

TO: MAYOR AND CITY COUNCIL

FROM: LANELL ENDRES, INTERIM CITY ADMIN/FINANCE DIRECTOR

SUBJECT: SERVICE LINE WARRANTIES OF AMERICA

MEETING DATE: SEPTEMBER 4, 2018

BACKGROUND

The City Council recently decided to not proceed with the Service Line Warranties of America (SLWA) program. I contacted the company to notify them of the decision and found out that a Marketing Agreement was signed. A copy of that agreement is attached to this memo. I had a conference call with two of their representatives and they stated they would like the opportunity to have someone come to a meeting and go over any and all concerns the Council has with the program. They stated they wanted to work with the City to get everyone comfortable with moving forward on the project. They also indicated they would be able to provide a list of local area contractors.

I am wondering if you would like to have a representative from SLWA come to a meeting to discuss your concerns and answer any questions.

REQUESTED COUNCIL ACTION

Please provide a consensus on whether or not you would like to have a representative come to a Council meeting.

Attachment(s):
Marketing Agreement

MARKETING AGREEMENT

This MARKETING AGREEMENT ("Agreement") is entered into as of June 25, 2018 ("Effective Date"), by and between the City of Cannon Falls, Minnesota ("City"), and Utility Service Partners Private Label, Inc. d/b/a Service Line Warranties of America ("Company"), herein collectively referred to singularly as "Party" and collectively as the "Parties".

RECITALS:

WHEREAS, sewer and water line laterals between the mainlines and the connection on residential private property are owned by individual residential property owners residing in the City ("Residential Property Owner"); and

WHEREAS, City desires to offer Residential Property Owners the opportunity, but not the obligation, to purchase a service line warranty and other similar products set forth in Exhibit A or as otherwise agreed in writing from time-to-time by the Parties (each, a "Product" and collectively, the "Products"); and

WHEREAS, Company, a subsidiary of HomeServe USA Corp., is the administrator of the National League of Cities Service Line Warranty Program and has agreed to make the Products available to Residential Property Owners subject to the terms and conditions contained herein; and

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intent to be legally bound hereby, the Parties agree as follows:

1. **Purpose.** City hereby grants to Company the right to offer and market the Products to Residential Property Owners subject to the terms and conditions herein.
2. **Grant of License.** City hereby grants to Company a non-exclusive license ("License") to use City's name and logo on letterhead, bills and marketing materials to be sent to Residential Property Owners from time to time, and to be used in advertising (including on the Company's website), all at Company's sole cost and expense and subject to City's prior review and approval, which will not be unreasonably conditioned, delayed, or withheld. City agrees that it will not extend a similar license to any competitor of Company during the Term and any Renewal Term of this Agreement.
3. **Term.** The term of this Agreement ("Term") shall be for three (3) years from the Effective Date. The Agreement will automatically renew for additional one (1) year terms ("Renewal Term") unless one of the Parties gives the other written notice at least ninety (90) days prior to

end of the Term or of a Renewal Term that the Party does not intend to renew this Agreement. In the event that Company is in material breach of this Agreement, the City may terminate this Agreement thirty (30) days after giving written notice to Company of such breach, if said breach is not cured during said thirty (30) day period. Company will be permitted to complete any marketing initiative initiated or planned prior to termination of this Agreement after which time, neither Party will have any further obligations to the other and this Agreement will terminate.

4. **Indemnification.** Company hereby agrees to protect, indemnify, and hold the City, its elected officials, officers, employees and agents (collectively or individually, "**Indemnatee**") harmless from and against any and all third party claims, damages, losses, expenses, suits, actions, decrees, judgments, awards, reasonable attorneys' fees and court costs (individually or collectively, "**Claim**"), which an Indemnatee may suffer or which may be sought against or are recovered or obtainable from an Indemnatee, as a result of or arising out of any breach of this Agreement by the Company, or any negligent or fraudulent act or omission of the Company or its officers, employees, contractors, subcontractors, or agents in the performance of services under the Products; provided that the applicable Indemnatee notifies Company of any such Claim within a time that does not prejudice the ability of Company to defend against such Claim. Any Indemnatee hereunder may participate in its, his, or her own defense, but will be responsible for all costs incurred, including reasonable attorneys' fees, in connection with such participation in such defense.

5. **Notice.** Any notice required to be given hereunder shall be deemed to have been given when notice is (i) received by the Party to whom it is directed by personal service, (ii) sent by electronic mail (provided confirmation of receipt is provided by the receiving Party), or (iii) deposited as registered or certified mail, return receipt requested, with the United States Postal Service, addressed as follows:

To: City:
ATTN: Mayor Robby Robinson
City of Cannon Falls
918 River Rd
Cannon Falls, MN 55009-1447
Phone: (507) 263-9300

To: Company:
ATTN: Chief Sales Officer
Utility Service Partners Private Label, Inc.
11 Grandview Circle, Suite 100
Canonsburg, PA 15317
Phone: (866) 974-4801

6. **Modifications or Amendments/Entire Agreement.** Any and all of the representations and obligations of the Parties are contained herein, and no modification, waiver or amendment of this Agreement or of any of its conditions or provisions shall be binding upon a party unless in writing signed by that Party.

7. **Assignment.** This Agreement and the License granted herein may not be assigned by Company other than to an affiliate or an acquirer of all or substantially all of its assets, without the prior written consent of the City, such consent not to be unreasonably withheld.

8. **Counterparts/Electronic Delivery; No Third Party Beneficiary.** This Agreement may be executed in counterparts, all such counterparts will constitute the same contract and the signature of any Party to any counterpart will be deemed a signature to, and may be appended to, any other counterpart. Executed copies hereof may be delivered by facsimile or e-mail and upon receipt will be deemed originals and binding upon the Parties hereto, regardless of whether originals are delivered thereafter. Nothing expressed or implied in this Agreement is intended, or should be construed, to confer upon or give any person or entity not a party to this agreement any third- party beneficiary rights, interests, or remedies under or by reason of any term, provision, condition, undertaking, warranty, representation, or agreement contained in this Agreement.

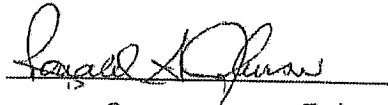
9. **Choice of Law/Attorney Fees.** The governing law shall be the laws of the State of Minnesota. In the event that at any time during the Term or any Renewal Term either Party institutes any action or proceeding against the other relating to the provisions of this Agreement or any default hereunder, then the unsuccessful Party shall be responsible for the reasonable expenses of such action including reasonable attorney's fees, incurred therein by the successful Party.

10. **Incorporation of Recitals and Exhibits.** The above Recitals and Exhibit A attached hereto are incorporated by this reference and expressly made part of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first written above.

CITY OF CANNON FALLS



Name: *Ronald S. Johnson*

Title: *City Administrator*

UTILITY SERVICE PARTNERS PRIVATE LABEL, INC.



Name: Michael Backus

Title: Chief Sales Officer

Exhibit A
NLC Service Line Warranty Program
City of Cannon Falls
Term Sheet
January 5, 2018

I. Initial Term. Three years

II. License Conditions.

- a. City logo on letterhead, advertising, billing, and marketing materials
- b. Signature by City official

III. Products.

- a. External water service line warranty (initially, \$6.25 per month)
- b. External sewer/septic line warranty (initially, \$7.25 per month)
- c. Interior plumbing and drainage warranty (initially, \$9.49 per month)

Company may adjust the foregoing Product fees; provided, that any such adjustment shall not exceed \$.50 per month in any 12-month period, unless otherwise agreed by the Parties in writing.

IV. Scope of Coverage.

- a. External water service line warranty:
 - Homeowner responsibility: From the main to the external wall of the home.
 - Covers thawing of frozen external water lines.
 - Covers well service lines if applicable.
- b. External sewer/septic line warranty:
 - Homeowner responsibility: From the exit point of the home to the main.
 - Covers septic lines if applicable
- c. Interior plumbing and drainage warranty:
 - Water supply pipes and drainage pipes within the interior of the home.

V. Marketing Campaigns. Company shall have the right to conduct up to three campaigns per year, comprised of up to six mailings and such other channels as may be mutually agreed. Initially, Company anticipates offering the Interior plumbing and drainage warranty Product via in-bound channels only.