required:
 - a. To receive and expend funds;
 - b. To enter into contracts;
 - c. To hire employees;
 - d. To purchase or otherwise acquire and hold real or personal property; or
 - e. To sue or be sued.
- 5. "*LMCIT*" means the League of Minnesota Cities Insurance Trust.
- 6. "*Member*" means the *member* or other governmental body or entity first named in the Declarations. Unless *specifically* named in the Declarations, *member* shall not include a gas, electrical, or steam utilities commission; port authority, housing and redevelopment authority, economic development authority, area or municipal redevelopment authority, or similar agency; municipal power agency; municipal gas agency; hospital or nursing home board or commission; airport commission; welfare or public relief agency; school board; or *joint powers entity*; but the following are deemed to be a covered *joint powers entity* under this agreement:
 - a. A joint planning board created pursuant to an orderly annexation agreement, pursuant to Minnesota Statute 462.3585, or pursuant to a joint resolution between the *member* and a township; or
 - b. A joint airport zoning board created pursuant to Minnesota Statute 360.063.

COVENANT NUMBER: OML 1005478-1

7. "*Member official*" means any former or present elected or appointed official of the *member* or any present or former employee of the *member*. For the purposes of this coverage, an independent contractor is not a *member official*, except when serving as a member of a committee, subcommittee, board or commission of the *member*, or when representing the *member* as a member of a committee, subcommittee, board or commission.
8. "*Open Meeting Law lawsuit*" means a lawsuit seeking penalties against a *member official* based on an allegation that the *member official* has violated M.S. Chapter 13D, commonly known as the Minnesota Open Meeting Law.

Invoice

Member Name and Address

North Zumbro Sanitary Sewer
District
PO Box 280
Pine Island, MN 55963

Invoice Date

04/30/2025

Agent

Stevenson Insurance Inc
16 N Mantorville Ave
Kasson, MN 55944-1468
(507)634-4580

Account Number: 40008768
Account Type: Property/Casualty Coverage Premium
Current Balance: \$ 2,382.00
Minimum Due: \$ 2,382.00
Due Date: 06/20/2025

Summary of activity since last Billing Invoice	Date	Activity	Account Balance	Minimum Due
		Previous Invoice Balance	.00	
		Payments Received	-.00	
		Total of Transactions and Fees shown on reverse or attached	2,382.00	
See reverse side and attachments for additional information		Current Balance	\$ 2,382.00	\$ 2,382.00

Detach and return this Payment Coupon with your payment	Account Number 40008768	Invoice Date 04/30/2025	Due Date 06/20/2025	Current Balance \$ 2,382.00	Minimum Due 2,382.00
					Amount Enclosed \$ _____

Member Name North Zumbro Sanitary Sewer District

BILLING INVOICE - Return stub with payment - make checks payable to:

Mail payment
7 days before
Due Date to
ensure timely
receipt

League of MN Cities Insurance Trust P&C
c/o Berkley Risk Administrators Company
222 South Ninth Street, Suite 2700
P.O. Box 581517
Minneapolis, MN 55458-1517



Invoice

		Transaction Amount	Minimum Due
Detail of Package 1005477-1 Agreement Period 04/24/2025 - 04/24/2026			
activity since Agreement Previous Balance		\$ 0.00	
last Invoice New Business - PR 04/29/2025		\$ 2,382.00	
Agreement Ending Balance		\$ 2,382.00	\$ 2,382.00
Defense Cost Reimbursement 1005478-1 Agreement Period 04/24/2025 - 04/24/2026			
Agreement Previous Balance		\$ 0.00	
Agreement Ending Balance		\$ 0.00	\$ 0.00
Total Current Balance		\$ 2,382.00	
Total Minimum Due			\$ 2,382.00



Thank you for choosing us as your Coverage carrier. The following information is to assist you in reviewing your Billing Invoice.

Billing Inquiries: CONTACT YOUR AGENT FOR QUESTIONS ON YOUR AGREEMENT OR CHANGES IN COVERAGE. For billing inquiries, please call 1-612-766-3000

BILLING PROCEDURES

New Agreements and renewals: If your Agreement is issued after the date that coverage began, your first Billing Invoice for the agreement may include more than one installment payment due.

Application of Payments and Cancellation: If you pay more than the Minimum Due, the extra payment will be applied to your next installment proportionately to all agreements on your account. For Accounts owned on agreements with the same Due Date, the payment will be applied proportionately to all agreements with the same Due Date.

Minimum Due is the amount to pay to avoid any agreements on your account from going into a late pay status which could cause cancellation of coverage. If you fail to pay the Minimum Due by the Due Date, a Direct Notice of Cancellation for Non Payment may be issued for one or more agreements on your account. If your account has more than one agreement and you pay less than the Minimum Due, your payment will be applied first to amounts owed on agreements with the oldest balance due.

If we receive a payment after the cancellation effective date and we elect not to reinstate your agreement, the payment will be applied toward any unpaid earned premium on your account before any remainder is refunded.

After an agreement is cancelled, we will bill you for any unpaid earned premium. If you do not pay, the matter may be referred to collections.

Audit Premium: Any Audit Premium owed will be included in both Current Balance and Minimum Due balance shown on the Billing Invoice. Payment of Audit Premium is due in full by the Due Date. If Audit Premium is owed, your payment may be applied first to Audit Premium owed and then to amounts owed on agreements with the earliest Due Date. If special arrangements are needed for repayment of audit premium you MUST contact the Billing Unit at the number shown above for consideration of any such arrangements.

Refunds: Any refund due will be mailed from our office within 15 days after the Invoice date.

Payment address: ALL PAYMENTS SHOULD BE SENT TO OUR PAYMENT PROCESSING CENTER ALONG WITH THE PAYMENT COUPON. The address change from below is printed on the back of the payment coupon. If needed it may also be sent along with your payment to the Payment Processing Center at:

222 South Ninth Street, Suite 2700 Minneapolis, MN 55402 . Please do not send any other correspondence to the payment processing center.

CHANGE OF ADDRESS AND/OR NAME
PLEASE FILL IN THE NAME, AGREEMENT NUMBER AND CHECK APPROPRIATE BOX

- Name Change Only
- Name and Address Change
- Address Change Only

Name: _____

Address: _____

Former Name: _____

Address: _____

Agreement Number: _____

City: _____

State: _____

Zip Code: _____

PLEASE REFER ALL OTHER CHANGES TO YOUR AGENT. THANK YOU.

CITY OF PINE ISLAND
P.O. BOX 280
PINE ISLAND, MINNESOTA 55963
INVOICE
507-356-4591

IN ACCOUNT WITH

March 14th, 2025

North Zumbro Sanitary Sewer District
C/O City of Pine Island
PO Box 280
Pine Island, MN 55963

PAYMENT DUE TO CITY HALL UPON RECIEPT

DATE		DESCRIPTION	DEBIT		CREDIT		BALANCE	
5/31	2023	NZSSD LEGAL FEES	\$560	50			\$560	50
6/30	2023	NZSSD LEGAL FEES	\$1,405	90			\$1,966	40
7/31	2023	NZSSD LEGAL FEES	\$228	00			\$2,194	40
9/30	2023	NZSSD LEGAL FEES	\$427	50			\$2,621	90
10/31	2023	NZSSD LEGAL FEES	\$95	00			\$2,716	90
11/30	2023	NZSSD LEGAL FEES	\$1,548	50			\$4,265	40
		TOTAL AMOUNT DUE					\$4,265	40