

CLEVELAND PUBLIC LIBRARY

Finance Committee

November 19, 2019

**RESOLUTION AUTHORIZING PAYMENT OF A SHARE OF PROJECT
PROFESSIONAL LIABILITY INSURANCE POLICY PREMIUM FOR THE DESIGN OF
THE MARTIN LUTHER KING JR. BRANCH PROJECT**

WHEREAS, On June 18, 2019, the Board of Trustees of the Cleveland Public Library authorized the Executive Director, CEO or his designee, to negotiate and execute an agreement with SO-IL Office Ltd. and/or JKURTZ Architects Ltd., in an amount not to exceed \$1,456,525; and

WHEREAS, Since then the Library Administration has been engaged in negotiations with SO-IL + JKURTZ and as a part of those negotiations, the parties have explored the option of purchasing a Project Professional Liability Insurance policy (“PPLI”) to cover the design architects for both the Library branch and the Library Lofts apartment building over the Library branch; and

WHEREAS, A PPLI policy covers a specific project and is an alternative to the owner relying on an architect’s general practice professional liability insurance policy for design errors. The benefits of a PPLI include limits that are not reduced as a result of claims for other projects, and the ability to extend the policy beyond completion of the project for claims that are discovered after construction is complete. In addition, PPLI will cover work performed by more than one architect on a joint project without assigning blame. For a project such as the Martin Luther King Jr. Branch and the Library Lofts apartments in which designs of the two buildings overlap in many areas, it may be difficult to ascertain which architect is a fault and is responsible for correcting an error. With a PPLI, the Library and Developer would be better protected for damages arising from a design error since there would be a single source of responsibility for all claims; and

WHEREAS, It is typical for an owner to pay the cost of PPLI since it serves to reduce the risk to the owner on complicated projects. The Library Administration has received quotes from Oswald Companies for a PPLI policy to cover the Library’s architects, JKURTZ Architects and SO-IL Office Ltd., and the Developer’s architect, Bialosky Cleveland. Library Administration recommends PPLI with limits of \$5,000,000 plus a three-year extension for

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claims arising after completion of construction. The cost of the premium is estimated at approximately \$222,000.00, and the Library and Developer have agreed to share in the premium cost allocated on a pro-rata basis with each party's obligation being equal to the percentage that the cost of its project bears to the total cost of both projects, the Library's cost being 28% of the total premium. Based upon the estimated premium of \$222,000, the Library's share would be approximately \$62,160.00, but this amount could increase once the insurance is underwritten; now therefore be it

RESOLVED, That the Board of Trustees authorizes the Executive Director, CEO or his designee, to pay a portion of Project Professional Liability Insurance premium for the Martin Luther King, Jr. Branch project as described herein, and to negotiate and execute an amendment to the Agreement with JKURTZ Architects Ltd., in an amount sufficient to reimburse JKURTZ for a 28% portion of the premium in an amount not-to-exceed \$70,000, upon such terms and conditions as are approved by the Library's Chief Legal Officer, and authorizes the Executive Director, CEO to execute such other documents as are necessary or appropriate to effectuate the purpose of this Resolution, with the expenditure of up to \$70,000.00 being charged to the Construction – Tax-Exempt fund account 40276705-55300 (Construction/Improvements).