

MINNESOTA STREETCAR MUSEUM

MEETING MINUTES

Board of Directors Meeting

7:00 PM – Saturday – September 30, 2023

Computer Tele-Conference using Zoom Application

Minneapolis, MN

Present: John Dillery Dave French Aaron Isaacs
 Karen Kertzman Darel Leipold Jim Vaitkunas

Absent: Elaine Love Ben Franske David Downs

Others Present: Jerry Draeger Brian Long

Call to order. 7:05 PM

After Chair **Aaron Isaacs** called the meeting to order, Secretary **Jim Vaitkunas** reported that with six Directors present at this meeting, a quorum is established to conduct business.

Board Chair **Isaacs** then stated that the purpose of this meeting will be limited to discussion and making decisions on several actions that need to be taken regarding repairs of the damage to the Excelsior carbarn and streetcar Duluth No. 265:

1. receive an update on the insurance settlement made by Philadelphia Indemnity Insurance Company to affect the repairs of the Excelsior carbarn and streetcar No. 265; and,
2. Decide on course(s) of action to begin the repairs to the carbarn.

After these brief remarks, **Isaacs** introduced **Jerry Draeger** who briefed the Directors on what has been done to date regarding the insurance claim and recommendations on the next steps to take in this process.

Mr. **Draeger** started off his presentation with a PowerPoint presentation (attached to these minutes). The first slide depicts the history of the accident and the timelines of subsequent actions taken from the day of the damage to the carbarn and streetcar. Mr. **Draeger** then went through the timelines and discussed each one. Regarding the action on September 5th, the decision was made to contact Lester Builders regarding repairs to the carbarn because Lester originally built the building in 1998 and is familiar with wood frame buildings. On September 5th, MSM received Lester's proposal of \$81K to repair the carbarn. We received the adjuster's repair estimate on September 22nd and the insurance carrier's settlement offer on September 28th. We did not have any direct communication with the adjuster or the carrier, other than when the adjuster visited the carbarn to survey the damage. Initially the difference between the adjuster's estimate and Lester's proposal was significant. Eventually, however, the adjuster's estimate for repairs to the carbarn became the insurance carrier's settlement offer for our claim. **Draeger** then stated that Lester Builders can start work on the repairs no earlier than November 6th and will be completed

MINUTES – Board of Directors meeting
Saturday – September 30, 2023

be completed by December 1st. The work will take about five total days. Secretary **Vaitkunas** commented that while it looks odd that on the calendar depicted on slide#1 the month of August is totally blank of any of any actions, actually a lot went on during that time with visits by the claims adjuster, the building engineer, Lester Builders, etc. This was substantiated by **Karen Kertzman** who stated that there were very many phone calls made between the principals in this activity during August as well as visits by the adjuster and building engineer.

Draeger asked **Kertzman** where the estimate for the repairs to No. 265 came from and she replied that she didn't know. **Draeger** then commented that for the greater part of August and into September, there was much contact and discussion between him, representing MSM, the claims adjuster and Lester Buildings. The gist of the conflict was the wide disparity between Lester's estimate for the repairs (\$81K) and the claims adjuster's estimate (~\$50K). MSM set a deadline to finalize the claim around September 22nd. Then near that date the claims adjuster changed his numbers and recommended a settlement in the mid-sixty-thousand-dollar range.

The second slide depicts the settlement offer from Philadelphia Indemnity for the repairs to No. 265. A check from Philadelphia Indemnity for the final settlement of \$96K is in the mail. The Board will have to decide whether to dispute the settlement or accept it and deposit the check. **Draeger** noted that all the labor to make the repairs will be done by MSM's volunteers for the most part. **Howie Melco** estimates that the materials used to rebuild the platform will cost no more than \$10K, leaving excess recovery of \$86K.

Draeger then went to slide 3 to discuss the settlement for the carbarn. The bottom line is that the insurance carrier's settlement is for \$64.7K as shown on the slide. **Draeger** then described the additional expenses associated with the settlement, **which are too detailed to describe in these minutes**. He then went through the remaining numbers on the slide. In conclusion, after the repairs are completed, MSM will have a deficit of \$2,000 of actual expense for the carbarn repairs versus the insurance carrier's settlement offer. Chair **Isaacs** commented that the amount we receive from the 265 settlement will off-set this deficit. **Draeger** concurred that this is correct as when we receive the settlement check from the insurance carrier, we are able to use the money in any way we want.

Transitioning to the final slide, **Draeger** stated that in tonight's special meeting, the Board has to decide on five actions.

1. Accept Settlement Offer for 265 of \$101,307.54 less \$5,000 deductible
2. Accept Settlement Offer for ESL Carbarn of \$65,724.55 less \$1,000 deductible
3. Assign responsibilities to recover funds for Law & Ordinance \$3,600.00 and Depreciation Recovery \$12,696.14
4. Select Lester Buildings to repair carbarn & be completed not later than December 1, 2023 and assign responsibility for completing 2 contracts: (1) Repairs including a 20% prepayment valued at approximately \$16,000, (2) Engineering & Three Rivers permit valued at approximately \$2,000
5. Assign responsibility to apply and pay for City of Excelsior permits

MINUTES – Board of Directors meeting
Saturday – September 30, 2023

Draeger concluded his presentation by saying that the next step is to decide on the above recommended actions and to appoint individuals to work on the items through to completion. Chair **Isaacs** commented that we're fortunate that we have a large surplus of funds from the settlement for the repairs to No. 265. He had not expected to receive a settlement for the damage to No. 265. **Isaacs** further commented that we are especially fortunate to have **Jerry** working on this important and complicated action. **Isaacs** asked Secretary **Vaitkunas** how to proceed with a motion or motions on the recommended actions listed above and **Vaitkunas** recommended that we should do it with separate motions.

As an aside, **Vaitkunas** commented that he feels somewhat uneasy with the settlement of \$96K for the repairs to No. 265 when we'll actually spend only around \$10K. **Karen Kertzman** then commented that allowing for \$145 per man-hour to make the repairs, more than half of the costs calculated by the insurance company are from the labor costs associated with making the repairs to No. 265. And while we don't pay our volunteers to do the things they do, their labor is certainly worth something. **Vaitkunas** concluded his remarks with the comment that he expects our insurance premium to increase when we renew our policy in 2024. Jerry Draeger commented that with the labor rate of \$145 per hour, around \$80K of the settlement is for the labor., and then there are other things like sales tax and the like.

At the conclusion of the above discussion, Chair **Isaacs** called for the motion to approve the settlement for the repairs to No. 265.

MOTION: Made by Jim Vaitkunas; Seconded by Karen Kertzman
That MSM accept the claim settlement offer from Philadelphia Indemnity Insurance Company for the repairs to Duluth No. 265 in the amount of \$101,307.54 less \$5,000 deductible.
VOTE: Yes – 6; No – 0 Motion carried.

Chair **Isaacs** then called for the motion to approve the insurance settlement for the repairs to the Excelsior carbarn.

MOTION: Made by Darel Leipold; Seconded by Karen Kertzman
That MSM accept the claim settlement offer from Philadelphia Indemnity Insurance Company for the repairs to the Excelsior carbarn in the amount of \$65,724.55 less \$1,000 deductible.
VOTE: Yes – 6; No – 0 Motion carried.

Vice Chair **Dave French** commented that he's concerned that the volunteers expect to do all the work on No. 265 themselves. He pointed out that there is money in the settlement for an outside contractor to do some of the work and the volunteers should be told to use that money if necessary.

Regarding assignment of responsibility for the various follow-up actions to settle the claim and work on the repairs, **Isaacs** stated that there was really no need for a motion on this issue. **Isaacs** commented that since **Jerry Draeger** has been doing an outstanding job, he asked **Draeger** whether he'd be willing to continue with the follow-on actions. **Draeger**

MINUTES – Board of Directors meeting
Saturday – September 30, 2023

replied that he would but that he'd need to work closely with the MSM treasurer. **Isaacs** assured **Draeger** that that would be the case. **Isaacs** further stated that if anyone in MSM can help with anything regarding these actions, that all stand ready to help in any way they can.

Isaacs then asked for the motion to sign contracts with Lester Builders to make the repairs to the Excelsior carbarn.

MOTION: Made by Karen Kertzman; Seconded by Dave French

MSM will enter into contracts with Lester Buildings to repair the Excelsior carbarn, the work to be completed on or about December 1, 2023. The contracts will be as follows.

- (1) Repairs to the carbarn to include a 20% prepayment valued at approximately \$16,000.
- (2) Engineering & Three Rivers permit valued at approximately \$2,000.

VOTE: Yes – 6; No – 0 Motion carried.

Chair **Isaacs** thanked Mr. **Draeger** again for the great work he has done to date on this whole action and for his continued work on it.


Isaacs then commented on a prior suggestion that other items, i.e., installing new heaters in the warm barn and replacing the carbarn roof, not related to the damage to the carbarn, be considered and he stated that these are items need to be properly considered during the annual budget building process. In addition, when the roof was evaluated earlier in 2023, the contractor commented that the roof has perhaps five years left on it, so there's no real hurry in replacing it right now or in 2024.

Director **John Dillery** then made several comments related to safety and the accident that caused the damage to No. 265 and to the carbarn. He suggested that besides several other actions coming out of the accident that railroad-grade wheel chocks need to be purchased for every car in the museum. **Karen Kertzman** agreed to do the follow-up for the streetcars at Excelsior.

There being no further discussion regarding the Excelsior insurance issues, Chair **Isaacs** briefed the Directors on the status of the lease with the Minneapolis Park and Recreation Board. MSM has been without a lease for our tenancy on the Como-Harriet Streetcar Line's property and right-of-way for three years because of bureaucratic inertia by one attorney. After coordination with the person representing the Minneapolis ward in which MSM operates, the City of Minneapolis will lease their land on which CHSL operates to the park board and the park board will, in-turn, lease all the land to MSM. Finally, the museum will now have only one landlord. The lease now must go before the park board for approval. The lease will be good through the year 2043 with an automatic ten-year extension.

MINUTES – Board of Directors meeting
Saturday – September 30, 2023

The meeting adjourned at 7:35 PM.


James A Vaitkunas
Corporate Secretary

Attachment:
PowerPoint Presentation on Carbarn and No. 265 Insurance Settlement



**265 and ESL Car barn
Insurance Settlement
MSM BOD Meeting
September 30, 2023 7 PM**

JULY – DECEMBER 2023

JULY 2023						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

AUGUST 2023						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SEPTEMBER 2023						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

OCTOBER 2023						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER 2023						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

DECEMBER 2023						
S	M	T	W	T	F	S
						1
						2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

CalendarQuickly.com

Time Line

July 25 Incident occurs

July 31 Adjuster views ESL car barn damage

September 5 Lester Buildings proposal received (expires October 10)

September 11 Meet with City of Excelsior about need for permits

September 19 Start 265 repairs with MSM volunteers

September 22 MSM receives Adjustor estimates for 265 & car barn damage

September 28 Receive Philadelphia Insurance settlement offers

November 6 Potential start of car barn repairs by Lester Buildings

December 1 No later than date for car barn completion by Lester Buildings



Philadelphia Insurance 265 Settlement Offer

Appraised Value of Loss on 8/21/23 by Engle Martin	\$101,307.54	
Less MSM Policy Deductible	\$5,000.00	
Net Payment to MSM (check released 9/29/23)	\$96,307.54	
All labor to be done by MSM volunteers		0
Estimated MSM costs for material by Howie Melco		\$10,000
Estimated Excess Recovery		\$86,308



Philadelphia Insurance ESL Car barn Settlement Offer

Appraiser Value of loss by J.S. Held LLC on 8/8/23	\$65,724.55	
Less MSM Policy Deductible	\$1,000.00	
Net Payment to MSM	\$64,724.55	
(\$25,000 Prepayment in August; \$39,724.55 check released 9/28/23)		
Law & Ordinance Value (engineering & permits)	\$3,600.00	
Recoverable Depreciation (after work completed)	\$12,696.14	
Maximum MSM Recoveries for ESL Car barn	\$81,020.69	
Lester Buildings cost proposal 9/5/23 (includes engineering)		\$81,322.00
MSM Material estimated costs (e.g. paint, electrical supplies, misc. hardware)		\$300.00
MSM City of Excelsior estimated permit costs		\$1,400.00
Forecast ESL Car barn Repair Costs		\$83,022.00
Net Deficit		\$2,000



MSM BOD Needed Actions

1. Accept Settlement Offer for 265 of \$101,307.54 less \$5,000 deductible
2. Accept Settlement Offer for ESL Car barn of \$65,724.55 less \$1,000 deductible
3. Assign responsibilities to recover funds for Law & Ordinance \$3,600.00 and Depreciation Recovery \$12,696.14
4. Select Lester Buildings to repair car barn & be completed not later than December 1, 2023 and assign responsibility for completing 2 contracts: (1) Repairs including a 20% prepayment valued at approximately \$16,000, (2) Engineering & Three Rivers permit valued at approximately \$2,000
5. Assign responsibility to apply and pay for City of Excelsior permits