

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Michelle Minnick at Alliant Insurance at (916) 643-2715 twenty-four (24) hours in advance of the meeting. The Agenda packet will be posted at each member’s site. Documents and material relating to an open session agenda item that are provided to the SPA members less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815. Access to some buildings and offices may require routine provisions of identification to building security. However, SPA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

DATE/TIME:	DAY 1 – August 20, 2024 at 10:00 AM – 2:30 PM PDT Breakfast available 9:30 am Lunch available at 12:15 pm DAY 2 – August 21, 2024 at 9:00 AM – 2:00 PM PDT Breakfast available 8:30 am Lunch available at 11:45 am
LOCATION:	The Lodge at Tiburon 1651 Tiburon Blvd, Tiburon, CA 94920 Main Sail Ballroom
	<i>A = Action Item</i> <i>I= Information Item</i>

A. Call to Order, Roll Call, Quorum

- | | | |
|----------------------------------|--|----------|
| 1. Approval of the Agenda | | <i>A</i> |
| | The Committee will be asked to approve the agenda order. | |

B. Public Comments

C. Consent Calendar

The Committee is asked to take action on the consent calendar items as a group, except that a member may request that an item be withdrawn from the Consent Calendar for discussion and action.

- | | | |
|--|--|-----------------------|
| 1. Minutes of SPA Board Meeting June 10, 2024 | | <i>A</i> <i>Pg. 4</i> |
|--|--|-----------------------|

D. Regular Meeting Items

- | | | |
|--|--|-------------------------|
| 1. Financial Report | | |
| a) Managing Member Financial Update as of June 30, 2024 | | <i>I</i> <i>Pg. 9</i> |
| b) Quarterly Property Claims Report | | <i>A</i> <i>Pg. 11.</i> |
| 2. General Administration | | |
| a) SPA Conflict of Interest Code | | <i>A</i> <i>Pg. 13</i> |
| b) SPA Property Memorandum of Coverage (MOC) | | <i>A</i> <i>Pg. 19</i> |
| <i>The Board will be asked to ratify the final Property MOC for FY 24/25 sent July 16, 2024.</i> | | |
| c) Add SPA Board Meeting for Monday, October 14, 2024 | | <i>A</i> <i>Pg. 117</i> |
| <i>The Board will consider the addition of a SPA Board meeting on October 14, 2024.</i> | | |

E. Strategic Planning Session

- | | | |
|--|--|-------------------------|
| 1. Review of FY 23/24 Strategic Planning Action Items | | <i>A</i> <i>Pg. 118</i> |
|--|--|-------------------------|

Schools Program Alliance c/o Alliant Insurance Services Corporation Insurance License No. 0C36861
2180 Harvard Street, Suite 460, Sacramento, CA 95815
SPA is a Partnership of California Public Entity Joint Powers Authorities

Time Certain 11 AM

2. **SPA Governing Documents Review** A Pg. 120
The Board will receive a report from legal counsel Greg Rolan on his review of SPA governing documents relative to current SPA structure and operations.

3. **Discussion of Policies and Procedures, Roles and Responsibilities and Standing Committees/Task Groups** A Pg. 181
The Board will discuss & consider whether additional policies and procedures, defined roles and responsibilities, and standing committees/task groups as needed.

4. **Coverage Program Reviews, Development and Marketing**
 - a) **Property Program** A
 - 1) **High Risk and Remote Locations – Property Loss Control Task Force** A Pg. 182
The Board will have a discussion regarding risk control for those remote locations and high risk locations.
 - 2) **Evaluation of Retained Layer Results and Outlook for Program Year 25/26** A
The Board will review and discuss the Retained layer results and outlook for PY 25/26.
 - 3) **Review of Vacancy Permit Process and Authorities to Grant Requests** A Pg. 183
 - a. **Revised Vacancy Permit Request** Pg. 185
 - b. **Vacancy Permit Request for SIA**
 - 4) **Cost Allocation – revisiting with actuary and Ad Hoc committee** A
The Board will consider the current mechanisms and consider use of an actuary and Ad Hoc Committee.
 - 5) **Property Claims Service Instructions and Administration** A
The Board will receive the draft Claims Service Instructions and will discuss claims administration.
 - 6) **Consideration of New Members for Program Year 25/26** A
The Board will review and may consider factors for the addition of new members.
 - 7) **Application of Deductibles for Multi-Member CAT’s** A Pg. 194
The Board will consider how to apply deductibles in the event of a CAT loss involving multiple members.
 - 8) **Approval of Property Program Claims Payments** A Pg. 195
The Board will review and may approve claim payments to members.
 - b) **Liability Program** A Pg. 206
 - 1) **SPA Loss Review** A
 - 2) **Review of 7/1/2024 Renewal** A
 - 3) **7/1/2025 Renewal Planning** A
 - 4) **Update on Alternative Financing Options** A
 - 5) **Review of Aggregate Erosion Policy** A
 - 6) **Growth of Excess Liability Program** A

F. SPA Committee and Staffing

1. SPA Program Staff

A Pg. 210

The Committee will review the current JPA Administration & Managing Member staffing roster.

G. New Programs and/or Services

1. Discussion on Emerging Risks and Ideas for Creation or Modification of SPA Program and/or Services

The Committee will discuss ideas for creation or modification of SPA programs and/or services.

- a) Exploration of possible SPA Cyber Coverage and Risk Mitigation Program *A*
- b) Alliant Student Accident Program (ASAP) *I*
- c) Master Rolling Owner Controlled Insurance Program *I*
- d) Pollution Coverage Program *I*

H. Information Items

1. None

I. Review of Meeting Discussion and Identification of Items for inclusion on Updated SPA Long Range Action Plan

At this time, the Board will review the meeting's discussions and identify items that will be more fully developed in a Long Range Action Plan for adoption at a future SPA Board meeting.

J. Adjournment

The next SPA Board meeting is scheduled for Monday, November 18, 2024.

If you have questions regarding the agenda package, please contact:
Michelle Minnick at Michelle.Minnick@alliant.com / 916-643-2715

SCHOOLS PROGRAM ALLIANCE

June 10, 2024 Teleconference Board Meeting Minutes

Members Present:

Butte Schools Self-Funded Programs (BSSP)	Christy Patterson
Butte Schools Self-Funded Programs (BSSP)	Nicole Strauch
North Bay Schools Insurance Authority (NBSIA)	Kim Santin
Redwood Empire Schools Insurance Group (RESIG)	Cindy Wilkerson
Redwood Empire Schools Insurance Group (RESIG)	Sandy Manzoni
Schools Insurance Authority (SIA)	Martin Brady
Schools Insurance Authority (SIA)	Brooks Rice
Schools Insurance Authority (SIA)	Debrah Sherrington
Schools Insurance Authority (SIA)	Phil Brown
Schools Insurance Authority (SIA)	Amy Russell
Schools Insurance Authority (SIA)	Olivia Nelson
Schools Insurance Group (SIG)	Kelli Hanson
Schools Insurance Group (SIG)	Nancy Mosier
Central California Schools Authority (CCSA)	Alan Caeton

Consultants & Guests

Dan Howell, Alliant Insurance Services	James Wilkey, New Front Insurance
Dan Madej, Alliant Insurance Services	Ryan Telford, AmWins
Marcus Beverly, Alliant Insurance Services	Chris Tambo, AmWins
Michelle Minnick, Alliant Insurance Services	Jordan Riely, Gilbert
Jenna Wirkner, Alliant Insurance Services	Raul Hernandez, Gilbert
Eileen Massa, New Front Insurance	

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 10:05 a.m. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF THE AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Alan Caeton

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Teleconference Meeting May 13, 2024

A motion was made to approve the Consent Calendar

MOTION: Cindy Wilkerson

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

E. MEMBER PROGRAM AND IDEA SHARING

Martin Brady noted that CalFire had asked for a Statewide ban on controlled burns for today and tomorrow due to the weather conditions.

F. GENERAL ADMINISTRATION AND FINANCIAL REPORTS

F.1. FINANCIALS AUDIT FOR YEAR ENDED JUNE 30, 2024

Jordan Riley provided a review of the SPA Financial Audit for the Year Ended June 30, 2023. It was noted an unmodified opinion was issued indicating a clean audit. After a review and discussion it was generally agreed the audit should be approved.

A motion was made to approve the audit as presented.

MOTION: Alan Caeton

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

F.2. PROPOSED BUDGET FY 24/25

Phil Brown noted the FY 24/25 Budget has been presented for final approval. It was noted this is the same as was presented at a prior meeting.

A motion was made to approve the budget as presented with the final numbers to be determined by Board action later in the meeting.

MOTION: Kelli Hanson

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

F.3. CLAIMS TASK FORCE UPDATE

Marcus Beverly provided the Board with an update related to the Claims Task Force and shared that we have been receiving loss runs monthly. There was a discussion as it relates to claims fund advances, specific to a RESIG File and the potential for expediting payment on the \$250k request. Additionally it was mentioned a process could be developed to address claims payments and general claims handling could be a topic of discussion for the long range planning meeting.

F.4. ALLIANT DEADLY WEAPONS RESPONSE PROGRAM FY 24/25

Dan Howell provided the Board with a review of the ADWRP proposal for the next fiscal year and it was noted that there was no change to coverage or limits but the price did decrease from the prior year. There was a request to set up an onboarding Zoom call with the CrisisRisk team to provide a review of the services provided.

A motion was made to grant authority to the managing member to bind coverage.

MOTION: Cindy Wilkerson

SECOND: Kelli Hanson

**MOTION CARRIED
UNANIMOUSLY**

F.5. APPOINTMENT OF MANAGING MEMBER AND CHAIRPERSON

The Board was asked to consider nomination of the managing member and chairperson for the JPA. Dan Howell noted that we are recommending the re-appointment of SIA as the Managing Member. After a discussion it was generally agreed that SIA would continue to act as the managing member and Cindy Wilkerson was

A motion was made to appoint Cindy Wilkerson as the Chairperson and SIA as Managing Member.

MOTION: Chirsty Patterson

SECOND: Alan Caeton

**MOTION CARRIED
UNANIMOUSLY**

A second motion was made to appoint Kim Santin as the Vice-Chairperson.

MOTION: Chirsty Patterson

SECOND: Kelli Hanson

**MOTION CARRIED
UNANIMOUSLY**

G. LIABILITY PROGRAM

G.1. EXCESS LIABILITY PROGRAM RENEWAL

Jim Wilkey provided the Board with a review of the Excess Liability Renewal and indicated that bindable options for all the layers have been shared with members. He shared the total limit of \$32M is seeing a rate increase of just over 10%. Additionally, Jim presented an option to increase the overall limits to \$32.5M and after a discussion it was generally agreed to increase the limit.

A motion was made to approve the overall \$32.5M limit.

MOTION: Alan Caeton

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

H. PROPERTY PROGRAM

H.1. VACANCY PERMIT MEMBER UPDATE

Dan Howell provided the Board with a review of the 2 locations that were reviewed at the Ad Hoc Meeting. After a discussion it was noted that the form should provide a better description of the location.

A motion was made to approve issuing vacancy permits for these two locations.

MOTION: Christy Patterson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

H.2. COVERAGE LIMITATIONS AT JULY 1, 2024 PROPERTY PROGRAM RENEWAL – REMOTE AND HIGH RISK LOCATIONS

Dan Madej provided the Board with a of the list of locations that were reviewed during the Ad Hoc Committee meeting and noted that the focus of the meeting was on locations with the highest wildfire scores. Debrah Sherrington provided some clarification regarding the SIA sites that were listed. Christy Patterson noted that Golden River location has a back up school site in their inventory. After a discussion it was noted that there should be an endorsement which includes the list.

A motion was made to set the threshold at 81 or above, to exclude the three locations noted, and submit the list to the underwriter with the remote high-risk list.

MOTION: Cindy Wilkerson
ABSTAIN: Alan Caeton

SECOND: Christy Patterson

MOTION CARRIED

H.3. 2024 PROPERTY (AND APD) RENEWAL – RENEWAL STATUS UPDATE

Dan Madej provided the Board with a review of the final number and indicated there were not many changes from the not to exceed numbers shared in May. He mentioned there were no changes in the APD and Mobile equipment renewal and the Alliant Deadly Weapons say a decrease in premium of \$15k from the prior year. Chris Tambo shared that AmWins was able to drop the overall premium of \$759k since the last meeting in May and share options with the Board. After a discussion it was generally agreed to bind coverage.

A motion was made to delegate authority to the managing member to bind coverage for the Auto Physical Damage and ADWRP.

MOTION: Cindy Wilkerson
ABSTAIN: Alan Caeton

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

H.4. SPA PROPERTY APPROVAL OF MOC

Dan Madej provided the Board with a review of the Property MOC and noted the proposed language from the May meeting with the there was a change related to the increased cost of construction as well as the corrected name of the Division of State Architecture.

A motion was made to approve the MOC Language.

MOTION: Christy Patterson

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

ABSTAIN: Alan Caeton

H.5. APPROVAL OF PROPERTY PROGRAM CLAIMS PAYMENTS

Phil Brown provided a review of the proposed payment to SIA – claim is from FY 22/23 claim year and the board was asked to consider approval.

A motion was made to approve the payment as presented.

MOTION: Kim Santin

SECOND: Kelli Hanson

**MOTION CARRIED
UNANIMOUSLY**

ABSTAIN: Alan Caeton

I. INFORMATION ITEMS AND DISCUSSION

School Trends

J. ADJOURNMENT

A motion was made to adjourn the meeting.

MOTION: Alan Caeton

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 12:50 P.M.

NEXT MEETING DATE: August 20, 2024 at the Lodge at Tiburon, CA

Respectfully Submitted,

Cindy Wilkerson, Secretary

Date

Item No: D.1.a.

FINANCIAL REPORT**MANAGING MEMBER FINANCIAL UPDATE AS OF JUNE 30, 2024****ACTION ITEM****ISSUE:** Managing Member Financial Report**RECOMMENDATION:** Review, accept and file, or provide direction.**FISCAL IMPACT:** None expected from this item.

BACKGROUND: SPA members' annual contributions provide for 1) a Property Program, including a shared retained layer, related administrative costs, and excess insurance purchases, and 2) a Liability Program of excess insurance purchases. The JPA Board approves member contribution rates, insurance purchases, and sets policy direction for administrative expenses purchased in support of the members.

The Schools Insurance Authority (SIA) functions as the Managing Member per the JPA agreement. The Managing Member receives and disburses funds, enters into contracts, and otherwise manages the financial operations of SPA. Quarterly GAAP financial reports are prepared to report on these activities.

Year End Financial Projections

Financial accounting for the year end is substantially complete, pending the a few outstanding items*:

- completion of the combined SPA layer loss run and reconciliation/posting of loss run expense activity with the accounting system
- actuarial analysis and related expense accruals
- resolving outstanding estimated loss reserves related to three claims

Projections for the June 30, 2024 year-end financial activity are as follows:

- Total assets of \$9.6 million (up \$3.4M over LY); total liabilities of \$5.1M (up \$2.2M over LY)
- Net position (combined) projected to increase by \$1.2 million, ending net position of \$4.5M
- **Property Program Retained Layer - projected net income of about \$800,000, yielding a projected Retained Layer Ending Net Position of \$3.3M**
- Claims Liabilities outstanding are projected at \$4.1 million (up \$1.3M over LY) (including estimates for outstanding items*).

***Outstanding items:**

- NBSIA/Dixon – Gross Loss reserve “TBD” by McLaren. Managing Member estimated \$500K loss reserve (\$250K SPA claim reserve/expense) for financial projections.
- NBSIA/St. Helena & RESIG/Fort Ross – Both noted “CAT 2419” by McLaren; lack of determination if one combined loss or two separate losses/deductibles applies. Managing Member estimated one combined loss (conservative) to project SPA claim reserve/expense. This generates an additional \$250K SPA claims reserve/expense.
- Actuarial analysis may include increased IBNR, adding additional claim expense, liability & thereby reducing projected net income.

ATTACHMENTS: None.

Item No: D.1.b.

FINANCIAL REPORT**QUARTERLY PROPERTY CLAIMS REPORT****INFORMATION ITEM**

ISSUE: Attached please find the latest SPA Property Claim Loss run.

RECOMMENDATION: Review and provide feedback or direction.

FISCAL IMPACT: None expected from this item.

BACKGROUND: SPA members provide and receive monthly loss runs in conjunction with Claim Task Force meetings and the Board receives the SPA property loss run at select meetings.

ATTACHMENTS: SPA Loss Run as of 7/11/24 revised

SCHOOLS PROGRAM ALLIANCE

Open/Closed Losses



McLarens File No.	Member	Date of Loss	Cause of Loss	Location	Status	Gross Loss	Deductible	Loss Paid	Reserve	Comments
002.053477.MI.S	Butte Schools Self-Funded Programs	08-Sep-20	Wildfire - CAT 2059	Berry Creek, CA	C	\$ 16,309,179.66	\$ 2,500,000.00	\$ 13,809,179.66	\$ -	
002.056662.MI.A	SIA/ Pioneer Elementary USD	17-Aug-21	CAT 2154 - Caldor Wildfire - Walter Tyler Elementary School	Grizzly Flats, CA	C	\$ 4,133,696.30	\$ 350,000.00	\$ 3,783,696.30	\$ -	
002.056902.MI.F	RESIG/ Santa Rosa HSD	24-Oct-21	Water damage due to heavy rains - multiple locations	Santa Rosa, CA	O	\$ 2,500,000.00	\$ 250,000.00	\$ -	\$ 2,250,000.00	
002.056912.MI.S	SIA/ Elk Grove USD	13-Dec-21	Fire - Sheldon High School	Sacramento, CA	O	\$ 4,000,000.00	\$ 2,500,000.00	\$ 1,071,365.08	\$ 428,634.92	
002.058365.MI.D	SIG	06-Sep-22	Mosquito Wildfire	Multiple locations	C	\$ 965,171.35	\$ 350,000.00	\$ 615,171.35	\$ -	
002.061141.MI.S	SIA/ Twin Rivers USD	08-Jan-23	Wind/rain damage	North Highlands, CA	O	\$ 420,000.00	\$ 250,000.00	\$ -	\$ 170,000.00	
002.059354.MI.S	SIG/ Lake Tahoe USD	24-Feb-23	CAT 2323 - Snowstorm	Multiple locations	O	\$ 5,000,000.00	\$ 2,500,000.00	\$ -	\$ 2,500,000.00	
002.060947.MI.S	NBSIA: Dixon USD	05-Jan-24	Electrical panel damage - Linford Anderson Elementary School	Dixon, CA	O	TBD	\$ 250,000.00	\$ -	\$ 250,000.00	
002.061110.MI.S	SIA / Center JUSD	14-Jan-24	Rain/water damage - Center HS - 3111 Center Court Lane	Antelope, CA	C	\$ 472,249.47	\$ 250,000.00	\$ 222,249.47	\$ -	
002.060993.MI.S	NBASIA/ St. Helena USD	04-Feb-24	CAT 2419 - Snowstorm - fallen tree - 1325 Adams St	St. Helena, CA	O	\$ 1,200,000.00	\$ 250,000.00	\$ -	\$ 950,000.00	
002.061312.MI.S	RESIG/ Fort Ross SD	04-Feb-24	CAT 2419 -fallen tree - District Office	Cazadero	O	\$ 250,000.00	\$ 250,000.00	\$ -	TBD	
002.061468.MI.S	SIA: San Juan USD	19-May-24	HVAC pump failure causing water damage to multiple classrooms		O	\$ 275,000.00	\$ 250,000.00	\$ -	\$ 25,000.00	
				TOTALS		\$ 35,525,296.78		\$ 19,501,661.86	\$ 6,573,634.92	

Item No: D.2.a.

GENERAL ADMINISTRATION**CONFLICT OF INTEREST CODE****ACTION ITEM**

ISSUE: The Board of Directors must review and revise or re-adopt SPA's Conflict of Interest Code every even year. No changes are needed or recommended this year.

RECOMMENDATION: Approve the Conflict of Interest Code as presented, with no changes.

FISCAL IMPACT: None.

BACKGROUND: The Conflict of Interest Code was last amended in July 2021 to comply with the updated Fair Political Practices Commission (FPPC) filing requirements. Prior to 2012, Alliant Insurance Services, as the JPA administrator, kept the original Form 700s and filed copies with the FPPC. The FPPC has changed that requirement and now the original Form 700s are filed with the FPPC.

The Political Reform Act, Government Code Sections 81000, et. Seq. requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Conflict of Interest Code for the public agency must be reviewed by the governing Board every even numbered year. Any changes, or a statement that it has been reviewed and no changes required, must be filed with FPPC prior to October 1st.

ATTACHMENT(S):

1. SPA Conflict of Interest Code
2. 2024 Multi County Biennial Notice

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Schools Program Alliance (Authority).

Individuals holding designated positions shall file their statements of economic interests electronically with the Fair Political Practices Commission. All statements will be retained by the Fair Political Practices Commission.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix A-Designated Positions

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Members and Alternates of the Board of Directors	1, 2, 3
Program Administrator	1, 2, 3
Auditor	1, 2, 3
Board Counsel	1, 2, 3
Consultants/New Positions	*

Note: The positions of Program Administrator, Claims Administrator, Board Counsel, and Auditor are filled by outside consultants, but act in a staff capacity.

*Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chairperson/Secretary may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson/Secretary's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

The following positions are not covered by the code because the positions manage public investments. Individuals holding such positions must file under Government Code Section 87200 and are listed for informational purposes only.

- Treasurer
- Consultants who manage public investments

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix B-Disclosure Categories

Designated positions must disclosure pursuant to the categories below.

1. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources of the type that contract with the Authority to supply goods, services, materials, or supplies.
2. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that are engaged in the performance of work or services of the type utilized by the Authority, including insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers, and actuaries.
3. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that have filed a claim or have a claim pending that are reviewed and administered by the Authority.

This is the last page of the conflict of interest code for the **Schools Program Alliance**.



CERTIFICATION OF FPPC APPROVAL

Pursuant to Government Code Section 87303, the conflict of interest code for the **Schools Program Alliance** was approved on 9/15/ 2021. This code will become effective on 10/15/ 2021.

A handwritten signature in black ink, appearing to read "John M. Feser, Jr.", written over a horizontal line.

John M. Feser, Jr.

Senior Commission Counsel

Fair Political Practices Commission

2024 Multi-County Agency Biennial Notice

Name of Agency: _____

Mailing Address: _____

Contact Person: _____ Phone No. _____

Email: _____ Alternate Email: _____

Counties within Jurisdiction, or for Charter Schools, Counties in which the School is Chartered:
(if more space is needed, include an attachment):

No. of Employees* _____ No. of Form 700 Filers* _____

**Including board and committee members*

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

Please identify which statement accurately describes your agency's status.

- This agency has reviewed its conflict of interest code. The current code designates all positions which make or participate in making governmental decisions. The designated positions are assigned accurate disclosure categories that relate to the job duties of the respective positions. The code incorporates FPPC regulation 18730 so that all relevant Government Code Sections are referenced.
- This agency has reviewed its conflict of interest code and has determined that an amendment is necessary. An amendment may include the following:
 - New positions which involve the making or participating in the making of decisions which may foreseeably have a material impact on a financial interest
 - Current designated positions need renaming or deletion
 - Statutorily required provisions of the code need to be addressed
 - Disclosure categories need revision

Verification (to be completed if no amendment is required)

This multi-county agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

Signature of Chief Executive Officer

Date

All multi-county agencies must complete and return this notice, including those agencies whose codes are currently under review. Please return this notice no later than **October 1, 2024** to the FPPC at biennialnotice@fppc.ca.gov or 1102 Q Street, Suite 3050, Sacramento, CA 95811.

www.fppc.ca.gov
FPPC Advice: advice@fppc.ca.gov (866.275.3772)
Page 1 of 1

Item No: D.2.b.

SPA PROPERTY MEMORANDUM OF COVERAGE (MOC)**ACTION ITEM****ISSUE:** Board to receive the final Memorandum of Coverage (MOC) for July 2024/25.**RECOMMENDATION:** Accept and file MOC as presented or provide direction.**FISCAL IMPACT:** N/A**BACKGROUND:** The SPA MOC is used to evidence the coverage provided by SPA to its members. Each year, changes are made to the MOC. Some changes are made to keep the MOC current (i.e., dates). Other changes are the result of SPA Board actions on coverage or Reinsurance marketplace actions.

This year, the material changes to the MOC include:

1. Vacant Property topic (previously reviewed and approved)
2. Remote and High-Risk location limitation

ATTACHMENTS: Final 2024/25 MOC



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- A. POLICY NUMBER: SPA-24-25**
- B. NAMED INSURED: Schools Program Alliance**
- C. MAILING ADDRESS OF NAMED INSURED**

Schools Program Alliance
c/o Schools Insurance Authority
9800 Old Placerville Road
Sacramento, CA 95827

Named Insured shall be deemed the sole agent of each and every Named Insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured has extended coverage is as follows:

NAMED INSURED MEMBER(S):

- Schools Insurance Authority
- Butte Schools Self-Funded Programs
- North Bay Schools Insurance Authority
- Redwood Empire Schools' Insurance Group
- Schools Insurance Group

D. POLICY PERIOD

From July 1st, 2024 to July 1st, 2025, beginning and ending at 12:01 AM

E. COVERAGE TERRITORY

The United States, its territories and possessions and Puerto Rico, including their respective coastal waters.

F. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of whether one or more of the coverages of this Policy are involved shall not exceed:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

1. LIMIT OF LIABILITY

\$150,000,000 Per Occurrence: all Perils, Coverages (subject to policy exclusions) and all Named Insureds (as defined in the policy) combined, per Declaration, regardless of the number of Named Insureds, Coverages, extensions of coverage, or perils insured, subject to the following per Occurrence and/or aggregate sub-limits as noted below.

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown below for that item and does not increase the specific limits of liability. The absence of a sub-limit of liability amount below means that no coverage is provided for that item.

\$50,000,000	Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees)
\$500,000	Contingent Business Interruption
\$30,000,000	Extra Expense
No coverage provided	Per occurrence, as respects Vehicle Damage
\$5,000,000	Per occurrence, as respects Mobile Equipment
\$10,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood, inclusive of Zone A sublimit below
\$5,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood in FEMA designated Special Flood Hazard Areas Zones A or V (SFHA) to be determined at the time of loss
No coverage provided	Per occurrence, and in the annual aggregate as respects the peril of earthquake shock
Included	Per occurrence, as respects the peril of earthquake sprinkler leakage
\$25,000,000	Debris Removal
\$2,500,000	Decontamination Costs
\$25,000,000	Miscellaneous Unscheduled Property
Included	Automatic Acquisition subject to the values of such additional property and/or interests not exceeding \$25,000,000 (not including habitational risks)
\$2,500,000 Included	Outdoor Property, except \$50,000 max per item for Trees, Shrubs, Plants Electronic Data Processing Equipment and Hardware (refer to Endorsement No. 4)



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

\$10,000,000	Electronic Data Processing Data and Media – Physical Damage Only (refer to LMA5400))
No coverage provided	Cyber Act (refer to LMA5400)
\$25,000,000	Errors & Omissions
Included	Course of Construction, projects which exceed \$25,000,000 are subject to underwriting approval, prior to binding (not including habitational risks)
No coverage provided	New habitational risk, including teacher housing (must be submitted for review and approval)
\$500,000	Builders Risk Property at Temporary Storage Location
\$500,000	Builders Risk, Property in Transit
\$1,000,000	Contractor’s Equipment
\$5,000,000	Soft Costs
\$2,500,000	Scheduled and Unscheduled Fine Arts (as more fully defined herein)
\$1,000,000	Accidental Contamination
\$1,000,000	Unscheduled Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, street lights and traffic signals unless specific values for such items have been reported as part of a member(s) / entity(ies) schedule of values held on file with this company, excluding Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters
Included	Demolition and Increased Cost of Construction due to the enforcement of building codes / ordinance or law
\$10,000,000	Transit including Free Onboard Shipments
\$2,500,000	Fire Fighting Expenses
\$25,000,000	Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s)
\$1,000,000	Claim Preparation Expenses



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Included	Expediting Expense
No coverage provided	Terrorism
\$1,000,000	Personal Property of Students and Teachers, except \$10,000 any one item
\$10,000,000	Accounts Receivable
\$10,000,000	Valuable Papers and Records
\$500,000	Leasehold Interest
\$2,500,000	Asbestos Cleanup and Removal
\$2,500,000	Mold & Fungus
\$100,000	Reimbursement or Master Key Costs
\$2,500,000	Upgrade to Green
No coverage provided	Money and Securities
No coverage Provided	Communicable Disease
180 Days	Extended Period of Indemnity
\$2,500,000	Interruption by Civil or Military Authority, not to exceed 30 days (10 mile radius)
\$2,500,000	Ingress or Egress, not to exceed 30 days (10 mile radius)
\$500,000	Vacant Property, unless member holds a Vacancy Permit from SPA

BOILER AND MACHINERY SUB-LIMITS OF LIABILITY:

\$150,000,000	Boiler Explosion and Machinery Breakdown
Included	Jurisdictional and Inspections
Included	Business Income Coverage Extension (BI)
Included	Extra Expense Coverage Extension (BI)
180 Days	Extended Period of Indemnity



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Included	Spoilage Damage Coverage Extension including Utility Interruption Spoilage (SD & Refrigerant Contamination), Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$2,500,000	Off Premises Service Interruption including Service, Utility and Power, Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$3,000,000	Dependent Property Coverage Extension – All Direct Suppliers Dependent Property Locations; and Receivers
\$10,000,000	Expediting Expense
\$10,000,000	Hazardous Substances, Pollutants, Decontamination
\$10,000,000	Ordinance or Law including Demolition and Increased Cost of Construction
Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological

TERRORISM (INCLUDING SABOTAGE) SUB-LIMITS OF LIABILITY

\$50,000,000	Per Occurrence and in the Aggregate
--------------	-------------------------------------

The above limits are provided per Occurrence, regardless of the number of SPA Members involved in the Occurrence.

3. DEDUCTIBLES

Basic Deductible: \$250,000 per occurrence, which will apply in the event a more specific deductible is not applicable to a loss.

Retention A – Excess of the basic deductible: \$250,000, Additional Self-Insured Retention per occurrence and \$1,000,000 in the annual aggregate which in turn

Retention B – Excess of Retention A: \$2,000,000 Self-Insured Retention per occurrence and in the annual aggregate;

Except as follows:

Wildfire

\$5,000,000 per occurrence in respect of Butte Schools Self-Funded Programs

\$2,000,000 per occurrence in respect of Redwood Empire Schools' Insurance Group

\$250,000 per occurrence for all other members.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

In the event that either BUTTE and/or RESIG and another member / other members are affected by the same Wildfire occurrence, both deductibles will apply to their respective loss.

High Hazard Flood

\$500,000 per occurrence in respect of locations situated wholly or partially within a Special Flood Hazard Area (SFHA), areas as defined by the Federal Emergency Management Agency (FEMA).

- **Service Interruption:**

Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours. When the waiting period has expired, insurance will apply excess of the applicable deductible.

- **Boiler and Machinery Breakdown:** USD100,000 per occurrence
- **Boiler & Machinery, Flood and Wildfire losses** do not contribute to the erosion of SPA's Self-Named Insured Retentions.
- **Terrorism (Including Sabotage):** \$10,000 per occurrence. Ingress/Egress 12 hours

Other than Wildfire, If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.

4. COVERED LOCATIONS

Locations listed in the schools program alliance statement of values on file with Alliant Insurance Services, Inc. as of July 2024.

5. FORMS AND ENDORSEMENTS

It is understood and agreed the following forms and endorsements are attached to and are a part of this policy:

SPA MEMORANDUM OF COVERAGE (ED. 07 21)
SECTION IX - ENDORSEMENT NO. 1 - TERRORISM (INCLUDING SABOTAGE) SUB-LIMITS OF LIABILITY
ENDORSEMENT NO. 1 - COVERAGE TERRITORY ENDORSEMENT
ENDORSEMENT NO. 2 - WAR AND TERRORISM EXCLUSION ENDORSEMENT
ENDORSEMENT NO. 3 - COMMUNICABLE DISEASE ENDORSEMENT
ENDORSEMENT NO. 4 - VALUES LIMITATION CLAUSE
ENDORSEMENT NO. 5 - AMENDMENTS TO THE MOC WORDING (London only)
ENDORSEMENT NO. 6 - PROPERTY CYBER AND DATA ENDORSEMENT (London only)



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

6. AUTHORIZED SIGNATURE:

A handwritten signature in black ink, appearing to read 'MB', is positioned above a horizontal line.

Marcus Beverly, Program Manager



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Schools Program Alliance
A California Joint Powers Authority

Memorandum of Coverage (MOC)
July 1, 2024 to July 1, 2025



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

TABLE OF CONTENTS

SECTION I - GENERAL PROVISIONS 6

- A. COVERAGE AGREEMENT 6**
- B. NAMED INSURED 6**
- C. MAILING ADDRESS OF COMPANY 6**
- D. MOC PERIOD 6**
- E. COVERAGE TERRITORY 6**
- F. LIMITS OF LIABILITY 6**
- G. DEDUCTIBLE PROVISIONS 10**
- H. UNIT OF COVERAGE DEFINED 11**
- I. PRIORITY OF PAYMENTS 12**

SECTION II - PROPERTY DAMAGE 13

- A. COVERAGE 13**
- B. EXTENSIONS OF COVERAGE 13**
 - 1. PERSONAL EFFECTS 13**
 - 2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS 13**
 - 3. FIRE FIGHTING EXPENSES 14**
 - 4. OFF PREMISES SERVICES INTERRUPTION 14**
 - 5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES 15**
 - 6. EXPEDITING EXPENSES 15**
 - 7. DEBRIS REMOVAL 15**
 - 8. BUILDING LAWS 15**
 - 9. DEMOLITION COST 15**
 - 10. INCREASED COST OF CONSTRUCTION 16**
 - 11. DECONTAMINATION COSTS 16**
 - 12. ERRORS & OMISSIONS 16**
 - 13. VALUABLE PAPERS 16**
 - 14. TRANSIT 16**
 - 15. VEHICLES WHILE ON INSURED PREMISES 17**
 - 16. ASBESTOS CLEAN UP AND REMOVAL 17**
 - 17. PROTECTION AND PRESERVATION OF PROPERTY 17**



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

18. LEASEHOLD INTEREST..... 18

19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS..... 18

20. MISCELLANEOUS UNNAMED LOCATIONS 19

21. ACCIDENTAL CONTAMINATION 19

C. PROPERTY NOT COVERED 20

D. LOSS PAYMENT BASIS / VALUATION 21

E. UPGRADE TO GREEN 22

SECTION III - BUSINESS INTERRUPTION 29

A. COVERAGE 29

 1. BUSINESS INTERRUPTION 29

 2. EXTRA EXPENSE 30

B. EXTENSIONS OF COVERAGE 30

 1. INGRESS / EGRESS 30

 2. INTERRUPTION BY CIVIL AUTHORITY 31

 3. DEMOLITION AND INCREASED TIME TO REBUILD..... 31

 4. CONTINGENT TIME ELEMENT COVERAGE 31

 5. TAX REVENUE INTERRUPTION 31

 6. EXTENDED PERIOD OF INDEMNITY..... 32

 7. EXPENSES TO REDUCE LOSS 32

C. EXCLUSIONS..... 33

D. CONDITIONS APPLICABLE TO THIS SECTION 33

E. DEFINITIONS 33

 1. GROSS EARNINGS 33

 2. MERCHANDISE..... 34

 3. EXTRA EXPENSE 34

 4. RENTAL VALUE..... 34

 5. PERIOD OF RESTORATION 35

SECTION IV - GENERAL CONDITIONS 36

A. PERILS COVERED..... 36

B. EXCLUSIONS..... 36

C. STATUTES..... 40



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

D. TERRITORIAL LIMITS 40

E. REINSTATEMENT 40

F. FREE ON BOARD (F.O.B.) SHIPMENTS..... 40

G. BREACH OF CONDITIONS 41

H. PERMITS AND PRIVILEGES..... 41

I. PROTECTIVE SAFEGUARDS 42

J. NOTICE OF LOSS..... 42

K. ARBITRATION OF VALUE 42

L. PROOF OF LOSS 42

M. SUBROGATION..... 42

N. CANCELLATION 43

O. ABANDONMENT 43

P. ASSIGNMENT 43

Q. SALVAGE 43

R. OTHER INSURANCE..... 43

S. EXCESS INSURANCE 44

T. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS..... 44

U. CONCEALMENT AND FRAUD 44

V. FULL WAIVER 44

W. SUIT AGAINST COMPANY..... 45

X. LENDER’S LOSS PAYABLE..... 45

Y. LOSS PAYABLE PROVISIONS 47

Z. ELECTRONIC DATA 49

AA. LOSS ADJUSTMENT SERVICES 50

BB. DEFINITIONS 51

CC. ADDITIONAL INSURED’S / LOSS PAYEES..... 53

SECTION V - FINE ARTS 54

A. COVERAGE 54

B. EXCLUSIONS..... 54

C. LOSS PAYMENT BASIS / VALUATION 55

D. SPECIAL CONDITIONS 56



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION VI - CONTRACTORS EQUIPMENT 59

A. COVERAGE 59

B. PERILS EXCLUDED 59

C. PROPERTY EXCLUDED..... 60

D. LOSS PAYMENT BASIS / VALUATION 60

E. SPECIAL CONDITIONS 61

SECTION VII - ACCOUNTS RECEIVABLE 62

A. COVERAGE 62

B. EXCLUSIONS..... 62

C. LOSS PAYMENT BASIS / VALUATION 62

D. DEFINITIONS:..... 63

SECTION VIII - BOILER AND MACHINERY BREAKDOWN EXTENSION..... 64

SECTION IX – TERRORISM INCLUDING SABOTAGE EXTENSION..... 66

ENDORSEMENT NO. 1 - COVERAGE TERRITORY ENDORSEMENT 82

ENDORSEMENT NO. 2 - WAR AND TERRORISM EXCLUSION ENDORSEMENT 83

ENDORSEMENT NO. 3 - COMMUNICABLE DISEASE ENDORSEMENT..... 84

ENDORSEMENT NO. 4 - VALUES LIMITATION CLAUSE IN RESPECT OF BUTTE SCHOOLS SELF-FUNDED PROGRAMS ONLY 85

ENDORSEMENT NO. 5 – AMENDMENTS TO THE MOC WORDING (London only)..... 86

ENDORSEMENT NO. 6 - PROPERTY CYBER AND DATA ENDORSEMENT (London only)..... 89



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION I - GENERAL PROVISIONS

A. COVERAGE AGREEMENT

In consideration of the premium paid by the Named Insured to the Company, the Company agrees to cover the following per the terms and conditions herein.

B. NAMED INSURED

As shown on the Declaration page, or as listed in the Declaration Schedule Addendum attached to this MOC.

Member(s), entity(ies), agency(ies), organization(s), enterprise(s) and/or individual(s) for whom the Named Insured is required or has agreed to provide coverage, or as so named in the "Named Insured Schedule" on file with Alliant Insurance Services, Inc., as their interests may appear which now exist or which hereafter may be created or acquired and which are owned, financially controlled or actively managed by the herein named interest, all jointly, severally or in any combination of their interests, for account of whom it may concern, are covered within the limits provided to the individual Named Insured.

Lessors and other party(ies) of interest in all property of every description covered hereunder are included herein as Insured's for their respective rights and interests, it being understood that the inclusion hereunder of more than one covered party shall not serve to increase the Company's limit of liability. Mortgagees to whom certificates of coverage have been issued are covered hereunder as Insured's in accordance with the terms and conditions of Form 438 BFU NS, CP12 18 1091, or equivalent as required by the mortgagee.

C. MAILING ADDRESS OF COMPANY

Schools Program Alliance
c/o Schools Insurance Authority
9800 Old Placerville Road
Sacramento, CA 95827

D. MOC PERIOD

From July 1st, 2024 to July 1st, 2025, beginning and ending at 12:01 AM

E. COVERAGE TERRITORY

The United States, its territories and possessions and Puerto Rico, including their respective coastal waters.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

F. LIMITS OF LIABILITY

Subject to specific exclusions, modifications, and conditions hereinafter provided, the liability of the Company in any one occurrence regardless of whether one or more of the coverages of this MOC are involved shall not exceed:

1. LIMITS OF LIABILITY

The Specific Limits of Liability as described in the Declaration Page apply per occurrence unless indicated otherwise.

2. SUB-LIMITS OF LIABILITY

The following sub-limits of liability are provided as described in the Declaration Page and apply per occurrence unless indicated otherwise. Coverage is provided only if a sub-limit of liability is shown in the Declaration Page for that item, and do not increase the specific limits of liability. The absence of a sub-limit of liability amount in the Declaration Page means that no coverage is provided for that item.

\$150,000,000	Limit of Liability
\$50,000,000	Combined Business Interruption, Rental Income, Tax Interruption and Tuition income (and related fees)
\$500,000	Contingent Business Interruption
\$30,000,000	Extra Expense
No coverage	Per occurrence, as respects Vehicle Damage provided
\$5,000,000	Per occurrence, as respects Mobile Equipment
\$10,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood, inclusive of Zone A sublimit below
\$5,000,000	Per occurrence, and in the annual aggregate as respects the peril of flood in FEMA designated Special Flood Hazard Areas Zones A or V (SFHA) to be determined at the time of loss
No Coverage provided	Per occurrence, and in the annual aggregate as respects the peril of earthquake shock
Included	Per occurrence, as respects the peril of earthquake sprinkler leakage
\$25,000,000	Debris Removal
\$2,500,000	Decontamination Costs



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

\$25,000,000	Miscellaneous Unscheduled Property
Included	Automatic Acquisition, subject to the values of such additional property and/or interests not exceeding \$25,000,000 (not including habitational risks)
\$2,500,000	Outdoor Property, except \$50,000 max per item for Trees, Shrubs, Plants
Included	Electronic Data Processing Equipment and Hardware
\$10,000,000	Electronic Data Processing Data and Media – Physical Damage Only
\$25,000,000	Errors & Omissions
Included	Course of Construction (projects which exceed \$25,000,000 are subject to underwriting approval, prior to binding) (not including habitational risks)
No Coverage Provided	New habitational risk, including teacher housing (must be submitted for review and approval)
\$500,000	Builders Risk Property at Temporary Storage Location
\$500,000	Builders Risk, Property in Transit
\$1,000,000	Contractor’s Equipment
\$5,000,000	Soft Costs
\$2,500,000	Scheduled and Unscheduled Fine Arts (as more fully defined herein)
\$1,000,000	Accidental Contamination
\$1,000,000	Unscheduled Tunnels, bridges, dams, catwalks (except those not for public use), roadways, highways, streets, sidewalks, culverts, street lights and traffic signals unless specific values for such items have been reported as part of a member(s) / entity(ies) schedule of values held on file with this company, excluding Federal Emergency Management Agency (F.E.M.A.) and/or any State Office of Emergency Services (O.E.S.) declared disasters
Included	Demolition and Increased Cost of Construction due to the enforcement of building codes / ordinance or law
\$10,000,000	Transit including Free Onboard Shipments
\$2,500,000	Fire Fighting Expenses



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

\$25,000,000	Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s)
\$1,000,000	Claim Preparation Expenses
Included	Expediting Expense
\$1,000,000	Personal Property of Students and Teachers, except \$10,000 any one item
\$10,000,000	Accounts Receivable
\$10,000,000	Valuable Papers and Records
\$500,000	Leasehold Interest
\$2,500,000	Asbestos Cleanup and Removal
\$2,500,000	Mold & Fungus
\$100,000	Reimbursement or Master Key Costs
\$2,500,000	Upgrade to Green
No Coverage provided	Money and Securities
No Coverage provided	Communicable Disease
180 Days	Extended Period of Indemnity
\$2,500,000	Interruption by Civil or Military Authority, not to exceed 30 days (10 mile radius)
\$500,000	Vacant Property, unless member holds a Vacancy Permit from SPA
\$2,500,000	Ingress or Egress, not to exceed 30 days (10 mile radius) BOILER AND MACHINERY SUB-LIMITS OF LIABILITY
\$150,000,000	Boiler Explosion and Machinery Breakdown
Included	Jurisdictional and Inspections
Included	Business Income Coverage Extension (BI)
Included	Extra Expense Coverage Extension (BI)
180 Days	Extended Period of Indemnity



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Included	Spoilage Damage Coverage Extension including Utility Interruption Spoilage (SD & Refrigerant Contamination), Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$2,500,000	Off Premises Service Interruption including Service, Utility and Power, Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours
\$3,000,000	Dependent Property Coverage Extension – All Direct Suppliers Dependent Property Locations; and Receivers
\$10,000,000	Expediting Expense
\$10,000,000	Hazardous Substances, Pollutants, Decontamination
\$10,000,000	Ordinance or Law including Demolition and Increased Cost of Construction
Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological

TERRORISM (INCLUDING SABOTAGE) SUB-LIMITS OF LIABILITY

\$50,000,000	Per Occurrence and in the Aggregate
--------------	-------------------------------------

The above limits are provided per Occurrence, regardless of the number of SPA Members involved in the Occurrence.

G. DEDUCTIBLE PROVISIONS

Basic Deductible: \$250,000 per occurrence, which will apply in the event a more specific deductible is not applicable to a loss.

Retention A – Excess of the basic deductible: \$250,000, Additional Self-Insured Retention per occurrence and \$1,000,000 in the annual aggregate which in turn

Retention B – Excess of Retention A: \$2,000,000 Self-Insured Retention per occurrence and in the annual aggregate;

Except as follows:

Wildfire

\$5,000,000 per occurrence in respect of Butte Schools Self-Funded Programs
 \$2,000,000 per occurrence in respect of Redwood Empire Schools’ Insurance Group
 \$250,000 per occurrence for all other members.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

In the event that either BUTTE and/or RESIG and another member / other members are affected by the same Wildfire occurrence, both deductibles will apply to their respective loss.

High Hazard Flood

\$500,000 per occurrence in respect of locations situated wholly or partially within a Special Flood Hazard Area (SFHA), areas as defined by the Federal Emergency Management Agency (FEMA).

- **Service Interruption:**

Coverage is provided when the duration of the interruption is in excess of twenty four (24) hours. When the waiting period has expired, insurance will apply excess of the applicable deductible.

- **Boiler and Machinery Breakdown:** USD100,000 per occurrence
- **Boiler & Machinery, Flood and Wildfire losses** do not contribute to the erosion of SPA's Self-Named Insured Retentions.
- **Terrorism (Including Sabotage):** \$10,000 per occurrence. Ingress/Egress 12 hours

Other than Wildfire, If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable.

Deductibles are shown on the Declaration Page, or by endorsement and may vary by SPA Member

Unless a more specific deductible is applicable for a particular loss, the \$250,000 Basic Deductible shown above, shall apply per occurrence. The company will not pay for loss or damage in any one occurrence until the amount of the loss or damage exceeds the applicable deductible.

"Vehicle Physical Damage deductible" - if Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off premises on a per occurrence basis, unless otherwise stated. If "Off-Premises" coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk "Basic Deductible".

H. UNIT OF COVERAGE DEFINED

In the application of the Earthquake Shock, or specified Wind deductibles, in accordance with the provisions of this MOC, each of the following shall be considered a Separate Unit of Coverage:

1. Each Separate Building or Structure;
2. The Contents of each Building or Structure;
3. Applicable Time Element Coverage of each separate Building or Structure; and
4. Property in each Yard.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

The Company shall not be liable for loss to any Unit of Coverage covered hereunder unless such loss exceeds the percentages stated in this MOC of the replacement values of such Unit of Coverage at the time when such loss shall happen, and then only for its proportion of such excess.

I. PRIORITY OF PAYMENTS

In the event of loss caused by or resulting from more than one peril or coverage, the limit of liability of the primary / underlying coverage shall apply first to the peril(s) or coverage(s) not insured by the excess layers and the remainder, if any, to the peril(s) or coverage(s) insured hereunder. Upon exhaustion of the limit of liability of the primary / underlying coverage, the excess layers shall then be liable for loss uncollected from the peril(s) or coverage(s) insured hereunder, subject to the limit of liability and the other terms and conditions as specified.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION II - PROPERTY DAMAGE

A. COVERAGE

Subject to the terms, conditions and exclusions hereinafter contained, this MOC insures all property of every description both real and personal (including improvements, betterments and remodeling), of the Named Insured, or property of others in the care, custody or control of the Named Insured, for which the Named Insured is liable, or under the obligation to insure.

B. EXTENSIONS OF COVERAGE

All coverage extensions are subject to the terms, conditions and exclusions of the MOC except insofar as they are explicitly providing additional coverage.

1. PERSONAL EFFECTS

This MOC is extended to cover only such personal effects and wearing apparel of any of the officials, employees, students and personal effects of the Named Insured named in this MOC for which the Named Insured may elect to assume liability while located in accordance with the coverage hereof, but loss, if any, on such property shall be adjusted with and payable to the Named Insured.

2. PROPERTY IN COURSE OF CONSTRUCTION AND ADDITIONS

It is understood and agreed that as respects course of construction projects and additions, this MOC will provide automatic coverage subject to the following conditions:

- a. Project involves only real property on new or existing locations (excluding dams, roads, and bridges).
- b. Value of the project at the location does not exceed USD as per Declaration Page. Projects that exceed this amount are subject to underwriting approval, prior to binding. However, inadvertent failure to report projects within USD as per Declaration Page shall not void coverage of said Project.

Additional Expenses - Soft Costs: This extension applies to new buildings or structures in the course of construction up to the time that the new building(s) or structure(s) is initially occupied or put to its intended use whichever occurs first.

The Company will cover the additional expenses (soft costs) of the Named Insured as defined below for up to 25% of the estimated completed value of the project which results from a delay in the completion of the project beyond the date it would have been completed had no loss or damage occurred. The delay must be due to direct physical loss or damage to property insured and be caused by or result from a peril not excluded by this MOC. The Company will pay covered expenses when they are incurred.

- a. **Additional Interest Coverage** – The Company will pay the additional interest on money the Named Insured borrows to finance construction or repair.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- b. Rent or Rental Value Coverage – The Company will pay the actual loss of net rental income that results from delay beyond the projected completion date. But the Company will not pay more than the reduction in rental income less charges and expenses that do not necessarily continue
- c. Additional Real Estate Taxes or Other Assessments – The Company will pay the additional real estate taxes or other assessments the Named Insured incurs for the period of time that construction is extended beyond the completion date.
- d. Additional Advertising and Promotional Expenses – The Company will pay the additional advertising and promotional expense that becomes necessary as a result of a delay in the completion of the project.
- e. Additional Commissions Expense – The Company will pay the additional expenses, which result from the renegotiating of leases following an interruption in the project.
- f. Additional Architectural and Engineering Fees – The Company will pay the additional architectural and engineering fees that become necessary as a result of a delay in the completion of the project.
- g. Additional License and Permit Fees – The Company will pay the additional license and permit fees that become necessary as a delay in the completion of the project.
- h. Legal and Accounting Fees – The Company will pay the additional legal and accounting fees the Named Insured incurs as a result of a delay in the completion of the project.

However, all new habitational risks, including teacher housing, must be submitted for review and approval by the Company, regardless of value size (i.e., automatic coverage does not apply).

3. FIRE FIGHTING EXPENSES

It is understood and agreed that the Company shall be liable for the actual charges of fire fighting expenses including but not limited to those charged by municipal or private fire departments responding to and fighting fire in / on, and/or protecting property included in coverage provided by this MOC.

4. OFF PREMISES SERVICES INTERRUPTION

It is understood and agreed that coverage under this MOC is extended to include physical damage, business interruption loss and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the MOC period of any suppliers furnishing heat, light, power, gas, water, telephone or similar services to a Named Insured's premises. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) of this form.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

5. ARCHITECTS AND ENGINEERS FEES AND LOSS ADJUSTMENT EXPENSES

This MOC also insures as a direct result of physical loss or damage insured hereunder, any of the following:

- a. Architects and engineers fees
- b. Loss adjustment expenses including, but not limited to, auditors, consultants and accountants. However, the expenses of public adjusters are specifically excluded.

6. EXPEDITING EXPENSES

In the event of physical loss or damage insured hereunder, it is understood and agreed that coverage under this MOC includes the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Named Insured, including overtime and the extra costs of express or other rapid means of transportation. This coverage provided by this clause is sub-limited to USD as per the Declaration Page.

7. DEBRIS REMOVAL

This MOC also covers expenses incurred in the removal of debris of the property covered hereunder from the premises of the Named Insured that may be destroyed or damaged by a covered peril(s). This debris removal coverage does not apply to the cost to extract pollutants from land or water, or to remove, restore or replace polluted land or water.

8. BUILDING LAWS

This MOC is extended to include physical damage, business interruption loss, loss of interest and/or extra expense incurred and/or sustained by the Named Insured as a result of physical damage to or destruction of property, by the perils insured against occurring during the MOC period and occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs, which necessitates the demolition of any portion of the covered building not damaged by the covered peril(s).

The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this MOC damaged by a covered peril.

The Company shall not be liable under this clause for more than the limit of liability as shown elsewhere in this MOC.

9. DEMOLITION COST

In the event of physical damage to property insured by a covered peril, this MOC is extended to cover the cost of demolishing any undamaged portion of the covered property including the cost of clearing the site thereof, caused by loss from any covered peril(s) under this MOC and resulting from



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time of loss which necessitates such demolition.

10. INCREASED COST OF CONSTRUCTION

In the event of physical damage to property insured by a covered peril, this MOC is extended to cover the increased cost of repair or replacement occasioned by the enforcement of any local or state ordinance, law or regulator having control over construction plans/approvals including, but not limited to, written guidelines used by the Division of State Architect and the California Department of Education in regulating the construction, repair or demolition of buildings or structures, which is in force at the time such a loss occurs or which comes into force within 6 months after such a loss occurs, which necessitates in repairing or replacing the building covered hereunder which has suffered damage or destruction by the covered peril(s) or which has undergone demolition, limited, however, to the minimum requirements of such ordinance or law.

11. DECONTAMINATION COSTS

Notwithstanding the provisions of any exclusion contained herein or any provision respecting pollution and/or contamination, if property insured is contaminated as a result of direct physical loss, damage or destruction by a peril insured by this MOC and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of pollutants or contaminants, this MOC insures, as a result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated property insured in a manner to satisfy such law or ordinance. This provision applies only to that part of insured property contaminated as a result of insured direct physical loss, damage or destruction by a peril insured by this MOC.

12. ERRORS & OMISSIONS

No unintentional errors or unintentional omissions in description, location of property or valuation of property will prejudice the Named Insured's right of recovery but will be reported to the Company as soon as practicable when discovered. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E of this form. This extension does not increase any more specific limit stated elsewhere in this MOC or Declaration.

13. VALUABLE PAPERS

This MOC is extended to cover Valuable Papers or the cost to reconstruct valuable papers (including but not limited to research, redrawing or duplicating) physically lost or damaged by a peril insured against during the term of this MOC.

14. TRANSIT

This MOC is extended to cover Personal Property of the Named Insured or property held by the Named Insured in trust or on commission or on consignment for which the Named Insured may be held legally liable while in due course of transit, worldwide, against all risks of Direct Physical Loss or



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

Damage not excluded by this MOC to the property insured occurring during the period of this MOC. The coverage provided by this clause is sub-limited to USD as per Declaration Page, and Section 1 (General Provisions) Clause E. of this form.

15. VEHICLES WHILE ON INSURED PREMISES

This MOC is extended to cover vehicles while on premises of the Insured against physical loss or damage by a peril insured against during the term of this MOC.

16. ASBESTOS CLEAN UP AND REMOVAL

This MOC specifically excludes asbestos materials clean up or removal, unless asbestos is itself damaged by a peril covered by this MOC, then asbestos cleanup or removal within the damaged area, and applicable time element coverages, will be covered by this MOC.

In no event will coverage be extended to cover undamaged asbestos, including undamaged asbestos in any portion of the building mandated by any governmental direction or request declaring that asbestos material present in any undamaged portion of the Named Insured's property must be removed or modified, or;

- a) any loss or expense including investigation or defense costs, caused by, resulting from, or arising out of asbestos, exposure to asbestos, or any product containing asbestos, or;
- b) any loss or expense normally provided by demolition, increased cost or building ordinance.

The Named Insured must report to Underwriters the existence of the damage as soon as practicable after the loss. However, this MOC does not insure any such damage first reported to the Underwriters more than thirty six (36) months after the expiration, or termination, of this MOC.

17. PROTECTION AND PRESERVATION OF PROPERTY

In the event of loss likely to be covered by this MOC, the Named Insured shall endeavor to protect covered property from further damage and shall separate the damaged and undamaged personal property and store in the best possible order, and shall furnish a complete inventory of the destroyed, damaged and undamaged property to the Company.

In case of actual or imminent physical loss or damage of the type insured against by this MOC, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property Named Insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the MOC and be subject to the applicable deductible and without increase in the limit provisions contained in this MOC.

Due to the unique nature of Health Care Facilities and Jails where it is deemed necessary to evacuate patients or inmates from the premises in order to reduce the physical loss potential from an actual or imminent loss or damage by a peril not excluded herein, all terms and conditions of this clause will apply to the expenses incurred as a result of the evacuation.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

18. LEASEHOLD INTEREST

In the event of physical loss or damage of the type insured against by this MOC to real property of the type insured this MOC, which is leased by the Named Insured, this MOC is extended to cover:

- (1) If as a result of such loss or damage the property becomes wholly un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the actual rent payable for the unexpired term of the lease; or
- (2) If as a result of such loss or damage the property becomes partially un-tenantable or unusable and the lease agreement requires continuation of the rent, the Company shall indemnify the Named Insured for the proportion of the rent applicable thereto; or
- (3) If as a result of such loss or damage the lease is cancelled by the lessor pursuant to the lease agreement or by operation of law, the Company shall indemnify the Named Insured for its Lease Interest for the first three months following such loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease;

provided, however, that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Named Insured exercising an option to cancel the lease; or from any act or omission of the Named Insured which constitutes a default under the lease; and provided further that the Named Insured shall use any suitable property or service owned or controlled by the Named Insured or obtainable from another source to reduce the loss hereunder.

The following definitions shall apply to this coverage:

- (1) Lease Interest means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including any maintenance or operating charges) for each month during the unexpired term of the Named Insured's lease.
- (2) Net Lease Interest means that sum which placed at 8% interest compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

19. AUTOMATIC ACQUISITION AND REPORTING CONDITIONS

This MOC is automatically extended to insure additional property and/or interests as described in the MOC, which may be acquired or otherwise become at the risk of the Named Insured, during the Policy term, within the Coverage Territory, subject to the values of such additional property and/or interests not exceeding a reporting threshold of \$25,000,000 any one acquisition excluding licensed vehicles, for which a reporting threshold of \$10,000,000 applies.

In the event of coverage being required for additional property and/or interest where the value exceeds a reporting threshold of \$25,000,000 any one acquisition, details of said property and/or interest are to be provided to the Company for its agreement not later than (120) days from the date of the said



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

additional property and/or interest having become at the risk of the Named Insured, this MOC providing coverage automatically for such period of time up to a maximum limit of \$150,000,000. The Company retains the right to determine the acceptability of all such property(ies) for periods greater than the automatic 120 days period detailed above. Additional premium will be calculated from the date of acquisition and will be processed on a quarterly basis. Issuance of the endorsements and calculation of pro-rata or return premium, for these changes will be processed as of, and at the time of the transaction.

In the event that the Named Insured fails to comply with the above reporting provision, then coverage hereunder is sublimited to \$25,000,000 for the acquired property and/or \$10,000,000 for the acquired vehicles any one occurrence.

If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. In the event that coverage for Flood for any location situated in Flood Zones A or V is required, it is to be agreed by the Company prior to attachment hereunder.

Furthermore, all new habitational risks, including teacher housing, must be submitted for review and approval by the Company, regardless of value size (i.e., automatic coverage does not apply).

Aside from the above, during the coverage period, any prospective new member must be submitted for approval by the Company prior to coverage being applicable.

20. MISCELLANEOUS UNNAMED LOCATIONS

Coverage is extended to include property at locations (including buildings or structures, owned, occupied or which the Named Insured is obligated to maintain coverage) located within the territorial limitations set by this MOC. Coverage provided by this clause is limited to any sub-limit noted on the Declaration Page attached to this form, and by terms and conditions of this MOC form. This coverage extension does not apply to the peril of Earthquake in the states of California, or Alaska. If Flood coverage is purchased for scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

21. ACCIDENTAL CONTAMINATION

This MOC is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the Covered Property to the same condition as existed prior to loss. The coverage provided is sub-limited to \$1,000,000 per occurrence as per Declaration page.

If such contamination or dispersal is itself caused by fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to full limit of liability provided by this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

For the purposes of this Accidental Contamination clause only, the term “Covered Property”, as covered by this MOC, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this MOC.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this MOC.

C. PROPERTY NOT COVERED

Except as for that which may be provided as an Extension of Coverage, this MOC does not cover:

1. Aircraft, Watercraft over 27 feet in length (other than watercraft held for sale by the insured), and rolling stock, except scheduled watercraft, and rolling stock, light rail vehicles, subway trains and related track maintenance vehicles for light rail and subway lines.
2. Standing timber, bodies of water, growing crops.
3. Land (including land on which covered property is located), and land values (except athletic fields, landscaping, artificial turf, sand traps, tees and greens).
4. Property in due course of ocean marine transit.
5. Shipment by mail after delivery into the custody of the United States Post Office.
6. Power transmission lines and feeder lines more than 1,000 feet from the premises of the Insured unless scheduled and specifically approved by the Company.
7. Underground pipes more than 1,000 feet from the premises of the Insured unless scheduled and specifically approved by the Company.
8. Offshore property, oilrigs, underground mines, caverns and their contents. Railroad track is excluded unless values have been reported by the Named Insured.
9. Waterborne shipments to and from the U.S. mainland, Puerto Rico, United States Virgin Islands, Alaska, Hawaii; and shipments via Panama Canal.
10. Motor vehicles licensed for highway use except while at an insured location.
11. Furs, jewelry, precious metals and precious stones.
12. Earthen dikes and dams.
13. Money and Securities.
14. Unmanned aircraft.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

D. LOSS PAYMENT BASIS / VALUATION

In case of loss to property of a Named Insured covered hereunder, the basis of adjustment shall be as of the time and place of loss as follows:

1. On all real and personal property, including property of others in the care or control of the Named Insured at the replacement cost (as defined below) at the time of the loss without deduction for depreciation. If property is not replaced within a reasonable period of time, then the actual cash value shall apply.
2. On improvements and betterments at the replacement cost at time of loss without deduction for depreciation. If property is not repaired or replaced within a reasonable period of time, then the actual cash value shall apply. If replaced or repaired by others for the use of the Named Insured, there shall be no liability hereunder. The Company agrees to accept and consider the Named Insured as sole and unconditional owner of all improvements and betterments, any contract or lease the Named Insured may have made to the contrary notwithstanding.
3. On manuscripts, mechanical drawings, patterns, electronic data processing media, books of accounting and other valuable papers, the full replacement cost of the property at the time of loss (including expenses incurred to recreate the information lost, damaged or destroyed, except as may be limited by any separate MOC provision) or what it would then cost to repair, replace or reconstruct the property with other of like kind and quality. If not repaired, replaced or reconstructed within a reasonable period of time, then not to exceed the cost of blank or unexposed material.
4. On antique, restored or historical buildings, the cost of acquisition, relocation to the site and renovation or reconstruction. In the event of a partial loss, replacement cost for antique, restored or historical buildings shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is less) the property on the same site using materials of like kind and quality necessary to preserve or maintain a buildings' historical significance without deduction for depreciation.
5. On property of others for which the Named Insured is liable under contract or lease agreement the Company's liability in the event of loss is limited to the Named Insured's obligation as defined in said contract or lease agreement but not to exceed the replacement cost.
6. On Vehicles, on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Vehicle and/or Equipment. However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).
7. If the values, provided by the Named Insured, provides a valuation based on Replacement Cost (New), then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be Actual Cash Value.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

8. Landscaping, artificial turf, sand traps, tees, putting greens and athletic fields; the actual replacement cost of sod, shrubs, sand, plants and trees; however the Company's liability for replacement of trees, plants and shrubs will be limited to the actual size of the destroyed plant, tree or shrub at the time of the loss up to a maximum size of 25 gallons per item but not to exceed USD50,000 per item.

For the purpose of determining coverage under this MOC landscaping, trees, plants and shrubs are only insured if their position and planting was undertaken by human agency for cosmetic effect.

The aforementioned valuations shall also be used for the purpose of any minimum earned premium and/or quarterly adjustments incurred.

Wherever the term "actual cash value" is used as respects real property or improvements and betterment's in this clause, or elsewhere herein, it shall mean replacement cost less depreciation.

"Replacement Cost" shall mean the cost of repairing, replacing, constructing or reconstructing (whichever is the least) the property on the same site, using new materials of like kind and quality and for like occupancy without deduction for depreciation, subject to the following:

- (i) Until the property is actually repaired, replaced or reconstructed, the maximum amount recoverable shall be the actual cash value of the lost or damaged property;
- (ii) Replacement shall be effected by the Named Insured with due diligence and dispatch;
- (iii) Replacement need not be on same site, or of same or similar construction or occupancy provided that the Company shall not be liable for any additional costs that are directly attributable to the inclusion of this provision.
- (iv) For historical buildings as more specifically defined in this Section.
- (v) In no event shall the Company's liability exceed the amount actually and necessarily expended in repairing or replacing (whichever is less) Covered Property or any part thereof.

It is understood and agreed that as respects replacement cost, the Named Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Company's liability. The Company shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Named Insured.

In the event the Named Insured should fail to comply with any of the foregoing provisions settlement shall be made as if this Replacement Cost provision had not been in effect.

E. UPGRADE TO GREEN

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the MOC and



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in the Insured's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

In no event, does this endorsement increase or change the per occurrence limit of liability shown in the declarations or the annual aggregate for specified perils.

1. Notwithstanding the Valuation Provision of this MOC or limits of liability applicable to specific locations or perils, if replacement cost valuation applies to real and/or personal property, then the Company's liability for loss applicable to this endorsement shall be the cost to repair or replace the covered damaged property, subject to the applicable limit of liability, plus the least of the following amounts:

- A. The reasonable and necessary amount to upgrade to green the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage *or* as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; *or*
- B. An additional 25% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade to green; *or*
- C. \$2,500,000 to upgrade to green.

At the Insured's sole discretion, the Insured may elect not to upgrade to green any or all property for which upgrade to green coverage is provided under this endorsement. In such case, the Company will adjust the claim in accordance with the standard provisions of the MOC, as modified by all other applicable endorsements.

Subject to the least of A., B., or C. above, if business interruption coverage is provided as part of this MOC, if necessary, the Period of Restoration shall be increased to allow for additional time to upgrade to green the damaged property plus up to an additional two week period to meet the requirements set forth in 4.B.

2. COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE

In the event of direct physical loss or damage by any of the perils covered by the MOC to a building that is not LEED certified at the time of the loss, or to the personal property within such a building, the Company will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Personal Property

- (1) "Appliances" or "Office Equipment" with products of like kind and quality that have been identified as "ENERGY STAR®" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.
- (2) "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

characteristics. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

B. Loss Settlement for Your Building

(1) Interior Finish Materials Upgrade

a. Lower Emissions Products Upgrade Coverage

"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

b. Environmentally Preferable Products Upgrade Coverage

Interior wood, carpeting and flooring with products of like kind and quality that have "Lower Emissions", are "Sustainably Produced", are "Rapidly Renewable" or include "Recycled Content". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

(2) Interior Plumbing Systems Upgrade Coverage

Interior plumbing fixtures including, but not limited to, toilets, shower heads, and lavatory faucets with products of like kind and quality that are more "Water Efficient". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. For damaged or destroyed faucets, the Company will also pay to install occupant sensors to reduce the potable water demand.

(3) Lighting Systems Upgrade Coverage

Lighting systems, with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. The Company will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

(4) Efficient Heating and Cooling Equipment Upgrade Coverage

(5) "Heating and cooling equipment" with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

(6) Building Reconstruction Following Total Loss

a. Solely with respect to a "Total Loss" to a building, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.

b. Certification Expenses

The Company will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Insured incurs should the Insured decide to seek LEED Silver certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.

The Sublimit of Coverage for this coverage is \$50,000.

3. COVERAGE SECTION B: LEED CERTIFIED COVERAGE

In addition to all Coverages provided in Coverage Section A (with the exception of 2.B. (5) Building Reconstruction Following a Total Loss) and in the event of direct physical loss or damage by any of the perils covered by the MOC to a building that is LEED certified at the time of the loss, or to the personal property within such building, the Company will pay to repair or replace damaged or destroyed:

A. Loss Settlement for Trees, Shrubs, and Vegetative Roofs

- (1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the MOC to the contrary, trees and shrubs are Covered Property. The sublimit of coverage for this coverage is \$3,000 per tree or \$3,000 per shrub up to a maximum of \$50,000.
- (2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the MOC to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for Your Building

- (1) Recertification Expenses
 - a. In the event of direct physical loss or damage by any of the perils covered by the MOC that necessitates recertification of the damaged building, the Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs as a result of the recertification process.
 - b. The Sublimit of Coverage for this coverage is \$50,000.
- (2) Building Reconstruction Following Total Loss
 - a. Solely with respect to a "Total Loss" to a building that is LEED certified at the time of the loss, the Company will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

prerequisites and should earn the minimum number of points required to qualify for LEED certification at two levels above the certification in effect at the time of the loss using the LEED NC Rating System.

b. Certification Expenses

The Company will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Insured incurs should the Insured decide to seek LEED certification. However, the Company will not pay to modify the reconstructed structure if it is not certified.

The Sublimit of Coverage for this coverage is \$50,000.

4. COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS

In the event of direct physical loss or damage by any of the perils covered by the MOC to a LEED or Non-LEED certified building:

A. Recycling Expenses

- (1) The Company will pay the Insured's expenses to clean-up, sort, segregate, and transport debris from the Insured's damaged building to recycling facilities, if such debris can be recycled.
- (2) The Sublimit of Coverage for this coverage is \$50,000 and is in addition to the debris removal expense sublimit provided by the MOC, if any.
- (3) Any income or remuneration derived from this recycling shall be used to reduce the loss.

B. Air Testing and Outdoor Air Ventilation of the Reconstructed Space

- (1) In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Company will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.
- (2) After the two week period of increased outdoor air ventilation of the reconstructed space, the Company will pay to replace the filtration media with new media.
- (3) The Sublimit of Coverage for this coverage is \$50,000.

C. Professional Services



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

The Company will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and/or construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The Sublimit for this coverage is \$50,000.

D. Building Commissioning Expenses

In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils covered by the MOC which necessitates the commissioning or re-commissioning of those systems, the Company will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.

The Sublimit of Coverage for this coverage is \$50,000.

5. Additional Definitions

- A. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- B. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.
- C. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
- D. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.
- E. "Lower emissions" means:
 - (1) With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule #1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
 - (2) With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

finishes, floor coatings, stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;

- (3) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
 - (4) With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea- formaldehyde resins.
- F. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.
- G. "Recycled Content" means those products that contain at least 20% postconsumer recycled content.
- H. "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.
- I. "Seating" means task and guest chairs used with "System Furniture".
- J. "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
- K. "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.
- L. "Total Loss" means:
1. The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
 2. The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.
- M. "Water Efficient" means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION III - BUSINESS INTERRUPTION

Subject to the terms, conditions and exclusions stated elsewhere herein, this MOC provides coverage for:

A. COVERAGE

1. BUSINESS INTERRUPTION

Against loss resulting directly from interruption of business, services or rental value caused by direct physical loss or damage, as covered by this MOC to real and/or personal property insured by this MOC, occurring during the term of this MOC.

In the event of such loss or damage the Company shall be liable for the actual loss sustained by the Named Insured for gross earnings as defined herein and rental value as defined herein resulting from such interruption of business, services, or rental value; less all charges and expenses which do not necessarily continue during the period of restoration. Due consideration shall be given to the continuation of normal charges and expenses including payroll expenses to the extent necessary to resume operations of the Named Insured with the same quality of service which existed immediately preceding the loss.

With respect to business interruption for power generation facilities, the coverage provided hereunder is sub-limited to USD as per Declaration Page.

Notwithstanding the foregoing it is hereby understood and agreed that solely as respects Universities, hospitals or other institutions of learning the following shall apply:

In determining the amount of tuition income and related fees covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to:

(i) Tuition income and related fees which are prevented from being earned or received. (ii) Other income derived from:

(a) routine and special services;

(b) other operating and non-operating revenues, including but not limited to: (1)

research grants

(2) income under research contracts all dependent on continued operations.

(iii) Donations and fund raising proceeds:

(a) If a regularly scheduled fund raising drive for the sole benefit of the Named Insured occurs during the period of interruption of operations, the revenue produced by such drive shall be considered as follows in determining the amount of loss:

(1) If the drive fails to produce an amount at least equal to the same drive in the



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

most recent prior solicitation, the shortage, to the extent that it can be attributed to the interruption of the Named Insured's operations, shall be considered as loss of income;

- (2) If the drive produces an amount equal to the same drive in the most recent prior solicitation, there shall be considered no loss of income from this source of revenue;
- (3) If the drive produces an amount larger than the same drive in the most recent prior solicitation, the excess shall be applied to reduce the loss from other sources of revenue;
- (4) If the drive is cancelled or postponed, such loss of revenue shall not be considered as loss of income.

(b) The following shall be disregarded in determining the amount of loss:

- (1) Donations and contributions which are a direct result of the interruption of the Named Insured's operations and are received by the Named Insured during the period of interruption.
- (2) Proceeds for fund raising drives or solicitations which are for the sole benefit of the Named Insured and occur as a result of interruption of the Named Insured's operations.

2. EXTRA EXPENSE

This MOC is extended to cover the necessary and reasonable extra expenses at any location as hereinafter defined, incurred by the Named Insured in order to continue as nearly as practicable the normal operation of the Named Insured's business following damage to or destruction of covered property by a covered peril occurring during the term of this MOC which is on premises owned, leased or occupied by the Named Insured. In the event of such damage or destruction, the Company shall be liable for such necessary extra expense incurred for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed commencing with the date of damage or destruction and not limited by the date of expiration of this MOC (hereinafter referred to as the period of restoration).

B. EXTENSIONS OF COVERAGE

1. INGRESS / EGRESS

This MOC is extended to insure the actual loss sustained during the period of time not exceeding 30 days when, as a direct result of physical loss or damage caused by a covered peril(s) specified by this MOC and occurring at property located within a 10 mile radius of covered property, ingress to or egress from the covered property covered by this MOC is prevented. Coverage under this extension is subject to a 24-hour waiting period.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

2. INTERRUPTION BY CIVIL AUTHORITY

This MOC is extended to include the actual loss sustained by the Named Insured, as covered hereunder during the length of time, not exceeding 30 days, when as a direct result of damage to or destruction of property by a covered peril(s) occurring at property located within a 10 mile radius of covered property, access to the covered property is specifically prohibited by order of a civil authority. Coverage under this extension is subject to a 24-hour waiting period.

3. DEMOLITION AND INCREASED TIME TO REBUILD

The Company shall, in the case of loss covered under this MOC, be liable also for loss to the interest covered by the MOC, occasioned by the enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures and in force at the time such loss occurs, which necessitates the demolition of any portion of the described building(s) not damaged by the covered peril(s). The Company shall also be liable for loss due to the additional period of time required for repair or reconstruction in conformity with the minimum standards of such ordinance or law of the building(s) described in this MOC damaged by a covered peril.

THE COMPANY SHALL NOT BE LIABLE UNDER THIS CLAUSE FOR:

- a. More than the limit of liability as shown elsewhere in this MOC.
- b. Any greater proportion of any loss to the interest covered by this MOC than the amount covered under this MOC on said interest bears to the total coverage and coverage on said interest, whether all such coverage contains this clause or not.
- c. Any cost necessitated by the enforcement of any law or ordinance regulating any form of pollutants or contaminants.

4. CONTINGENT TIME ELEMENT COVERAGE

Business interruption, rental income, tuition income and extra expense coverage provided by this MOC is extended to cover loss directly resulting from physical damage to property of the type not otherwise excluded by this MOC at direct supplier or direct customer locations that prevents a supplier of goods and/or services to the Named Insured from supplying such goods and/or services, or that prevents a recipient of goods and/or services from the Named

Insured from accepting such goods and/or services. The coverage provided by this clause separately as respects each of these coverage's is sub-limited to USD as per Declaration Page.

5. TAX REVENUE INTERRUPTION

Except as hereinafter or heretofore excluded, this MOC insures against loss resulting directly from necessary interruption of sales, property or other tax revenue including, but not limited to Tribal Incremental Municipal Services Payments collected by or due the Named Insured caused by damage



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

or destruction to property which is not operated by the Named Insured and which wholly or partially prevents the generation of revenue for the account of the Named Insured.

The Company shall be liable for the actual loss sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this MOC.

If the Named Insured has reported Tax Revenue Interruption values for which premium has been charged, such loss recovery after deductible shall be limited to whichever is the least of:

1. The limit insured on the MOC;
2. The actual loss sustained;

If the Named Insured has not reported Tax Revenue Interruption values, such loss recovery after deductible shall be limited to whichever is the least of:

1. The limit insured on the MOC;
2. The actual loss sustained;

DEDUCTIBLE: Each loss or series of losses arising out of one event at each location shall be adjusted separately and from the aggregate amount of all such losses 2.50% of the annual revenue value shall be deducted.

6. EXTENDED PERIOD OF INDEMNITY

Business interruption including rental income, tax interruption, tuition income and extra expense coverage provided by this MOC is extended for the additional length of time required to restore the business of the Named Insured to the condition that would have existed had no loss occurred commencing on either;

- a. the date on which the Company's liability would otherwise terminate or;
- b. the date on which rebuilding, repairing or replacement of such property as has been lost, damaged or destroyed is actually completed, whichever is later.

The Company's liability under this extension shall terminate no later than the number of days indicated in the Declaration Page for this item.

7. EXPENSES TO REDUCE LOSS

This MOC also covers such expenses as are necessarily incurred for the purpose of reducing loss under this section (except incurred to extinguish a fire); but in no event to exceed the amount by which loss is thereby reduced.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

C. EXCLUSIONS

1. The Company shall not be liable for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any lease or license, contract or order, unless such suspension, lapse, or cancellation results directly from the interruption of business caused by direct physical loss or damage covered by this MOC and, then the Company shall only be liable for such loss as affects the Named Insured's earnings during and limited to, the period of indemnity covered under this MOC.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Company shall be liable hereunder shall not exceed:
 - i. Thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - ii. the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months, whichever is the greater length of time.

D. CONDITIONS APPLICABLE TO THIS SECTION

If the Named Insured could reduce the loss resulting from the interruption of business:

1. by complete or partial resumption of operation of the property whether or not such property be lost or damaged, or;
2. by making use of merchandise or other property at the Named Insured's location or elsewhere; such reduction shall be taken into account in arriving at the amount of the loss hereunder.

E. DEFINITIONS

1. GROSS EARNINGS

"Gross Earnings" is defined as the sum of:

- a. total net sales and;
- b. other earnings derived from the operation of the business less the cost of;
- c. merchandise sold including packaging materials and;
- d. materials and supplies consumed directly in supplying the service(s) sold by the Named Insured, and;
- e. service(s) purchased from outside (not employees of the Named Insured) for resale that does not continue under contract.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

No other cost shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter, had no loss occurred.

In the event that Real and/or Personal Property that does not normally produce an income, sustains damage covered under this MOC, the actual recovery under this MOC shall be the continuing fixed charges and expenses directly attributable to such non-productive property.

2. MERCHANDISE

Shall be understood to mean, goods kept for sale by the Named Insured, which are not the products of manufacturing operations conducted by the Named Insured.

3. EXTRA EXPENSE

The term “extra expense”, whenever used in this MOC, is defined as the excess (if any) of the total cost incurred during the period of restoration chargeable to the operation of the Named Insured’s business over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

4. RENTAL VALUE

The term “rental value” is defined as the sum of:

- a. the total anticipated gross rental income from tenant occupancy as furnished and equipped by the Named Insured, and;
- b. the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Named Insured, and;
- c. the fair rental value of any portion of said property which is occupied by the Named Insured, and;
- d. any amount in excess of a., b. and c. (above) which is an obligation due under the terms and conditions of any revenue bond, certificate of participation or other financial instrument.

In determining rental value, due consideration shall be given to the experience before the date of loss or damage and the probable experience thereafter had no loss occurred.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

5. PERIOD OF RESTORATION

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this MOC.

6. VACANCY PERMIT

A SPA approved and provided permit, allowing for the removal of the Vacant Property sublimit listed in this MOC for a property falling under the Vacant Property definition.

7. VACANT PROPERTY

Real Property, whose construction code calls for occupancy, that is not occupied by the member of the Named Insured and does not contain Business Personal Property in a sufficient amount to conduct normal operations. A property will be considered a vacant property if not occupied for 90 consecutive calendar days.

Vacant Property does not include a structure that is intended for future use on an occupied, active site.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION IV - GENERAL CONDITIONS

A. PERILS COVERED

Subject to the terms, conditions and exclusions stated elsewhere herein, this MOC provides coverage against all risk of direct physical loss or damage occurring during the period of this MOC.

B. EXCLUSIONS

This MOC does not insure against any of the following:

1. Loss or damage caused by or resulting from moths, vermin, termites, or other insects, inherent vice, latent defect, faulty materials, error in design, faulty workmanship, wear, tear or gradual deterioration, rust, corrosion, wet or dry rot, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss or damage.
2. Physical loss or damage by normal settling, shrinkage or expansion in building or foundation.
3. Delay or loss of markets (this exclusion shall be inapplicable to the extent inconsistent with any time element coverage provided elsewhere herein).
4. Breakdown or derangement of machinery and/or steam boiler explosion, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss.
5. Loss or damage caused by or resulting from misappropriation, conversion, inventory shortage, unexplained disappearance, infidelity or any dishonest act on the part of the Named Insured, its employees or agents or others to whom the property may be entrusted (bailees and carriers for hire excepted) or other party of interest.
6. Loss or damage caused by or resulting from electrical injury or disturbance from artificial causes to electrical appliances, devices of any kind or wiring, unless physical loss or damage not otherwise excluded herein ensues and then only for such ensuing loss. This exclusion does not apply to data processing equipment or media.
7. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of fragile articles, marring, scratching, exposure to light or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot, or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft, attempted theft, flood or earthquake shock (Earthquake Shock, and Flood, in the states of Alaska, or California shall only apply to locations that are scheduled for Earthquake Shock and Flood).
8. Loss or damage caused by rain, sleet or snow to personal property in the open (except in the custody of carriers or bailees for hire).
9. Loss caused directly or indirectly, by:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - i. by any government or sovereign power (de jure or de facto), or by any Authority maintaining or using military, naval or air forces; or
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental Authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
10. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This MOC does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
11. As respects course of construction, the following exclusions shall apply:
- a. The cost of making good: faulty or defective workmanship, materials, construction and/or design, but this exclusion shall not apply to damage by a peril not excluded resulting from such faulty or defective workmanship, materials, construction and/or design.
 - b. The cost of non-compliance of, or delay in completion of contract.
 - c. The cost of non-compliance with contract conditions.
 - d. Contractors' equipment or tools not a part of or destined to become a part of the installation.
12. Loss or damage caused by Earthquake Shock



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

13. Loss or damage caused by Flood unless a limit is shown on the Declarations for Flood this exclusion will apply.
14. Loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:
- a. the recognition, interpretation, calculation, comparison, differentiation, sequencing or processing of data involving one or more dates or times, by any computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not; or
 - b. any change, alteration, correction or modification involving one or more dates or times, to any such computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Named Insured or not.

Except as provided in the next paragraph, this Electronic Date Recognition Clause shall apply regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

If direct physical loss or damage not otherwise excluded by this MOC results, then subject to all its terms and conditions, this MOC shall be liable only for such resulting loss or damage. Such resulting loss or damage shall not include physical loss or damage to data resulting directly from a) or b) above, nor the cost, claim or expense, whether preventative, remedial, or otherwise, arising out of or relating to any change, alteration, correction or modification relating to the ability of any damaged computer system, hardware, program or software, or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment to recognize, interpret, calculate, compare, differentiate sequence or process any data involving one or more dates or times.

15. Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
- a. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms;
 - b. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);
 - c. spores means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms, regardless of any other cause or event that contributes concurrently or in any sequence to such loss.

“This exclusion shall not apply to any loss or damage in the form of, caused by, contributed to or resulting from fungus, mold(s), mildew or yeast, or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast which the Insured establishes is a direct result of a Covered Loss not otherwise excluded by the MOC, provided that such fungus, mold(s), mildew



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

or yeast loss or damage is reported to the Company within twelve months from the expiration date of the MOC.”

16. Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
17. Loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. Except as provided in Section II Property Damage, B. Extension of Coverage, 21. Accidental Contamination.

Nevertheless if fire is not excluded from this MOC and a fire arises directly or Indirectly from seepage and/or pollution and/or contamination, any loss or damage covered under this MOC arising directly from that fire shall (subject to the terms, conditions and limitations of the MOC) be covered.

However, if the covered property is the subject of direct physical loss or damage for which the Company has paid or agreed to pay, then this MOC (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property covered hereunder caused by resulting seepage and/or pollution and/or contamination.

The Named Insured shall give notice to the Company of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

Notwithstanding the provisions of the preceding exclusions or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the MOC, in the event of direct physical loss or damage to the property covered hereunder, this MOC (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum covered:

- (a) expenses reasonably incurred in removal of debris of the property hereunder destroyed or damaged from the premises of the Named Insured; and/or;
- (b) cost of clean up at the premises of the Named Insured made necessary as a result of such direct physical loss or damage;

PROVIDED that this MOC does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

18. Authorities Exclusion:

Fines, penalties or cost incurred or sustained by the Named Insured or imposed on the Named Insured at the order of any Government Agency, Court or other Authority, in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

19. The following exclusion applies to Terrorism:

Any act of terrorism. An act of terrorism means an act, including but not limited to the use of the force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This MOC also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the paragraph above.

If the Company allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this coverage the burden of proving the contrary shall be upon the Named Insured.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. All other terms and conditions remain unaltered.

20. Loss or damage caused by errors in manufacturing, processing, renovating, testing, packaging as part of operations; recall.

21. Loss or damage resulting from indirect or remote loss.

22. Loss or damage resulting from fraudulent or dishonest acts committed by officer, director or employee.

C. STATUTES

If any of the articles of this MOC conflict with the laws or statutes of any jurisdictions in which this MOC applies this MOC is amended to conform to such laws or statutes.

D. TERRITORIAL LIMITS

This MOC insures Real and Personal Property within the United States of America. The coverage provided by this clause for Personal Property is sub-limited to USD as per Declaration Page.

E. REINSTATEMENT

Any reduction in the amount insured hereunder due to payment of any loss or losses shall be automatically reinstated for the balance of the term of this contract except as respects to the perils of Earthquake Shock and Flood.

F. FREE ON BOARD (F.O.B.) SHIPMENTS

The Company shall be liable for the interest of the Named Insured at sole option of the Named Insured, the interest of the consignee in merchandise, which has been sold by the Named Insured under terms of



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

F.O.B. point of origin or other terms usually regarded as terminating shippers' responsibility short of point of delivery.

G. BREACH OF CONDITIONS

If any breach of a clause, condition or warranty of this MOC shall occur prior to a loss affected thereby under this MOC, such breach shall not void the MOC nor avail the Company to avoid liability unless such breach shall exist at the time of such loss under this contract or MOC, and be a contributing factor to the loss for which claim is presented hereunder, it being understood that such breach of clause or condition is applicable only to the property affected thereby. Notwithstanding the foregoing, if the Named Insured establishes that the breach, whether contributory or not, occurred without its knowledge or permission or beyond its control, such breach shall not prevent the Named Insured from recovering under this MOC.

H. PERMITS AND PRIVILEGES

Anything in the printed conditions of this MOC to the contrary notwithstanding, permission is hereby granted:

1. to maintain present hazards and hazards which are consistent with the current operation of insured facilities;
2. to make additions, alterations, extensions, improvements and repairs, to delete, demolish, construct and reconstruct, and also to include all materials, equipment and supplies incidental to the foregoing operations of the property covered hereunder, while in, on and/or about the premises or adjacent thereto;
3. for such use of the premises as usual and/or incidental to the business as conducted therein and to keep and use all articles and materials usual and/or incidental to said business in such quantities as the exigencies of the business require;
4. to be or become vacant or unoccupied. If a building becomes vacant or unoccupied, notice is to be given to the Company prior to the one-hundred twentieth (120th) consecutive day of vacancy or lack of occupancy. The giving, or failure to give such notice will not constitute a condition precedent to the Company's liability, but the Named Insured shall make a reasonable effort to comply with such requirement.

This MOC shall not be prejudiced by:

1. any error in stating the name, number, street, or location of any building(s) and contents covered hereunder, or any error or omission involving the name or title of the Named Insured;
2. any act or neglect of the owner of the building, if the Named Insured hereunder is not the owner, or of any occupant of the within described premises other than the Named Insured, when such act or neglect is not within the control of the Named Insured, named herein; or
3. by failure of the Named Insured to comply with any of the warranties or conditions endorsed hereon in any portion of the premises over which the Named Insured has no control.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

I. PROTECTIVE SAFEGUARDS

The Named Insured shall exercise due diligence in maintaining in complete working order all protective safeguard equipment and services.

J. NOTICE OF LOSS

In the event of loss or damage insured against under this MOC, the Named Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

K. ARBITRATION OF VALUE

In case the Named Insured and the Company shall fail to agree as to the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraisers selected. The appraiser shall first select a competent and disinterested umpire, and failing to agree upon such umpire, then, on request of the Named Insured or the Company such umpire shall be selected by judge of a court of record in the state in which the property covered is located.

The appraisers shall as soon as practicable, appraise the loss stating separately the loss of each item and failing to agree, shall submit their differences only to the umpire. An award in writing so itemized, of any two appraisers when filed with the Company shall determine the amount of loss. The party selecting him shall pay each appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

L. PROOF OF LOSS

The Named Insured shall render a signed and sworn proof of loss as soon as practical after the occurrence of a loss, stating the time, place and cause of loss, the interest of the Named Insured and of all others in the property, the value thereof and the amount of loss or damage thereto.

M. SUBROGATION

In the event of any loss payment under this MOC, the Company, shall be subrogated to all the Named Insured's rights of recovery thereof against any person or organization and the Named Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. As respects subrogation it is agreed that, after expenses incurred in subrogation are deducted, the Named Insured and the Company shall share proportionately to the extent of their respective interests as determined by the amount of their net loss. Any amount thus found to be due to either party from the other shall be paid promptly.

Notwithstanding the above wording, the Named Insured has the right to enter into an agreement that releases or waives the Named Insured's right to recovery against third parties responsible for the loss if made before the loss occurred.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

N. CANCELLATION

This MOC may be cancelled by the Named Insured at any time by written notice or surrender of this MOC. This MOC may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this MOC, written notice, not less than ninety (90) days prior to the effective date of cancellation. The mailing of such notice as aforesaid shall be sufficient proof and this MOC shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this MOC be cancelled for non-payment of assessment, the Company shall only be required to give the Named Insured ten (10) days notice.

If this coverage in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the premium hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

In the event of cancellation the aggregate retention and specific limit amount shall be applied pro rata with the balance, if any, to be paid to the Named Insured.

Payment or tender of any unearned premium by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this MOC, the MOC is subject to 25% minimum earned premium regardless of the length of time coverage is in force.

O. ABANDONMENT

There shall be no abandonment to the Company of any property.

P. ASSIGNMENT

Assignment or transfer of this MOC shall not be valid except with the written consent of the Company.

Q. SALVAGE

When, in connection with any loss hereunder, any salvage is received prior or subsequent to the payment of such loss, the loss shall be figured on the basis on which it would have been settled had the amount of salvage been known at the time the loss was originally determined. The salvage value will be deducted from the claim or returned to the Company.

R. OTHER INSURANCE

Permission is hereby granted to the Named Insured to carry more specific insurance on any property covered under this MOC. This MOC shall not attach or become insurance upon any property which at the time of loss is more specifically described and covered under any other MOC form until the liability of



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

such other insurance has first been exhausted and shall then cover only the excess of value of such property over and above the amount payable under such other insurance, whether collectible or not. This MOC, subject to its conditions and limitations, shall attach and become insurance upon such property as respects any peril not covered by such other insurance and not otherwise excluded herein.

In the event of a loss that is covered by other insurance, wherein this MOC is excess of any amount paid by such other insurer, the other insurance shall be applied to the deductible amount stated elsewhere. Should the amount paid by such other insurance exceed these deductibles, no further deductibles shall be applied under this MOC.

S. EXCESS INSURANCE

Permission is granted for the Named Insured to maintain excess insurance over the limit of liability set forth in this MOC without prejudice to this MOC and the existence of such insurance, if any, shall not reduce any liability under this MOC. Also it is understood and agreed as respects earthquake shock or flood, that in the event of reduction or exhaustion of the aggregate limits of liability under the underlying MOC(s) by reason of loss(es) hereunder, this MOC shall:

1. in the event of reduction, pay out excess of the reduced underlying limit and;
2. in the event of exhaustion, continue in force as the underlying MOC.

T. RIGHT TO REVIEW RECORDS FOLLOWING AN INSURED LOSS

The Named Insured as often as may be reasonably required, shall submit and so far as within their power, cause all other persons interested in the property or employees to submit to examination under oath by any person named by the Company relative to any and all matters in connection with a claim, and produce for examination all books of account, bills, invoices and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or their representatives and shall permit extracts and copies thereof to be made.

U. CONCEALMENT AND FRAUD

This entire MOC shall be void, if whether before or after a loss, the Named Insured has willfully concealed or misrepresented any material facts or circumstance concerning this MOC of the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.

V. FULL WAIVER

The terms and conditions of this form and any approved endorsements supersede any MOC jacket that may be attached hereto.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

W. SUIT AGAINST COMPANY

No suit, action or proceeding for the recovery of any claim under this MOC shall be sustainable in any court of law or equity unless the Named Insured shall have complied with all the requirements of this MOC, nor unless the suit is commenced within twelve (12) months after the date that the Company has made its final offer of settlement or denial of the loss.

However, that if under the laws of the jurisdiction in which the property is located such limitation is invalid, then any such claims shall be void unless such action, suit or proceedings be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

X. LENDER'S LOSS PAYABLE

The following provisions (or equivalent) apply as required by "mortgages" and "lenders" to whom certificates of coverage have been issued.

1. Loss or damage, if any, under this MOC, shall be paid to the Payee named on the first page of this MOC, its successors and assigns, hereinafter referred to as "the Lender", in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
2. The insurance under this MOC, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended:
 - (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the coverage or the interest therein, or the title thereto;
 - (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this MOC by virtue of any mortgage or trust deed;
 - (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this MOC, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this MOC of coverage or of any rider or endorsement attached thereto would invalidate or suspend the coverage as to the Named Insured, excluding here from, however, any acts or omissions of the Lender while exercising active control and management of the property.
3. In the event of failure of the Named Insured to pay any premium or additional premium which shall be or become due under the terms of this MOC or on account of any change in occupancy or increase in hazard not permitted by this MOC, the Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the Named Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefore.

If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.

4. Whenever the Company shall pay to the Lender any sum for loss or damage under this MOC and shall claim that as to the Named Insured no liability therefore exists, the Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the Named Insured, whether secured or unsecured, (with refund of all interest not accrued), and the Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
5. If there be any other insurance upon the within described property, the Company shall be liable under this MOC as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Named Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate the Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
6. The Company reserves the right to cancel this MOC at any time, as provided by its terms, but in such case this MOC shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.
7. This MOC shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable MOC in renewal thereof with loss there under Payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.
8. Should legal title to and beneficial ownership of any of the property covered under this MOC become vested in the Lender or its agents, insurance under this MOC shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the Named Insured under the terms and conditions of this MOC and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
9. All notices herein provided to be given by the Company to the Lender in connection with this



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

MOC and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch described on the first page of the MOC.

Approved: Board of Fire Underwriters of the Pacific; California Bankers' Association – Committee on Insurance

Y. LOSS PAYABLE PROVISIONS

A. LOSS PAYABLE

For covered property in which both insured and a Loss Payee have an insurable interest, the Company will:

1. Adjust losses with the Named Insured, and;
2. Pay any claim for loss or their damage jointly to the Named Insured and the Loss Payee, as interests may appear.

B. LENDER'S LOSS PAYABLE

1. The Loss Payee is a creditor, including a mortgage holder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements or;
 - e. Mortgages, deeds of trust or security agreements.
2. For Covered Property in which both the Named Insured and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If the Company deny the Named Insured claim because of the insured act or because the Named Insured have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- (1) Pays any premium due under this Coverage Part at our request if the Named Insured have failed to do so;
- (2) Submits a signed, sworn proof of loss within ninety (90) days after receiving notice from us of the Named Insured failure to do so, and;
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

- d. If the Company pays the Loss Payee for any loss or damage and deny payment to the Named Insured because of the Named Insured acts or because the Named Insured have failed to comply with the terms of this Coverage Part:

- (1) The Loss Payee's rights will be transferred to us to the extent of the amount the Company pays and;
- (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Named Insured will pay the insureds' remaining debt to us.

3. If the Company cancels this MOC, the Company will give written notice to the Loss Payee at least:
 - a. Ten (10) days before the effective date of cancellation if the Company cancels for the insured non-payment of premium or;
 - b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
4. If the Company elects not to renew this MOC, the Company will give written notice to the Loss Payee at least ten (10) days before the expiration date of this MOC.

C. CONTRACT OF SALE

1. The Loss Payee is a person or organization the Named Insured have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both the Named Insured and the Loss Payee have an insurable interest the Company will:
 - a. Adjust losses with the Named Insured and;



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- b. Pay any claim for loss or damage jointly to the Named Insured and the Loss Payee, as interests may appear.
3. The following is added to the OTHER INSURANCE Condition:

For Covered Property that is the subject of a contract of sale, the word “the Insured” includes the Loss Payee.

Z. ELECTRONIC DATA

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the MOC or any endorsement thereto, it is understood and agreed as follows:

- a. This MOC does not insure, loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature

resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes program, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to “Trojan Horses”, “worms” and “time or logic bombs”.

- b. However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this MOC, subject to all its terms, conditions and exclusions will cover physical damage occurring during the MOC period to property insured by this MOC directly caused by such listed peril.

- Listed Perils
- Fire; explosion; smoke; direct impact of vehicle, vandalism or malicious mischief; leakage or accidental discharge of fire protection equipment; collapse; falling objects; water damage; “Boiler and Machinery”; sudden and accidental discharge, leakage, backup, or overflow of liquids or molten material from confinement within piping, plumbing systems, tanks, equipment or other containment located at the insured “location”; “Flood.”



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the MOC or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this MOC suffer physical loss or damage insured by this MOC, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed **USD10,000,000** any one loss, incurred by the Named Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media.

However this MOC does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Named Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

AA. LOSS ADJUSTMENT SERVICES

McLarens Young, International, 180 Montgomery Street, Suite 2100, San Francisco, California 94104-4231 is hereby authorized to represent the Company in the investigation and adjustment of any loss or damage under this MOC at the expense of the Company and without regard to the amount of loss or damage and/or applicable deductible if any. However, the Company reserves the right to utilize other adjusting firms at its discretion.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

BB. DEFINITIONS

**1.
OCCURRENCE**

Each occurrence is defined as a loss, incident or series of losses or incidents not otherwise excluded by this MOC and arising out of a single event or originating cause and includes all resultant or concomitant insured losses. When the term applies to loss or losses from earthquake shock, flood and/or windstorm, the following provisions shall apply:

a. Windstorm

Each loss by windstorm shall constitute a single claim hereunder; provided, if more than one windstorm shall occur within any period of one hundred sixty-eight (168) hours during the term of this MOC, such windstorm shall be deemed to be a single windstorm within the meaning thereof. The Named Insured may elect the moment from which each of the aforesaid periods of one hundred sixty-eight (168) hours shall be deemed to have commenced but no two such one hundred sixty-eight (168) hour periods shall overlap. The Company shall not be liable for any loss occurring before the effective date and time of the MOC. The Company will be liable for any losses occurring for a period of up to one hundred sixty-eight (168) hours after the expiration of this MOC provided that the first windstorm loss or damage within that one hundred sixty-eight (168) hours occurs prior to the date and time of expiration of this MOC.

In the event of there being a difference of opinion between the Named Insured and the Company as to whether or not all windstorm losses sustained by the Named Insured during an elected period of one hundred sixty-eight (168) hours arose out of, or was caused by a single atmospheric disturbance, the stated opinion of the National Weather Service or comparable Authority in any other country or locality shall govern as to whether or not a single atmospheric disturbance continued throughout the period at the location(s) involved.

b. Flood

Each loss by flood shall constitute a single loss hereunder.

1. If any flood occurs within a period of the continued rising or overflow of any river(s) or stream(s) and the subsidence of same within the banks of such river(s) or stream(s) or;
2. If any flood results from any tidal wave or series of tidal waves caused by any one disturbance;

such flood shall be deemed to be a single occurrence within the meaning of this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

Should any time period referred to above extend beyond the expiration date of this MOC and commence prior to expiration, the Company shall pay all such flood losses occurring during such period as if such period fell entirely within the term of this MOC.

The Company shall not be liable, however, for any loss caused by any flood occurring before the effective date and time of this MOC or commencing after the expiration date and time of this MOC.

Flood shall mean a general condition of partial or complete inundation of normally dry land area from:

1. overflow of inland or tidal water;
2. unusual and rapid accumulation or run off of surface waters from any natural source.

Flood shall also mean mudslide or mudflow, which is a river or flow of liquid mud caused by flooding as defined in 1. or 2. above.

The definition of flood does not include ensuing loss or damage by fire, explosion, or sprinkler leakage.

c. Flood Zone A and V

Flood zones A and V as referenced in this MOC is defined by FEMA as being inclusive of all 100 year high risk flood areas. A one-hundred-year flood is a flood event that has a 1% probability of occurring in any given year.

d. Earthquake Shock

The term earthquake shock is defined as: earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling and tsunami unless as a direct result of such earth movement. The definition of earthquake shock does not include ensuing loss or damage by fire, explosion or sprinkler leakage. Further Earthquake Sprinkler Leakage is covered outside of the "Earthquake Shock" definition and subject to the basic peril deductible.

e. Wildfire

As regards wildfires, firestorms, brush fires and any other fires or series of fires, irrespective of origin, which spread through trees, grassland or other vegetation (hereinafter "fire(s)"), all individual losses sustained by the Insured arising out of and directly occasioned by fire(s) which occur during any period of one hundred sixty eight (168) hours.

The term wildfire is defined as: A wildfire is a fire at some time burning uncontained or uncontrolled on lands covered wholly or in part by timber, brush, grass, grain or other flammable vegetation but which also may consume structures or other human



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

developments, and is declared as a major disaster or emergency pursuant to the Stafford Disaster Relief and Emergency Assistance Act of 1988.

2. PERSONAL PROPERTY OF OTHERS

Means, any property (other than real property) belonging to others for which a Named Insured has assumed liability. This includes but is not limited to:

- Articles of Clothing
- Jewelry
- Sound Equipment
- Fine Arts (up to the sub-limit of unscheduled fine arts)
- EDP Media & Hardware
- Valuable Papers
- Portable Electronic Equipment
- Employee Tools

3. IMPROVEMENTS AND BETTERMENTS

Means, additions or changes made by a Named Insured / lessee at their own expense to a building they are occupying that enhance the building's value.

4. VALUABLE PAPERS AND RECORDS

Means, all inscribed, printed, or written; documents, manuscripts or records; including but not limited to abstracts, books, deeds, drawing, films, maps, or mortgages. Valuable Papers are not money, securities, stamps or converted data program or instructions used in the Named Insured's data processing operations including the materials on which data is recorded.

CC. ADDITIONAL INSURED'S / LOSS PAYEES

It is hereby understood and agreed that the interest of Additional Insured's and/or Loss Payees is automatically included, as per schedule held on file with Alliant Insurance Services, Inc.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION V - FINE ARTS

A. COVERAGE

This MOC insures against all risks of physical loss of or damage except as hereafter excluded occurring during the MOC period to fine arts, which are the property of the Named Insured or the property of others in the custody or control of the Named Insured while on exhibition or otherwise within the limits of the United States.

If any of the property covered by this Section is also covered under any other provisions of the MOC of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

1. PROPERTY COVERED

Objects of art of every kind and description, and property incidental thereto, which are the property of the Named Insured, or the property of others in the custody and control of the Named Insured, or in transit at the Named Insured's risk, and property in which the Named Insured shall have a fractional ownership interest which are owned by or have been leased, loaned, rented or otherwise made available to the Named Insured. "Property" shall mean paintings, drawings, etchings, prints, rare books, manuscripts, rugs, tapestries, furniture, pictures, bronzes, potteries, porcelains, marbles, statuary and all other bonafide works of art and other objects of rarity, historic value, cultural interest or artistic merit, which are part of the collections of the Named Insured, or in the care, custody or control of the Named Insured, and their frames, glazing and shadow boxes.

2. "WALL TO WALL" ("NAIL TO NAIL") COVERAGE

This Section covers the Named Insured's property on a "Wall to Wall" ("Nail to Nail") basis, or domicile to domicile basis, as applicable, from the time said property is removed from its normal repository incidental to shipment until returned thereto or other point designated by the owner or owner's agent prior to return shipment, including while in transit to or from points of consolidation or deconsolidation, packing, repacking or unpacking, while at such locations during such processes or awaiting shipment.

Coverage shall terminate upon arrival of the covered property at the final destination designated by the owner or owner's agent, or upon expiration of this MOC, whichever may occur first, except that expiration of this MOC shall not prejudice coverage of any risk then in transit.

B. EXCLUSIONS

1. Loss or damage occasioned by: wear and tear, gradual deterioration, insects, vermin, inherent vice or damage sustained due to and resulting from any repairing, restoration or retouching process;
2. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- i. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces or;
 - ii. by military, naval or air forces; or
 - iii. by an agent of any such government, power, authority or forces;
 - b. Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
3. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or is contributed to or aggravated by a Covered Cause of Loss. However:
- a. If fire not otherwise excluded results, the Company shall be liable for the direct physical loss or damage by such resulting fire, but not including, any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination, and
 - b. This MOC does insure against physical loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the Named Insured premises, provided that, at the time of such loss or damage, there is neither a nuclear reactor nor any new or used nuclear fuel on the Named Insured premises.
4. Any dishonest, fraudulent or criminal act by the Named Insured, a partner therein or an officer, director employee or trustee thereof, whether acting alone or in collusion with others. For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

C. LOSS PAYMENT BASIS / VALUATION

The valuation of each article of property covered by this Section shall be determined as follows:

- a. Property of the Named Insured shall be covered for and valued at the current fair market value of each article indicated on the books and records of the Named Insured prior to loss, according to the Named Insured's valuation of each object covered.
- b. Property of others loaned to the Named Insured and for which the Named Insured may be legally liable, or which the Named Insured has been instructed to insure, shall be covered for and valued at the amount agreed upon for each article by the Named Insured and owner(s) as recorded on the books and records of the Named Insured prior to loss.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- c. Otherwise, in the absence of recorded current fair market values or agreed values for each article covered, the Company shall not be liable beyond the fair market value of the property at the time any loss or damage occurs. Said value shall be ascertained by the Named Insured and the Company or, if they differ, then the amount of value or loss shall be determined as provided in the following appraisal clause.

D. SPECIAL CONDITIONS

1. **Misrepresentation and Fraud:** This entire Section shall be void if, whether before or after a loss, the Named Insured has concealed or misrepresented any material fact or circumstance concerning this MOC or the subject thereof, or the interest of the Named Insured therein, or in case of any fraud or false swearing by the Named Insured relating thereto.
2. **Notice of Loss:** The Named Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this Section and shall also file with the Company or its agent within ninety (90) days from the date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
3. **Examination under Oath:** The Named Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and insofar as is within its power cause its employees, Named Insured and others to submit to examination under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any act of the Named Insured or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Named Insured might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
4. **Settlement of Loss:** All adjusted claims shall be paid or made good to the Named Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Named Insured has collected the same from others.
5. **No Benefit to Bailee:** This Section shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.
6. **Subrogation or Loan:** If in the event of loss or damage the Named Insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the Named Insured will, if requested by the Company, assign and transfer such claim or right of action to the Company or, at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

the extent of the amount paid or advanced, and will permit suit to be brought in the Named Insured's name under the direction of and at the expense of the Company.

7. Loss Clause: Any loss hereunder shall not reduce the amount of this Section, except in the event of payment of claim for total loss of an item specifically scheduled hereon.
8. Protection and Preservation of Property: In case of actual or imminent physical loss or damage of the type insured against by this MOC, the expenses incurred by the Named Insured in taking reasonable and necessary actions for the temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage otherwise recoverable under the MOC and be subject to the applicable deductible and without increase in the limit provisions contained in this MOC.
9. Appraisal: If the Named Insured and the Company fail to agree as to the amount of loss, each shall on the written demand of other, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Named Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the fair market value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Named Insured and the Company shall each pay their chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Named Insured shall not be held to have waived any of its rights by any act relating to appraisal.
10. Civil Authority: Property covered under this Section against the peril of fire is also covered against the risk of damage or destruction by Civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein.
11. Changes: Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Section or stop the Named Insured from asserting any right under the terms of this Section, nor shall the terms of this Section be waived or changed except by endorsement issued to form a part of this Section.
12. Additional Covered Party(ies): Corporations, associations, firms, institutions, museums, persons and others who own or control collections, objects or articles who make them available to the Named Insured, and temporary borrowers or custodians (but not carriers, packers or shippers) of property covered, are additional Named Insured(s) hereunder, but only as respects coverage afforded to said Named Insured's property.
13. Packing: It is agreed by the Named Insured that the property covered hereunder be packed and unpacked by competent packers.
14. Other Insurance: This fine arts floater Section is excess coverage over any other valid and collectible insurance which may apply to any objects of art for which coverage would apply under this MOC.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

15. Pair And Set: In the event of the total loss of any article or articles which are a part of a set, the Company agrees to pay the Named Insured the full amount of the value of such set and the Named Insured agrees to surrender the remaining article or articles of the set to the Company.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION VI - CONTRACTORS EQUIPMENT

A. COVERAGE

This MOC insures contractors equipment, whether self propelled or not, including equipment thereof while attached thereto or located thereon, such as bulldozers, drag lines, power shovels, derricks, drills, concrete mixers and other machinery of a similar nature, and not subject to motor vehicle registration.

If any of the property covered by this Section is also covered under any other provisions of the MOC of which this Section is made a part, those provisions are hereby amended to exclude such property, the intent being that the coverage under this Section is the sole coverage on such property.

B. PERILS EXCLUDED

This Section insures against all risks of direct physical loss or damage occurring during the MOC period to the above described property from any external cause except as provided below.

1. Loss or damage due to wear, tear, rust, corrosion, latent defect, mechanical breakage or improper assemblage.
2. Loss or damage due to the weight of the load imposed on the machine exceeding the capacity for which such machine was designed.
3. Loss or damage to crane or derrick boom(s) and jib(s) of lattice construction while being operated unless directly caused by fire, lightning, hail, windstorm, earthquake shock, explosion, riot, riot attending a strike, civil commotion, actual physical contact with an aircraft or airborne missile including objects falling therefrom, collision with other vehicles or other contractors equipment whether or not such other equipment is covered hereunder, landslide, or upset of the unit of which it is a part (but only when and to the same extent that such other perils are covered by the MOC).
4. Loss or damage due to explosion arising from within steam boilers.
5. Loss or damage to dynamos, exciters, lamps, switches, motors or other electrical appliances or devices, including wiring, caused by lightning or other electrical currents (artificial or natural) unless fire ensues and then for the loss by fire only.
6. Loss or damage due to dishonesty of Named Insured's employees or persons to whom the Named Insured's property is entrusted.
7. Loss or damage caused by or contributed to failure of the Named Insured to keep and maintain the property in a thorough state of repair.
8. Loss or damage caused by or resulting from:
 - a. War, hostile or warlike action in time of peace or, including action in hindering, combating or defending against an actual, impending or expected attack;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- i. by any government or sovereign power (de jure or de facto) or by any authority maintaining using military, naval or air forces or;
- ii. any military, naval or air forces or;
- iii. by an agent of any such government, power, authority or forces;
- b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
- c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- d. Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) covered against in this endorsement; however, subject to the foregoing and all provisions of this MOC, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered against by this MOC.

C. PROPERTY EXCLUDED

- 1. Automobiles, motorcycles, motor trucks, or parts thereof.
- 2. Buildings
- 3. Machinery or equipment or building materials to be installed in any building for the purpose of becoming a part thereof; nor on any property which has become a permanent part of any structure.
- 4. Property that is located underground.
- 5. Property while waterborne except while being transported on any regular ferry.
- 6. The storage risk of property not owned or required to be insured by the Named Insured at premises controlled or leased by the Named Insured, except where incidental to the regular or frequent use of the equipment or property.
- 7. Plans, blue prints, designs or specifications.
- 8. Piers, docks and wharves.

D. LOSS PAYMENT BASIS / VALUATION

On Contractors Equipment (whether self propelled or not), on or off premises, where Replacement Cost (New) values are specified, loss or damage shall be based on 100% of the Replacement Cost (New) at the time of loss. Partial losses shall be based on the cost of repairing or replacing the damaged portion, up to the fair market value of the Contractors Equipment.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

However, should these costs exceed the fair market value then recovery shall be based upon the Replacement Cost (New).

If the values, provided by the Named Insured, provides a valuation based on replacement cost, then recovery will be on the same basis, if replaced. If not replaced, the basis of recovery shall be actual cash value.

E. SPECIAL CONDITIONS

This section covers property only within the limits of the United States of America. It is a condition of this MOC that all articles covered hereunder are in sound condition at the time of attachment of this MOC.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION VII - ACCOUNTS RECEIVABLE

A. COVERAGE

This MOC covers the loss of or damage resulting from insured perils to the Named Insured's records of accounts receivable as defined below, occurring during the MOC period.

B. EXCLUSIONS

In addition to the exclusions in the General Conditions, this coverage does not apply:

1. To loss due to any fraudulent, dishonest or criminal act by the Named Insured, a partner therein, or an officer, director, employee or trustee thereof, while working or otherwise and whether acting alone or in collusion with others.

For the purpose of this exclusion an act of vandalism or malicious damage by an employee shall not constitute a dishonest, fraudulent or criminal act.

2. To loss due to bookkeeping, accounting or billing errors or omissions.
3. To loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support if claim for loss which the Named Insured can prove through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
4. To loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

C. LOSS PAYMENT BASIS / VALUATION

When there is proof that a loss covered by this MOC has occurred but the Named Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Named Insured's monthly statements and shall be computed as follows:

- a. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately proceeding the year in which the loss occurs;
- b. Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs as compared with such average for the months of the preceding year;
- c. The amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- d. The amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged or otherwise established or collected by the Named Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Named Insured. All unearned interest and service charges shall be deducted.

D. DEFINITIONS:

ACCOUNTS RECEIVABLE

- a. All sums due to the Named Insured from customers provided the Named Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable.
- b. Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage.
- c. Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
- d. Other expenses, when reasonably incurred by the Named Insured, in re-establishing records of accounts receivable following such loss or damage.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

SECTION VIII - BOILER AND MACHINERY BREAKDOWN EXTENSION

1. Perils Insured

In consideration of the premium paid and subject to the terms, conditions and Exclusions of the MOC to which this Extension is attached, and to the following terms and conditions, this Coverage is extended to cover direct damage to Covered Property caused by a Covered Cause of Loss.

2. Additional Coverage

(a) Hazardous Substance

The additional expense incurred for cleanup, repair or replacement or disposal of damaged, contaminated or polluted property as a result of an Accident, which causes property to become damaged, contaminated or polluted by a substance declared hazardous to health by an authorized governmental agency. The coverage provided by this clause is sub-limited to USD as per Declaration Page. For the purpose of this coverage "Additional expense" means any expense that would not have incurred, if no substance hazardous to health had been involved in the accident

(b) Ammonia Contamination

The loss, including salvage expense, incurred with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, as a result of any one Accident to one or more Objects. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(c) Water Damage

The loss, including salvage expense, with respect to property damaged by water, resulting from any one Accident. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(d) Media Coverage

The loss to all forms of electronic, magnetic and optical tapes and discs used in any electronic computer or electronic data processing equipment directly damaged by an Accident to an Object. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

For the purpose of this coverage, the valuation basis for "Media" is as follows:

- i. For "Media" that are mass-produced and commercially available, at the replacement cost.
- ii. For all other "Media", at the cost of blank material for reproducing the records.

(e) Consequential Damage



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

The “Consequential Damage” to refrigerated and frozen goods of the Named Insured or for which the Named Insured is legally liable or under the Named Insured’s care, custody or control caused solely by an Accident to an Object. For the purpose of this coverage, “Consequential Damage” is defined as loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from Accident. The coverage provided by this clause is sub- limited to USD as per Declaration Page.

(f) Utility Interruption

The loss caused by an Accident to an Object that is owned, operated or controlled by a public or private entity that the Named Insured has contracted with to furnish them with electrical utility service including all direct electrical suppliers. The coverage provided by this clause is sub-limited to USD as per Declaration Page.

(g) CFC Refrigerants and Halon

The replacement of any CFC (chlorofluorocarbon) refrigerant used in refrigeration or air conditioning equipment or Halon used in a fire suppression system due to an “Accident” to an Object.

(h) Ordinance or Law

If an Accident to an Object at the Named Insured’s location damages a building that is “Covered Property”, the Company will pay for

- i. Loss to the Undamaged Portion of the Building, meaning loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - a. Requires the demolition of parts of the same building not damaged by the Accident to an Object; or
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the location of the building.
- ii. Demolition Cost meaning the cost to demolish and clear the site of undamaged parts of the building, caused by the enforcement of building, zoning, or land ordinance or use.
- iii. Increased Cost of Construction, meaning the increased cost to:
 - a. Repair or reconstruct damaged portions of the building; and
 - b. Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. But the Company will only pay for this increased cost if the building is repaired, reconstructed or remodeled. Also, if the building is repaired, reconstructed or remodeled, it



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

must be intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.

Coverage under this section only applies with respect to ordinance or law that is in force at the time of the Accident to an Object. Coverage under this section does not apply to:

- a. Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of substances declared to be hazardous to health by a governmental agency; or
- b. Loss due to any ordinance or law that:
 - i. The Named Insured was required to comply with before the Accident to an Object even if the building was undamaged; and
 - ii. The Named Insured failed to comply with.

The coverage provided by this clause is sub-limited to USD as per Declaration Page.

3. Definition of Accident

Accident shall mean a sudden and accidental breakdown of the Object, or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof; but Accident shall not mean:

- a. depletion, deterioration, corrosion, or erosion of material;
- b. wear and tear;
- c. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. the breakdown of any vacuum tube, gas tube or brush;
- e. the breakdown of any structure or foundation supporting the Object or any part thereof;
- f. the functioning of any safety device or protective device.

4. Definition of Object

Except as otherwise specifically designated herein, Object as described below shall mean any equipment or apparatus which is owned by, leased by or operated under the control of the Named Insured subject to the Exclusions and Special Provisions specified herein:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- a. Any boiler, any fired vessel, any unfired vessel subject to vacuum or internal pressure other than static pressure of contents, any refrigerating and air conditioning vessels, or any piping and its accessory equipment, but such Object shall not include:
 - 1. Any boiler setting, any insulating or refractory material,
 - 2. Any sewer piping, any underground gas piping, any piping forming a part of a sprinkler system or any water piping other than
 - (a) Feed water piping between any boiler and its feed pumps or injectors
 - (b) Boiler condensate returning piping
- b. Any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include
 - 1. Any structure or foundation other than a bedplate of a machine,
 - 2. Any vehicle, elevator, crane, hoist, power shovel or drag line, but not excluding any electrical equipment used with said machine or apparatus,
 - 3. Any refractory material, or
 - 4. Any penstock or draft tube.

5. Covered Cause of Loss

A Covered Cause of Loss is an “Accident” to an Object insured hereon. An Object must be in use or connected ready for use at the time of the Accident.

6. Covered Property

Covered Property, as used in this Extension, means any property that:

- a. The Named Insured owns; or
- b. Is in the Named Insured’s care, custody or control and for which they are legally liable

7. Special Provisions

- a. As respects any boiler, fired or unfired vessel, refrigerating system or piping, the Company shall not be liable for loss from an Accident while said Object is undergoing a hydrostatic, pneumatic or gas pressure test that exceeds manufacturers recommended limits.
- b. As respects any boiler of fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

indirectly, by any Accident to any Object, or part thereof, nor shall the Company be liable for any loss from an Accident caused directly or indirectly by such explosion.

- c. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as “connected ready for use” within the terms of this Extension of the MOC.
- d. As respects any Object or part of an Object that is being dismantled, reassembled or is in storage, will be considered as “connected ready for use” within the terms of this Extension of the MOC.
- e. As respects any gas turbine of the internal combustion type, (a) the combustor or such Object shall not be considered to be a “furnace” as the word is used in the Definition of Accident or in Special Provision 2 above and (b) the Definition of Accident shall not mean the cracking of any part of the Turbine exposed to the production of combustion.
- f. As respects new turbine generator units, coverage shall not apply until the unit has been contractually accepted by the Named Insured, that all tests required by the contractor have been performed and satisfied and the unit has been placed in commercial operation.

9. Valuation

- a. The Company will pay the Named Insured the amount the Named Insured spends to repair or replace the property directly damaged by an Accident. The Company payment will be the smallest of:
 - 1) The Limit of Coverage;
 - 2) The cost at the time of the Accident to repair the damaged property with property of like kind, capacity, size and quality;
 - 3) The cost at the time of the Accident to replace the damaged property on the same site with other property:
 - a) Of like kind, capacity, size and quality; and
 - b) Used for the same purpose
 - 4) The amount the Named Insured actually spends that is necessary to repair or replace the damaged property.
- b. As respects any Object if the cost of repairing or replacing only a part of the Object is greater than:
 - 1) the cost of repairing the Object; or
 - 2) the cost of replacing the entire Object on the same site;

The Company will pay only the smaller of (1) or (2). The repair parts or replacement Object must be:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- 1) of like kind, capacity, size and quality; and
 - 2) used for the same purpose.
- c. The Company will not pay:
- 1) if the loss or damage is to property that is obsolete or useless to the Named Insured; or
 - 2) for any extra cost if the Named Insured decides to repair or replace the damaged property with property of a better kind or quality or of larger capacity,
- d. If the Named Insured does not repair or replace the damaged property within 18 months after the date of the Accident then the Company will pay on the smaller of the:
- 1) cost it would have taken to repair; or
 - 2) actual cash value;
- at the time of the “accident”.

Paragraph (d) does not apply to any time period beyond the 18 months that the Company agrees to in writing.

- e. As respects CFC (chlorofluorocarbon) refrigerant or Halon, the following valuation basis is applicable:
- 1) If the CFC refrigerant or Halon is replaceable, the Named Insured may, at their option, elect to:
 - a) Repair or replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system and replace the lost CFC refrigerant or Halon subject to it being of like kind, capacity, size and quality and used for the same purpose; or
 - b) Change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to:
 - i. Refrigeration or air conditioning equipment that uses an approved non-CFC refrigerant; or
 - ii. A fire suppression system that uses an approved non – Halon agent.

But this option is available only if the change to the equipment or system is made within 18 months after the date of the Accident or within any extended time period that the Company agrees to in writing.

If Option 1) b) above is elected, the Company will not pay more than the least of the following amounts:

- a) The Limit of Coverage;



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant; or
 - e) One hundred twenty-five percent (125%) of the amount the Company otherwise would have paid for loss to the refrigeration equipment, air conditioning equipment or fire suppression system.
- f. If the CFC refrigerant or Halon is not replaceable and:
- (1) The Named Insured repairs or replaces the damaged equipment within 18 months after the date of the Accident or within any extended time that the Company agrees to in writing, the Company will pay the least of the following amounts:
 - (a) The Limit of Coverage;
 - (b) The cost at the time of the Accident to repair the damaged refrigeration equipment, air conditioning equipment or fire suppression system, retrofit the equipment or system to accept non – CFC refrigerant or non – Halon fire suppressant, and charge the equipment or system with that refrigerant or fire suppressant;
 - (c) The cost at the time of the Accident to replace the damaged refrigeration equipment, air conditioning equipment or fire suppression system with equipment or a system that is functionally equivalent and uses an approved non – CFC refrigerant or non – Halon fire suppressant;
 - (d) The amount that the Named Insured actually spend that is necessary to change the refrigeration equipment, air conditioning equipment or fire suppression system, through modification or replacement, to equipment or a system that uses an approved non – CFC refrigerant or non – Halon fire suppressant.
 - (2) If the Named Insured does not replace the damaged equipment within 18 months after the date of the Accident or within the extended time period that the Company agrees to in writing, the Company will not pay more than the lesser of:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

- (a) The amount that the Company would have paid if repair or replacement of the damaged equipment had been made as determined in F 1 above; or
 - (b) The actual cash value of the damaged equipment at the time of the Accident.
- g. As respects Coverage under Ordinance and Law, the most the Company will pay as a result of any one Accident for:
- a) Loss to the Undamaged portion of the building is included in the Limit of Coverage that otherwise applies to the damaged building. But in no event will the amount the Company pay for loss to the building, including the loss in value of the undamaged portion of the building due to enforcement of an ordinance or law to which this coverage applies, exceed:
 - i. The amount that the Named Insured actually spend to repair, rebuild or replace the building, but not more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The actual cash value of the building at the time of loss if the building is not repaired or replaced.
 - b) Demolition and Increased Cost of Construction is USD as per Declaration Page, subject to the following:
 - i. With respect to the coverage provided for Demolition Cost, the Company will not pay more than the amount the Named Insured actually spend to demolish and clear the site of the undamaged parts of the building;
 - ii. With respect to the coverage provided for Increased Cost of Construction:
- (a) We will not pay for the Increased Cost of Construction:
- Until the building is actually repaired or replaced at the same or another premises; and Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 18 months. We may extend this period in writing during the 18 months.
- (b) If the building is repaired or replaced at the same location, or if the Named Insured elect to rebuild at another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the same location.
 - (c) If the ordinance or law requires relocation to another location, the most the Company will pay for the increased cost of construction is the increased cost of construction at the new location.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

h. If a claim or “suit” is brought against the Named Insured alleging that the Named Insured is liable for damage to property of another that was caused by an Accident to an Object, the Company will either:

1. Settle the claim or “suit”, or
2. Defend the Named Insured against the “suit” but reserve the right for themselves to settle at any point.

10. Exclusions

- a. To loss:
 - 1) from explosion of an Object other than:
 - a) Any steam boiler, steam piping, steam turbine, gas turbine, steam engine, or
 - b) Any machine when such loss is caused by centrifugal force or mechanical breakdown,
 - b. Nuclear reaction or radiation or radioactive contamination however caused, however this exclusion shall not apply to nuclear medicine at covered hospitals,
 - c. From fire concomitant with or following an Accident.
 - d. From an Accident caused directly or indirectly by fire
 - e. From a combustion explosion outside the Object concomitant with or following an Accident,
 - f. From an Accident caused directly or indirectly by a combustion explosion outside an Object

11. Conditions:

- a. Inspection

The Company shall be permitted but not obligated to inspect the Named Insured’s property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

- b. Suspension

Upon the discovery of a dangerous condition with respect to any Object, Alliant Insurance Services, Inc., may immediately suspend the coverage, with respect to an Accident to said Object, by written notice mailed or delivered to the Named Insured at the address of the Named Insured stated in the Declaration Page, or at the location of the Object, as stated for it in a schedule or endorsement. The



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

coverage so suspended may be reinstated by the Company but only by an endorsement issued to form a part of this MOC. The Named Insured shall be allowed the unearned portion of the premium paid for such suspended coverage, pro- rata for the period of suspension.

c. Notice of Accident and Adjustments

When an Accident occurs, written notice shall be given to the Company as soon as practicable. The Company shall be given like notice of any claim made on account of such Accident. The Company or their representative shall have reasonable time and opportunity to examine the property, and the Named Insured's Location of Risk, before repairs are undertaken or physical evidence of the Accident is removed, except for protection or salvage. Proof of loss shall be made in such form as the Company may require. If suit is brought against the Named Insured for loss to which this Section of the MOC is applicable, any summons or other process served upon the Named Insured shall be forwarded immediately to the Company.

d. Deductible

In the event of an Accident to an Object as insured under this Extension that is concomitant with or followed by physical loss or damage incurred under the All Risks MOC that this Extension attaches to, the deductible to be applied to the total loss shall be the applicable Boiler & Machinery deductible



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

SECTION IX – TERRORISM INCLUDING SABOTAGE EXTENSION

In consideration of the Named Insured paying or agreeing to pay the contribution, the Company agrees subject to the Definitions, Exclusions, Limits and Conditions of this MOC, to indemnify the Insured up to the Overall Limit of Liability stated in the schedule for:

- a) Damage to Property covered by an Act of Terrorism;
- b) Consequential Loss resulting from Damage by an Act of Terrorism, to any building or other property used by the Insured, for the purpose of the Business and property of type not excluded as defined in the Property section in respect of contingent coverage contained therein,
- c) Continuing hire charges as a result of Damage by an Act of Terrorism,

as more fully described and defined herein occurring during the Coverage Period as stated in the Schedule. Provided that the liability of the Company under this MOC shall not exceed the Overall Limit of Liability or in respect of any item its sum covered or any other relevant Limit of Liability. or Sub-limit stated in the Schedule. Payment of an indemnity under this clause is dependent upon the Insured maintaining the Property coverage in full force and effect for the duration of the Coverage Period.

This MOC incorporates the Schedule and Endorsements, which shall be read together as one contract. Words and expressions to which specific meaning is given in any part of this MOC shall have the same meaning wherever they appear.

APPLICATION OF PROPERTY COVERAGE

Except as otherwise provided herein at paragraphs a) to h) below, this MOC is subject to the same basis of settlement, warranties, terms and conditions, definitions, extensions and other provisions as the Property section, and it is agreed that those provisions are expressly incorporated from that section of the MOC into this section of the MOC.

The provisions which are not expressly incorporated from the Property section are as follows:

- a) the Contribution;
- b) the Overall Limit;
- c) any provision relating to the reinstatement of sums covered or limits;
- d) any terms which provide for adjustments of premium based upon declarations on expiry or during the Coverage Period;
- e) any terms which provide for the addition of locations in the Referral Areas which must be specifically agreed by the Company;
- f) the Deductible or Excess;
- g) any renewal or long term agreement;
- h) Exclusions.

For the avoidance of doubt, it is further agreed that the express provisions of this MOC shall prevail over any provisions incorporated from the Property section where such provisions are incompatible with each other.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

GENERAL DEFINITIONS

1. The word - 'Damage' shall mean:

direct physical loss or destruction of or physical damage
2. The words - 'Consequential Loss' shall mean:
loss resulting from interruption of or interference with the Business carried on by the Named Insured in consequence of Damage caused by an Act of Terrorism, to property used by the Named Insured for the purposes of the Business and property of type not excluded as defined in the Property section in respect of contingent coverage contained therein.
3. The words - 'Act of Terrorism' shall mean:
an act or series of acts, involving the use of force or violence, of any person or group of persons, whether acting alone or on behalf of or in connection with any organization, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear. For the avoidance of doubt an 'Act of Terrorism' shall include an act of Sabotage.
4. The word - 'Sabotage' shall mean:
a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
5. The words - 'Property section ' shall mean:
the Property coverage issued by the Company as identified and set forth this MOC.
6. The word - 'Occurrence' shall mean:
any one loss and/or series of losses occasioned by, happening through, arising out of and in consequence of any one Act of Terrorism for the same purpose or cause. The duration and extent of any one Occurrence shall be limited to all losses sustained by the Named Insured during any period of 72 consecutive hours. However no such period of 72 consecutive hours **may extend beyond the expiration of this MOC unless Damage first occurs prior to expiration. No period of 72 consecutive hours shall commence prior to the attachment of this MOC.**
7. **The words "Referral Areas"** shall mean:

New York City -	10001 through to 10029, 10036, 10038, 10044, 10048, 10128
Chicago -	60601 through to 60611
San Francisco -	94102, 94103, 94104, 94105, 94107, 94108, 94109, 94110, 94111, 94112, 94114, 94115, 94116, 94117, 94118, 94121, 94122, 94123, 94124, 94127, 94129, 94131, 94132, 94133, 94134
Washington -	20001, 20004, 20005, 20006
Boston -	02108, 02109, 02110, 02111, 02113, 02114

EXCLUSIONS:

Notwithstanding the exclusions contained within the Property section this policy contains the following Exclusions and override any conflicting exclusion therein



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

This Contract does not cover:

1. Damage or Consequential Loss arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however caused.
2. Damage or Consequential Loss occasioned directly or indirectly by war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or government entities, civil war, rebellion, revolution, insurrection, military or usurped power or martial law.
For the avoidance of doubt, the fact that an Act of Terrorism is committed by an agent of the sovereign or government entity operating covertly and not in connection with any operation of armed forces or where the Act of Terrorism is funded by a sovereign or government entity, will not of itself give rise to the application of this war exclusion.
3. Damage or Consequential Loss caused by or consisting of confiscation, requisition, detention, seizure, legal or illegal occupation, embargo, quarantine acts of contraband or illegal transportation or illegal trade or any result of any order of public or government authority which deprives the Named Insured of the use or value of the property.
4.
 - a) Damage or Consequential Loss caused by chemical or biological release or exposure of any kind;
 - b) Damage or Consequential Loss directly or indirectly arising from or in consequence of the seepage and/or discharge of pollutants or contaminants including but not limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment unless otherwise specifically covered herein, but this shall not exclude Damage to Property Covered or Consequential Loss resulting therefrom caused by seepage and/or pollution and/or contamination (including that involving chemical and/or biological and/or mineral agent) which itself results from Damage caused by an Act of Terrorism. Provided that:
 - a) such Damage is derived from pollutants and/or contaminants owned by, or in the care, custody or control of the Named Insured, and
 - b) such pollutants and/or contaminants are covered by this Contract.
5. Damage or Consequential Loss caused by attacks by electronic means including computer hacking or the introduction of any form of computer virus or corrupting or unauthorized instructions or code or the use of any electromagnetic weapon.
This exclusion shall not operate to exclude losses (which would otherwise be covered under this MOC) arising from the use of any computer, computer system or computer software program or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.
6. Damage or Consequential Loss caused by malicious damage, strikes, riots or civil commotion unless Damage is caused directly by an Act of Terrorism.
7. Loss or increased cost as a result of threat or hoax
8.
 - a) land or land values, soil, air or water.
 - b) aircraft or any other aerial device, or watercraft. However, this exclusion does not apply to



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

spare parts, materials or aircraft engines for installation or repair, but not yet a part of the aircraft or aircraft engines attached to aircraft for the purpose of transit and not connected to any power and/or fuel source.

- c) any land conveyance including vehicles, locomotives or rolling stock, other than whilst at the Premises at the time of its Damage.
- d) animals, plants and living things of all types other than trees and plants which form part of landscaped areas at the Premises.

CONDITIONS

All as per the Property section except as herein expressly varied.

1. Any clause included in the Property section relating to the automatic reinstatement of sums covered or limits of liability does not apply to this MOC, when Policy Limit stated herein specifically states that the Policy Limit is in the Aggregate for the period of the policy. (annual or otherwise).

2. **Other Insurance**

This Contract shall be excess of any other insurance available to the Insured covering a loss covered hereunder except such other insurance that is written specifically as excess insurance over this MOC. When this MOC is written specifically in excess of other insurance covering the peril covered hereunder, this MOC shall not apply until such time as the amount of the underlying insurance, (whether collectible or not), has been exhausted by loss and damage covered by this MOC.

3. **Reasonable precautions**

The Named Insured shall take all reasonable steps and precautions to prevent loss, destruction or damage.

4. **Claims conditions**

- a) **Notification**

In the event of any Occurrence likely to give rise to a claim hereunder, the Insured shall as soon as reasonably practicable notify the Company and/or the Broker, named for that purpose herein.

- b) In the event of Damage caused by an Act of Terrorism, the Insured must deliver to the Company all such relevant information and evidence as may reasonably be required including:

- (i) full information in writing of the property lost, destroyed or damaged and the amount of the Damage;
- (ii) details of any other insurances on any property hereby covered;
- (iii) all such proofs and information relating to the claim including time, place and cause of loss;
- (iv) if required by the Company, a statutory declaration of the truth of the claim and of any matters connected to it, which shall be submitted as soon as reasonably practical but in all cases this must be within 60 days of the Occurrence.

- c) In the event of a claim being made under Business Interruption as included under this MOC, the Named Insured must deliver to the Company:



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- (i) not later than 30 days after the expiry of the Indemnity Period or within such further time as the Company may allow, particulars of this claim together with details of all other insurances covering property used by the Named Insured at the Premises for the purpose of the Business or any part of it or any resulting Consequential Loss.
 - (ii) deliver to the Company such books of account and other business books, vouchers, invoices, balance sheets, and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Company for the purpose of investigating the claim together with, if demanded, a statutory declaration of the truth of the claim and of any matters connected with it.
- d) The Named Insured must co-operate fully in the investigation or adjustment of any claim.
- e) Proof of Loss

In any claim and/or action, suit or proceeding to enforce a claim for loss under this MOC, the burden of proving that the loss is recoverable under this MOC and that no limitation or exclusion of this MOC applies and the quantum of loss shall fall upon the Named Insured.

f) Subrogation

Any claimant under this MOC shall at the request of the Company take and permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Company. In the event of a claim arising under this MOC the Company agree to waive any rights, remedies or relief to which they might be entitled by subrogation against:

- (i) a company standing in the relation of parent to subsidiary (or subsidiary to parent) to the Insured as defined in the Companies Act or Companies (Northern Ireland) Order (or any more applicable legislation or regulations in the country in which the Insured is registered) current at the time of Damage or Consequential Loss.
- (ii) any company which is a subsidiary of a parent company of which the Insured are themselves a subsidiary within the meaning of the Companies Act or Companies (Northern Ireland) Order (or any more applicable legislation or regulations in the country in which the Insured is registered) current at the time of Damage or Consequential Loss.

Any release from liability entered into in writing by the Insured prior to loss hereunder shall not affect this MOC or the right of the Insured to recover hereunder. If any amount is recovered as a result of such proceedings, such amount shall be distributed in the following priorities:

- (iii) Any interest, (including the Insured's), exclusive of any excess or self-insured retention, suffering a loss of the type covered by this MOC and in excess of the coverage under this MOC shall be reimbursed up to the amount of such loss (excluding the amount of the excess);
- (iv) Out of the balance remaining, the Company shall be reimbursed to the extent of payment under this MOC;



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

- (v) The remaining balance, if any, shall inure to the benefit of the Insured, or the Company, with respect to the amount of such primary insurance, excess, self-insured retention, and/or loss of a type not covered by this MOC.

The expense of all proceedings necessary to the recovery of any such amount shall be apportioned between the interests concerned, including that of the Insured, in the ratio of their respective recoveries as finally settled. If there should be no recovery and proceedings are instituted solely on the initiative of the Company, the expense thereof shall be borne by the Company.

- g) **Payments on Account**

Payments on account will be made to the Insured if the Insured wishes, subject to any necessary adjustment at the termination of such period.

5. Fraud and Misrepresentation

This MOC shall be voidable in the event of fraud or if any fraudulent means or devices are used by the Insured or anyone acting on their behalf to obtain benefit under this MOC, or in the event of deliberate misrepresentation, misdescription or nondisclosure of any material particular relevant to the risk covered or any claim hereunder. The Company rights, in the event of non fraudulent non-disclosure or innocent or negligent misrepresentation or misdescription of material particulars relevant to the risk covered or any claim hereunder by the Insured are limited to the right to charge an increased contribution which could reasonably have been demanded had such non-disclosure, misrepresentation or misdescription not occurred.

6. Abandonment

There shall be no abandonment to the Company of any property.

7. Inspection and Audit

The Company shall be permitted but not obligated to inspect the Insured's property at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe. The Company may examine and audit the Insured's books and records at any time up to two years after the final termination of this MOC, as far as they relate to the subject matter of this coverage.

8. Cancellation

This MOC may be cancelled by the Named Insured at any time by written notice or surrender of this MOC. This MOC may also be cancelled by or on behalf of the Company by delivering to the Named Insured or by mailing to the Named Insured, by registered, certified or other first class mail at the Named Insured's address as shown in this MOC, written notice, not less than ninety (90) days prior to the effective date of cancellation.

The mailing of such notice as aforesaid shall be sufficient proof and this MOC shall terminate at the date and hour specified in such notice. Notwithstanding what has been stated above, however, should this MOC be cancelled for non-payment of contribution, the Company shall only be required to give the Named Insured ten (10) days notice.



SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

If this coverage in total shall be cancelled by the Named Insured, the Company shall retain the customary short rate proportion of the contribution hereon. If the Company elects to cancel coverage mid-term, then such cancellation shall be handled on a pro-rata basis without short rate penalty.

Payment or tender of any unearned contribution by the Company shall not be condition precedent to the effectiveness of cancellation but such payment shall be made forthwith.

Cancellation shall not affect coverage on any shipment in transit on date of cancellation. Coverage will continue in full force until such property is safely delivered and accepted at place of final destination.

It is understood and agreed that if the Named Insured cancels this MOC, the MOC is subject to 25% minimum earned contribution regardless of the length of time coverage is in force.

9. Arbitration

- (a) If any dispute, controversy or claim arises out of or in connection with this MOC, including any question regarding its existence, validity or termination (a Dispute) the parties shall use all reasonable endeavors to resolve the matter amicably. If one party gives the other party notice that a Dispute has arisen and the parties do not resolve the Dispute within thirty (30) days of service of the notice then the Dispute shall be referred to the representatives of the parties who shall, acting jointly and in good faith, attempt to resolve the Dispute. No party shall resort to arbitration against the other party under this MOC until thirty (30) days after such referral.
- (b) All Disputes, which are unresolved pursuant to (a) above and which a party wishes to have resolved, shall be referred upon the application of any party to and finally settled under the London Court of International Arbitration Rules (the Rules) in force at the time the proceedings are commenced, which Rules are deemed to be incorporated by reference to this Arbitration clause. The number of arbitrators shall be three (3), appointed in accordance with the Rules. The seat of the arbitration shall be as stated in the herein. The language of this arbitration shall be English and the award shall be final and binding upon the parties. The arbitrators shall interpret this MOC on the basis of the law identified herein.
- (c) The costs and expenses of the arbitration shall be borne by the Insured and the Company as ordered by the arbitration tribunal. Such legal costs and expenses will not be part of the Limit of Liability.
- (d) The Insured and the Company agree to keep confidential to themselves and their legal and other professional advisers the existence and details of any proceedings pursuant to this Arbitration clause, including their submissions and evidence and all and any awards (including their content, reasons and result) except to the extent that such documents or information are in the public domain or required by a legal duty to be disclosed or disclosure is reasonably necessary to protect or pursue a legal right or remedy or if required by any agency or authority in charge of regulating securities.

10. Jurisdiction

Any dispute which does not fall within the Arbitration clause of this Contract shall be determined under the exclusive jurisdiction of the courts as stated herein.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

**PROGRAM AND/OR NAMED INSURED AND/OR DECLARATION SPECIFIC
ENDORSEMENTS TO BE PROVIDED AFTER THE ABOVE PAGE**



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 1 - COVERAGE TERRITORY ENDORSEMENT

This endorsement modifies coverage provided by the MOC:

The Company shall not be deemed to provide cover and the Company shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union or the United States of America.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

PR4225 (07/13)



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

**ENDORSEMENT NO. 2 - WAR AND TERRORISM EXCLUSION ENDORSEMENT
(Not applicable to Section IX TERRORISM INCLUDING SABOTAGE EXTENSION)**

Notwithstanding any provision to the contrary within this coverage or any endorsement thereto it is agreed that this coverage excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this coverage the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED. NMA2918 08/10/2001



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 3 - COMMUNICABLE DISEASE ENDORSEMENT

This endorsement modifies coverage provided by the MOC:

1. This MOC, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of coverage. Consequently and notwithstanding any other provision of this MOC to the contrary, this MOC does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1. for a Communicable Disease, or
 - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 4 VALUES LIMITATION CLAUSE

The cost allocation for this MOC is based upon the schedule of values reported to and on file with SPA and its reinsurance underwriters. In the event of any covered loss under this MOC, the liability of SPA (and the reinsurance underwriters) relative to property damage and time element loss, as covered by this MOC, shall, notwithstanding anything contained herein to the contrary, be limited to the least of the following:

- (a) The actual adjusted amount of the loss within the coverage of the MOC, less applicable deductible(s).
- (b)
 - (1) for property damage loss, 125% of the total property values for each location
 - (2) for time element loss, as insured by this MOC, 125% of the time element values for each location
 - (3) for Increased Cost of Construction, 100% of the total property values for each location

Sections (1) - (3) above are based on the most current reported schedule of values for each location, less applicable deductible(s).

- (c) The MOC limit of liability or applicable sub-limit(s) of liability, less applicable deductible(s).

The above provisions will apply to the listed locations in the table below:



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

ENDORSEMENT NO. 4 VALUES LIMITATION CLAUSE (Continued)

Remote Members -	
Butte Schools Self-Funded Programs	
PIONEER UNION ELEMENTARY SCHOOL DISTRICT	
Schools Insurance Group	
BLACK OAK MINE UNIFIED SCHOOL DISTRICT	
TWIN RIDGES SCHOOL DISTRICT	
Wildfire Corelogic Scores > 81 -	
Butte Schools Self-Funded Programs	
GOLDEN FEATHER UNION ELEMENTARY SCHOOL DISTRICT	
2771 PENTZ ROAD	
OROVILLE CITY ELEMENTARY SCHOOL DISTRICT	
1 ISHI HILLS WAY	
CORNER OF LOWER WYANDOTTE AND WYANDOTTE	
PARADISE UNIFIED SCHOOL DISTRICT	
1778 GYPSUM STREET	
6400 COLUMBINE ROAD	
PIONEER UNION ELEMENTARY SCHOOL DISTRICT	
286 ROCKERFELLER ROAD	
North Bay Schools Insurance Authority	
HOWELL MOUNTAIN UNIFIED SCHOOL DISTRICT	
525 WHITE COTTAGE ROAD NORTH	
Redwood Empire Schools' Insurance Group	
FORT ROSS SCHOOL DISTRICT	
30600 SEAVIEW ROAD	
GUERNEVILLE SCHOOL DISTRICT	
14630 ARMSTRONG WOODS ROAD	
HORICON SCHOOL DISTRICT	
35555 ANNAPOLIS ROAD	
KASHIA SCHOOL DISTRICT	
31510 SKAGGS SPRINGS ROAD	
MONTE RIO UNION SCHOOL DISTRICT	
20700 FOOTHILL DRIVE	
MONTGOMERY SCHOOL DISTRICT	
18620 FORT ROSS ROAD	
SHORELINE UNIFIED SCHOOL DISTRICT	
1 FORRES WAY	
WEST SIDE UNION SCHOOL DISTRICT	
1201 FELTA ROAD	
Schools Insurance Authority	
CAMINO UNION SCHOOL DISTRICT	
3060 SNOWS ROAD	
EL DORADO COUNTY OFFICE OF EDUCATION	
1286 KYBURZ AVENUE	
1297 EMERALD BAY ROAD	
1575 OLD RANCH	
2736 TUNNEL STREET	
3060 SNOWS ROAD	
3333 GREENWOOD LANE	
5100 OMO ROAD	
6181 PINE STREET	
6540 WENTWORTH SPRINGS ROAD	
6641 CAMPUS DRIVE	
GOLD TRAIL UNION SCHOOL DISTRICT	
1575 OLD RANCH	
4801 LUNEMAN ROAD	
INDIAN DIGGINGS SCHOOL	
6020 OMO RANCH ROAD	
MOTHER LODE UNION SCHOOL DISTRICT	
6701 GREEN VALLEY ROAD	
PIONEER UNION SCHOOL DISTRICT	
6787 TYLER DRIVE	
Schools Insurance Authority (continued)	
POLLOCK PINES ELEMENTARY SCHOOL DISTRICT	
2700 AMBER TRAIL	
2701 AMBER TRAIL	
6181 PINE STREET	
SACRAMENTO COUNTY OFFICE OF EDUCATION	
5600 SLY PARK	
SAN JUAN UNIFIED SCHOOL DISTRICT	
720 CHAMBERLAIN ROAD	
SILVER FORK SCHOOL DISTRICT	
1325 SUGARLOAF AVENUE	
Schools Insurance Group	
ACKERMAN SCHOOL DISTRICT	
13777 BOWMAN ROAD	
BLACK OAK MINE UNIFIED SCHOOL DISTRICT	
4701 VOLCANOVILLE ROAD	
5065 GARDEN VALLEY	
6530 WENTWORTH SPRINGS ROAD	
860 CAVE VALLEY ROAD	
CLEAR CREEK SCHOOL DISTRICT	
17700 MCCOURTNEY ROAD	
GRASS VALLEY SCHOOL DISTRICT	
NEWTOWN ROAD	
13281 Newtown Road	
LAKE TAHOE UNIFIED SCHOOL DISTRICT	
2940 LAKE TAHOE BOULEVARD	
1735 LAKE TAHOE BOULEVARD	
LOOMIS UNION SCHOOL DISTRICT	
8650 HORSESHOE BARN ROAD	
NEVADA CITY SCHOOL DISTRICT	
800 HOOVER LANE	
NEVADA COUNTY SUPERINTENDENT OF SCHOOLS	
12338 McCourtney Road	
15434 STATE HWY 49	
16229 DUGGANS ROAD	
18847 OAK TREE ROAD	
400 HOOVER LANE	
800 HOOVER LANE	
PENN VALLEY UNION ELEMENTARY SCHOOL DISTRICT	
14806 PLEASANT VALLEY ROAD	
PLACER UNION HIGH SCHOOL DISTRICT	
23319 FORESTHILL ROAD	
PLEASANT RIDGE UNIFIED SCHOOL DISTRICT	
16229 DUGGANS ROAD	
22431 KINGSTON LANE	
TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT	
10010 Estates Drive	
12485 JOERGER DRIVE	
2945 POLARIS ROAD	
2945 POLARIS ROAD	
52755 DONNER PASS ROAD	
TWIN RIDGES SCHOOL DISTRICT	
1 SCHOOL STREET	
18847 OAK TREE ROAD	
16661 OAK MILL ROAD	

All other terms and conditions remain unchanged.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

**ENDORSEMENT NO. 5 – AMENDMENTS TO THE MOC
WORDING**

(Only applies to London Supported
Capacity)

- 1) **SECTION I – GENERAL PROVISIONS. F. LIMITS OF LIABILITY, 2. SUB-LIMITS OF LIABILITY** are amended as follows:

Included Electronic Data Processing Equipment and Hardware (refer to LMA5400)

\$10,000,000 Electronic Data Processing Data and Media – Physical Damage Only (refer to LMA
5400) The following is added:

No Coverage
Provided Cyber Act (refer to LMA 5400)

- 2) **SECTION II B. 21 ACCIDENTAL CONTAMINATION**

is deleted and replaced with the following:

This MOC is hereby extended to cover Business Interruption and Property Damage loss as a result of accidental contamination, discharge or dispersal from any source to Covered Property, including expenses necessarily incurred to clean up, remove and dispose of contaminated substances so as to restore the covered property to the same condition as existed prior to loss. All accidental contamination, discharge or dispersal including that as a result is itself caused by physical damage to covered property by fire, lightning, flood, earth movement, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems whereupon this extension shall provide coverage up to \$ 1,000,000 per occurrence for all properties combined.

For the purposes of this Accidental Contamination clause only, the term “Covered Property”, as covered by this MOC, is held to include Land (and Land Values) on which Covered Property is located whether or not the same are excluded by this MOC.

It is further understood and agreed that this coverage clause shall not override anything contained in Asbestos Clean Up and Removal in this MOC.

- 3) **SECTION IV – GENERAL CONDITIONS. Z. ELECTRONIC DATA** is deleted in its entirety and is replaced with **ENDORSEMENTNO.5–PROPERTYCYBERANDDATAENDORSEMENT.**

- 4) **THE FOLLOWING TERRITORIAL EXCLUSION CLAUSE IS ADDED:**



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Territorial Exclusion: Russia, Ukraine and Belarus

Notwithstanding anything to the contrary in this Policy, this Policy excludes any loss, damage, liability, cost or expense of whatsoever nature, directly or indirectly arising from or in respect of any:

- i. entity domiciled, resident, located, incorporated, registered or established in an **Excluded Territory**;
- ii. property or asset located in an **Excluded Territory**; individual that is physically in an **Excluded Territory**;
- iii. claim, action, suit or enforcement proceeding brought or maintained in an **Excluded Territory**;
- iv. payment in an **Excluded Territory**.

This exclusion will not apply to any coverage or benefit required to be provided by the insurer by law or regulation applicable to that insurer, however, the terms of any sanctions clause will prevail.

For purposes of this exclusion, “**Excluded Territory**” means:

- Belarus (Republic of Belarus); and
- Russian Federation; and
- Ukraine (including any disputed regions of Ukraine and including the Crimean Peninsula)

All other terms, conditions and exclusions remain unchanged.

LMA5583B
8 March 2023

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

**ENDORSEMENT NO. 6 - PROPERTY CYBER AND DATA
ENDORSEMENT**
(Only applies to London Supported
Capacity)

This endorsement modifies coverage provided by the MOC:

1 Notwithstanding any provision to the contrary within this MOC or any endorsement thereto this MOC

excludes any:

1.1 Cyber Loss, unless subject to the provisions of paragraph 2;

1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3;

regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2 Subject to all the terms, conditions, limitations and exclusions of this MOC or any endorsement thereto, this MOC covers physical loss or physical damage to property insured under this MOC caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.

3 Subject to all the terms, conditions, limitations and exclusions of this MOC or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this MOC, then this MOC will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this MOC excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.

4 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

5 This endorsement supersedes and, if in conflict with any other wording in the MOC or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.



**SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS**

Definitions

- 6 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
- 7 Cyber Act means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- 8 Cyber Incident means:
- 8.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
- 8.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- 9 Computer System means:
- 9.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud 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,
- owned or operated by the Insured or any other party.
- 10 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.
- 11 Data Processing Media means any property insured by this MOC on which Data can be stored but not the Data itself.

LMA5400
11 November 2019

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

Item No: D.2.c.

GENERAL ADMINISTRATION**ADD SPA BOARD MEETING FOR MONDAY OCTOBER 14, 2024****ACTION ITEM**

ISSUE: Consider scheduling an additional Board meeting on Monday, October 14, 2024.

As a result of the annual meeting happening in August and not in September at the CAJPA Conference there is a gap of three months until the next meeting dated in November.

RECOMMENDATION: Review and approve the addition of a Teleconference Board meeting on October 14, 2024, on another date, or provide direction.

FISCAL IMPACT: None expected from this item.

BACKGROUND: For the last fiscal year, all SPA meetings have been held via Teleconference with the exception of the Strategic Planning Meeting.

The remainder of the Board Meetings for FY 24/25 have been set on Monday. The SPA joint powers agreement calls for an annual meeting to adopt the budget and other administrative activities. The Board may consider cancelling the November meeting if not necessary after approval of an October meeting. .

ATTACHMENT(S): None.

Item No: E.1.

STRATEGIC PLANNING SESSION**REVIEW OF FY 23/24 STRATEGIC PLANNING ACTION ITEMS****ACTION ITEM**

ISSUE: The Action Plan developed at SPA's last Strategic Planning Meeting is attached for review and update as a result of the present Board agenda.

A total of eight goals were identified, ranging from identifying and sharing resources to evaluating coverage for school sponsored housing. Five of these have been completed, with three of the goals containing action items that are addressed later in the agenda for this meeting.

RECOMMENDATION: None.

FISCAL IMPACT: None expected from this item. Several of the goals have potential fiscal impacts that will be evaluated when addressed with the members.

BACKGROUND: SPA held its third long range planning meeting on September 11-12, 2023, and developed the attached Plan as a result. Key discussion points centered on the nature and extent of risk sharing among the members, growth of membership and coverage options, and identifying resources for sharing or group purchase.

ATTACHMENTS: FY 23/24 SPA Long Range Action Plan

FY 2023/24 SPA LONG RANGE ACTION PLAN						
GOAL	ACTION / TASK	STAFF	Assigned	DEADLINE	STATUS	
LRP-1	Implementation of Coverage Limitation for Vacant Structures and Process to Approve Exceptions					
	1. Develop MOC edits and P&P with new sublimit, definition of vacant building, process to obtain a permit	DM	PA	Dec-23	Completed	
	2. Develop Visual Aid on how to add and identify in Alliant Connect	MM	PA	Dec-23	Completed	
	3. Memorandum on initial information to Members reviewed and approved for distribution	DM	BOD	Jan-24	Completed	
	4. SPA BOD adopts final draft and approves member communication	DM	BOD	Feb-24	Completed	
	5. Notice to members	MM	PA	Mar-24	Completed	
	6. Coverage change effective at renewal	MM	PA	Jul-24	Completed	
LRP-2	Process Improvement to Expedite Property Loss Valuations and Claims Resolution Process - Property Claims SWAT Team					
	1. Task Group to identify bottlenecks in claims process and potential solutions	MB, BF	PA, SM, BS, PB	Oct-23	Completed	
	2. Discussion presentation to SPA Board of potential process changes	MB, BF	SM, BS, PB	Jan-24	In Progress	
	3. Execute next steps agreed upon to improve process, including MOC, P&P, vendor assignments, etc.	PA	BOD	Apr-24	In Progress	
	4. Communicate changes to the Membership	MM	PA	Jun-24		
LRP-3	Adoption of Policy and Procedure to Submit and Approve Course of Construction (Builder's Risk) Coverage					
	1. Develop P&P with process and definitions	DM	PA	Nov-23	Completed	
	2. Discussion draft of P&P to BOD for review and discussion with members	DM	BOD	Dec-23	Completed	
	3. Comments and suggested changes sent to PA for review and incorporation in final draft	MM, DM	BOD	Feb-24	Completed	
	4. Presentation and approval of revised and proposed final P&P to SPA BOD	DM	BOD	Mar-24	Completed	
	5. Communicate SPA COC P&P to the Membership	MM	PA	Apr-24		
LRP-4	Property Program MOC Definition of Catastrophic Loss Occurrence for Additional Perils					
	1. Develop Definition of occurrence that addresses extended occurrence perils more broadly	DM	PA	Nov-23	Not approved	
	2. Presentation and approval of revised and proposed final MOC changes SPA BOD	DM	BOD	Dec-23	AmWins Monitoring	
	3. Communication of revisions to MOC and effective date	MM	PA	Dec-23		
LRP-5	Business Continuity Planning Single Site Districts - Master Mutual Aid Policy Template					
	1. Gather sample continuity planning documents and mutual aid agreements, assign task group	JW	BOD/PA	Jan-24	In Progress	
	2. Evaluate examples develop sample BCP and Mutual Aid templates	JW	Task Group	Mar-24		
	3. Presentation of proposed sample BCP and Mutual Aid templates to BOD for review/comment/approval	JW	BOD	Apr-24		
	4. Communication of recommended sample BCP and Mutual Aid templates to members	JW	PA	May-24		
LRP-6	Retained Layer Analysis to Evaluate Retaining More Risk in Property Program					
	1. Gather updated loss information for preliminary renewal submission and actuarial report	MM/DM	PA	Jan-24	In Progress	
	2. Appointment of Ad Hoc Committee to develop P&P for BOD review	NF	NF, Ad Hoc	Jan-24	Completed	
	3. Actuarial report preparation and presentation to SPA Board	DM	PA/Alliant Actuarial	Mar-24	Completed	
	4. Board evaluation and direction on long term retained layer direction	DM	BOD	Mar-24	Completed	
	5. Renewal Marketing and Underwriter Meetings	DM	PA	Feb-24 to Mar-24	Completed	
	6. Preliminary renewal options and NTE's and Board decision on retained layer for PY 24/25	DM	PA/BOD	May-24	Completed	
	7. Final renewal options and Board final action on retained layer for PY 24/25	DM	BOD	Jun-24	Completed	
LRP-7	Loss Control Budget Ideas					
	1. Appointment of Task Group to gather Loss Control ideas/initiatives and proposed budget	MM	BOD	Oct-23	Completed	
	2. Task Group to identify opportunities and long term strategies	MM, MB	PA, Task Group	Jan-24	Completed	
	3. Report to SPA Board of identified opportunities and Direction given by Board	MM, MB	Task Group, BOD	Feb-24	Completed	
	4. Final report on long term strategy developed along with budget projections	MM, MB	Task Group	Mar-24	Completed	
	5. Presentation to SPA Board of Directors for action and inclusion on FY 24/25 budget	MM, MB	Task Group, BOD	Apr-24	Completed/Ongoing	
LRP-8	Review of SPA Joint Powers Agreement					
	1. Identification of potential general counsel, direction from BOD	MM, DH	PA, MM	Nov-23	Completed	
	2. Review of SPA governing documents and risk financing and contracting activities	DH	GC	Dec-23	Completed	
	3. Report to SPA Board by General Counsel initial direction from SPA Board	DH	GC, BOD	Jan-24	In Progress - 8/20/24	
	4. Development of amendments and/or replacement governing documents	DH	GC	Feb-24		
	5. Presentation of proposed changes in governing documents, direction from BOD	DH	GC, BOD	Mar-24		
	6. Review of proposed changes with SPA member organizations	DH	PA	Apr-24		
	7. Final approval of proposed changes by SPA Board	DH	BOD	May-24		
	8. Final Approval of proposed changes by member boards	BOD	Membership	Jun-24		

BOD: SPA Board of Directors
 PA: SPA Program Administrator
 MM: Managing Member
 CFO: SPA Accounting and Finance

AIS: Alliant Ins. Svcs.(Property Program)
 NF: Newfront Insurance (Liability Program)
 GC: SPA General Counsel

Item No: E.2.

STRATEGIC PLANNING SESSION**SPA GOVERNING DOCUMENTS REVIEW BY GREG ROLEN****ACTION ITEM**

ISSUE: SPA members requested a legal review of the groups' governing and policy documents as compared to its operations and structure. Greg Rolan, Partner with Haight, Brown & Bonesteel, LLP, was selected for that review and will present a summary of his findings as detailed in the attached memo.

RECOMMENDATION: Review, discuss and accept and file memo or provide direction.

FISCAL IMPACT: None expected from this item.

BACKGROUND: As the group has grown and considers options for financing or expansion of coverage and services the governing structure and difference between a "partnership" and "entity" JPA has come under review. Members requested a thorough review by legal counsel appointed by SPA to identify any issues with SPA's governing structure and operations and make suggestions as needed.

ATTACHMENTS: Letter from Greg Rolan to Cindy Wilkerson

Gregory J. Rolen
direct: (415) 281-7654
grolen@hbblaw.com

Haight Brown & Bonesteel LLP
505 Sansome Street
Suite 1701
San Francisco, California 94111
415.546.7500
415.546.7505 fax
www.hbblaw.com

August 12, 2024

Cindy Wilkerson
Executive Director
Redwood Empire School Insurance Group
(RESIG)
5760 Skyland Blvd., Ste 100
Windsor, CA 95492

Re: *School Program Alliance (SPA) Agreement*

Dear Ms. Wilkerson:

I. BACKGROUND AND FORMATION

School Program Alliance ("SPA") was originally formed as an insurance purchasing pool to assist members, particularly Butte Schools Self-Funded Programs, with obtaining property coverage after the impact of wildfire claims. SPA has maintained a retained layer aggregate of \$3,000,000 that does not include wildfire coverage, with wildfire deductibles that vary per member. SPA has requested an analysis of the organizational structure in light of questions concerning fund retention, risk pooling and aggregate erosion.

SPA was originally configured as a "partnership Joint Powers Authority ("JPA") in accordance with the Joint Powers Act.¹ By way of the School Program Alliance Joint Powers Agreement ("Agreement") . (See **Exhibit 1**, School Program Alliance Joint Powers Agreement) SPA is a member consortium comprised of school JPA's for the purpose of contracting for goods and services, primarily insurance and risk management.

SPA membership, administration and operation occur through Board member voting (See Government Code §6506, see also Agreement ¶ 1, 2, 3). The Board may appoint or reappoint a "Managing Member," with the ability to contract with vendors ("Contracting Activities"),

¹ Government Code §§6500-6536

Cindy Wilkerson
August 12, 2024
Page 2

including insurance, and disperse funds in accordance with Generally Accepted Standards Board pronouncements, with Board approval. (See Agreement ¶¶ 4, 5).²

Each Member authorizes timely fund payment to the Managing Member to support the Contracting Activities and Shared Activities set forth in the Agreement. (See Agreement ¶ 6). However, each SPA Member retains possession of resources, property and operational rights.

The Agreement was reviewed and approved as to form by multiple law firms. (See December 9, 2022, Robert Cutbirth memorandum. ("Cutbirth Memorandum") The necessary and proper Notices were filed with the California Secretary of State and State Controller's Office. (See **Exhibit 2**, July 10, 2020, Notices signed by JPA Program Administrator Marcus Beverly).

II. RESOLUTION 21-01

On October 11, 2021, the SPA Board voted 5-0 to exercise powers allowable under law and in accordance with ¶ 4 of the Agreement to engage in "Risk Pooling Activities." Resolution 21-01 ("Resolution") provided in relevant part:

... With SPA and its Members authorized to engage in all lawful activities permitted on a joint powers basis for the Risk Pooling Activities Program; and

The Risk Pooling Activities Program may, as Members may choose, engaged in the sharing of risk, on a jointly retained or shared basis, whether such risks are retained in whole or in part, and whether a primary or in excess basis, subject to the participating Members agreeing on a coverage or indemnity agreement(s), that would include reasonable or necessary terms and provisions to ensure compliance with all applicable standards."

As such, the Board elected to engage in either primary or excess risk pooling with the agreement of participating Members. (See **Exhibit 3**, RESOLUTION 21-01, RESOLUTION OF THE SPA BOARD OF DIRECTORS, RISK POOLING ACTIVITIES.).

(NOTE: SHOULD THE RESOLUTION INCORPORATE THE AGREEMENT BY REFERENCE DO NOT EXPRESSLY REFERENCE COSTS?)

² The Managing Member is also subject to strict reporting requirements and must serve a \$1000 bond. (See Agreement ¶ 5).

A. Risk Pooling

JPA's that offer risk pooling and reduced-priced purchasing option usually involve agencies, such as school districts, that want to buy insurance or supplies for their member agencies. Risk pooling can occur via either a, "partnership JPA," or an, "entity JPA," whereby a separately created legal entity takes and owns member funds. Here, by way of the Resolution, SPA members:

- Agreed to share the costs and expenses of risk retained or which share liability and/or property exposures, whether such risk pooling is undertaken on a primary or excess loss basis.
- Add an approved program entitled "Risk Pooling Activities,"... with SPA and its Members to engage in all lawful activities permitted on a joint powers basis for Risk Pooling Activities Programs; and
- The Risk Pooling Program may, engaged in the sharing of risks subject to Members agreeing on a coverage or indemnity agreement(s)³

III. **CUTBIRTH MEMORANDUM**

The Cutbirth Memorandum offers context and the framework for further discussion. The Cutbirth Memorandum explains the distinction between a "partnership JPA" and an "entity JPA," and explains that SPA was formed as a Partnership JPA, "to give its members flexibility on how to proceed with programs, avoiding the need for detailed By-laws, policies, procedures and investment directives etc. recognizing that relatively simple contract and resolutions could be used to meet operational needs and changed circumstances." The Cutbirth Memorandum acknowledges that the SPA Partnership JPA has successfully operated in accordance with its intended purpose.

However, the Cutbirth Memorandum concluded that while the partnership JPA status need not change, SPA may want to consider moving to an entity JPA format if membership doubles. Finally, the Cutbirth Memorandum offers suggestions for improvement. Accordingly, in conjunction with the Program Administrator, we analyzed the benefits and burdens of retaining the current Partnership JPA structure.

IV. **ANALYSIS**

SPA can legally operate all programs in its current partnership JPA format. The primary benefit of an entity JPA format, as recognized by the founding members, is that an entity JPA has

³ Resolution 21-01 does not expressly incorporate the JPA agreement. As such, it does not expressly state Members responsibility to allocate resources to Risk Pooling Activities. (I.E., timely payments).

Cindy Wilkerson
August 12, 2024
Page 4

built-in compliance bulwarks. As such, we analyzed whether SPA has the same, or similar, operational infrastructure.

The elements SPA members should consider, include, and are not limited to 1) trustworthy leadership; 2) financial stability; and 3) operational transparency. Each will be discussed below.

A. Trustworthy Leadership

1. Managing Member

School Insurance Authority (“SIA”) is currently the Managing Member. SIA is a large JPA with the resources and personnel to accept and distribute Member resources and perform administrative functions. We are informed and believe that SPA membership is sanguine with SIA as the Managing Member.⁴

B. Operational Transparency

1. Contracting Standards

Contracting with public funds is highly scrutinized and regulated. However, we understand that SPA does not engage in a large volume of vendor contracts. Accordingly, there are no drafted contracting protocols. However, vendor contracts, such as that with the appraiser, are brought forth on a public agenda and reviewed and discussed by the SPA Board.

2. Generally Accepted Accounting Principles (“GAAP”)

The Managing Member managed is the accounting and audits. The Program Administrator and Board receive quarterly reports and annual audits. The reports and audits tracked SPA operating income. (See **Exhibit 4**, Schools Program Alliance Financial Statements with Independent Auditor’s Report for the year ended June 30, 2022 and the period from inception (June 1, 2020) to June 30, 2021) (“Draft Auditors Report”)⁵

⁴ The Cutbirth Memorandum suggested that SPA consider rotating the Managing Member. SPA should remain receptive to rotating the managing member, however, at this point there is no interest from another SPA member.

⁵ The Draft Auditors Report includes, but is not limited to 1) Independent auditor’s report; 2) Management’s Discussion and Analysis; 3) Statements of Net Position; 4) Statements of Revenues, Expenses, and Changes in Net Position; 5) Statements of Cash Flows; 6) Notes to Financial Statements; and 7) Claims Development Information

Cindy Wilkerson
August 12, 2024
Page 5

3. Pooled Resources

SPA does not maintain a separate and distinct, “pool.” Instead, the Managing Member invoices members for Shared Activities and Contracting Activities. SPA approves payments based on proof of loss issued by McLarens, a reputable claims management service who serves as the adjusting firm. SPA approves payments by way of agreements with individual Members. (See **Exhibit 5**, Claim Payment within SPA Retained Layer, dated February 13, 2023)

4. Memorandum of Coverage

SPA is the named insured, using SIA’s address. The Members are listed individually on the Schools Program Alliance Property Program Declarations (“Dec page.”) As Named Insured Members. Furthermore, Section I-General Provisions, A. Coverage Agreement, provides in relevant part: “in consideration of the premium paid by the Named Insured to the Company, the Company agrees to cover the following terms and conditions herein.”⁶ The Dec. page also indicates that the liability of the “Company,” in any one occurrence shall not exceed:...

4.1. Declarations page 1. SPA Memorandum of Coverage

The SPA Property Program Declarations (“Declarations Page”) limits liability to \$125,000,000 per occurrence subject to policy exclusions. The Memorandum of Coverage also establishes several limits of liability (i.e. \$50,000,000 Combined Business Interruption, 500,000 and Continue Business Interruption etc.). The Declarations page also that the liability of the “Company,” in any insurance shall not exceed...” However, we were unable to locate

The Basic Deductible is \$250,000 per occurrence with wildfire deductibles which vary by Member. The Covered Locations reference locations listed on the SPA statement of values on file with Alliant Insurance, Inc. (“Program Administrator”) as of July 2023. (See **Exhibit 6**, School Program Alliance Memorandum of Coverage July 1, 2023, to July 1, 2024).

5. Excess Form

The Property Program tracks the scope of coverage provided by the first layer excess provider (SPA member). However, each Member has autonomy regarding their scope of coverage. The Excess Form states that it, “follows form,” to the “Underlying” Programs. Accordingly, this raises the issue whether there is a clear set of standards identifying sets of coverage risks.

⁶ The Cutbirth Memorandum opines that since SPA is not an entity it should not be named as the coverage provider. Consider clarifying that the Members collectively are the “coverage provider.”

Cindy Wilkerson
August 12, 2024
Page 6

SPA does not have a standardized test of coverage risks. However, we are informed and believe that SPA is currently defining “high-risk,” and “vacant,” locations. SPA coverage is governed by underwriting and coverage limitations.⁷

C. Financial Stability

1. Property Program Underwriting Procedures

The SPA Property Program Underwriting Procedures (“PPUP”) were adopted January 11, 2021, and amended January 8, 2024. (See **Exhibit 7**, Property Program Underwriting Procedures). The purpose of the PPUP is to describe underwriting procedures intended to maintain Member confidence in the funding and viability of the Property Program as well as establishing guidelines for adding location, members to existing Members.

The PPUP establishes policy goals and underwriting procedures established and reviewed by the SPA Board of Directors. (“Board”). Furthermore, it requires the Program Administrator to analyze Member exposure, schedule of values, loss history, loss control report and exposure modeling. The Program Administrator will further project funding requirements for retained layers and reinsurance, as well as presents a rating plan cost allocation for calculating member contributions and reinsurance premiums to the SPA Board.

The PPUP shall be reviewed and amended by the Board as needed.

V. CONCLUSION/SUGGESTIONS

The SPA Partnership JPA has substantially the same protections as an entity JPA. As set forth above, SPA sound leadership not only through SIA, but also Alliant. SPA conducts its business in a transparent manner. SPA Members have access to formation documents, memorandum of coverage, audits, loss runs, in the same manner as with members of an entity JPA. Finally, the financial practices are sound as demonstrated by auditing and underwriting procedures which meet or exceed industry standards.

We are informed and believe that SPA is operated in an efficient, yet flexible manner as contemplated in the Agreement. Regardless, we identified certain areas where documents could be clarified, and practices solidified.

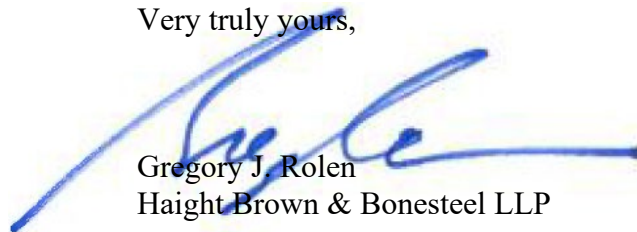
⁷ See Declarations Page, subsection 4 COVERED LOCATIONS.

Cindy Wilkerson
August 12, 2024
Page 7

- Amend Resolution 21-012 to incorporate the terms and conditions of the Agreement by reference. This would help clarify members rights and responsibilities regarding pooling.
- Annually, place on a SPA Board agenda for members to either volunteer or nominate a Managing Member. This would not only give the members the opportunity to serve as Managing Member, but also clarify and/or reinforce the desire to have SIA continue as Managing Member.
- Amend the Memorandum of Coverage to clarify Coverage Provider. As noted, SPA is identified as the coverage provider using SIA's address. Although SPA Members are identified as "Named Insurers," the Memorandum of Coverage later identifies the Coverage Provider as the "Company." Eliminating ambiguity is always a sound risk management procedure.
- Create basic contracting standards. Standards need not be cumbersome, however, uniformity in standards helps eliminate this agreement or the unlikely appearance of impropriety.
- Complete definitions of, "high-risk," and "vacant," locations and submit for member discussion and approval.
- Create additional mechanisms by way of the Board Agenda and/or other publications to ensure Members have a full and fair opportunity to review relevant documentation. (i.e., audits, underwriting procedures, claim payment protocols etc.). Such mechanisms will eliminate any confusion and continue facilitating cooperation between SPA members.

Thank you for this opportunity to serve SPA. If you have any comments, questions or concerns feel free to contact me at (415) 286-7654 or via email at grolen@hbblaw.com.

Very truly yours,



Gregory J. Rolen
Haight Brown & Bonesteel LLP

GJR:LC

EXHIBIT 1

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AGREEMENT

This Schools Program Alliance Joint Powers Agreement (“Agreement”) creates the Schools Program Alliance Joint Powers Authority (“SPA”), a public agency as defined in Government Code Section 6500. SPA is not an entity legally separate from its Members, but a joint powers authority that exists and operates in keeping with the rights and responsibilities set forth in this Agreement, and the inherent and express rights and authorities granted to joint powers authorities by California law, including the California Government Code.¹

1. SPA will exist as a joint powers authority on June 1, 2020, and shall continue in existence until dissolved by a three-quarters (3/4rs) vote of its Board of Directors. Upon dissolution and the winding down process following a dissolution vote, to the fullest extent allowed or required by law, Members shall remain individually liable for allocated debts and obligations with respect to Contracting Activities, and their separate contractual obligations for Shared Activities, on a pro-rata basis in proportion to their share of any Contracting Activity in which they are a participant. This may include, but is not limited to, retroactive assessments or financial obligations reasonable or necessary to resolve the debts or obligations of its Members.

2. A “Member” includes any public agency or entity executing this Agreement on or before June 1, 2020. After June 1, 2020, an offer of Membership may be extended by the SPA Board of Directors to any public agency or entity on such terms and conditions as the Board of Directors may deem just and proper. Membership shall be approved upon an affirmative vote of at least three-quarters (3/4rs) of the Board of Directors, with the new Member then required to sign an addendum to this Agreement obligating it to be bound by all of its terms and conditions. An original, facsimile or electronic signature on this Agreement, or any Addendum to this Agreement, shall be deemed an original and binding signature for all purposes.

A Member may thereafter be expelled from SPA or any SPA Program, for any good faith and proper reason upon a vote of at least three-quarters (3/4rs) of the Board of Directors.

3. SPA, and its administrative functions, shall be administered by a Board of Directors, in keeping with Government Code Section 6506, which shall be comprised of one appointed representative from each Member. The Board of Directors shall hold an annual meeting at a date designated by the current Chairperson/Secretary, at which time the Board shall: (a) appoint a Chairperson/Secretary, who shall be from any Member then in current good standing, (b) set forth the strategic and operational plans for SPA’s Members for the following 12 months, (c) establish the budget and allocated costs for the general administration of SPA by its Managing Member, (d) establish the budget and allocated costs, on a unanimous basis of the participating Members, for approved Contracting Activities, and (e) appoint/reappoint a Managing Member. Prior to the next annual meeting, a Managing Member may be withdrawn from this role, for any good faith reason, upon a vote of at least three quarters (3/4rs) of the Board of Directors. The Board of Directors may also specially meet to address and impose any corrective or remedial financial allocations to address the needs or best interests of SPA or its Members.

The SPA Board of Directors shall not be required to review or approve any Shared Activities of the Members, who shall separately agree on the terms, conditions, costs, and methods of payment for Shared Activities (that may or may not be reviewed at the annual meeting), recognizing always that Shared Services shall be evidenced by a separate writing approved by each participating Member’s governing Boards, a copy of which shall be provided to the Managing Member and the Chairperson/Secretary of SPA for purposes of maintaining accurate books and records of the activities of SPA and its Members.

¹ The terms and conditions of such statutes and authorities are incorporated herein by reference, as may be reasonable or necessary, to ensure compliance with law and to implement any processes or procedures, while shortening the overall length of this Agreement. The creation of SPA, and all actions taken hereafter by SPA, are presumed to be legally authorized and in full compliance with the terms and conditions of the California Government Code, and all other governing statutes and authorities. E.g., *Zack v. Marin Emergency Radio Auth.*, 118 Cal. App. 4th 617, 631-32 (2004) *Beckwith v. County of Stanislaus*, 175 Cal. App. 2d 40, 44-45 (1959) [“[i]t is to be presumed that [parties to a joint powers agreement] acted reasonably and within the scope of their respective powers”]).

Special meetings of the Board of Directors may be called by the Chairperson or, if the Chairperson is unavailable, the Managing Member. All SPA meetings shall be conducted in accordance with the Brown Act, Government Code Section 54950, et seq., with the physical location of the Board Meeting being the primary place of business of the Managing Member, unless otherwise designated for any meeting or meetings.

4. SPA and its Members shall be entitled to engage in any lawful act permitted to be conducted on a joint powers basis (“Programs”), and which are approved by the Board of Directors, including, but not limited to: (1) the right, power, and authority to direct the Managing Member to enter into contracts in the names of its Members, for the benefit of any group or grouping of Members, for goods, services, or benefits (including insurance, reinsurance, or other financial or risk management/risk transfer benefits, and claims-related services) that may reduce the costs of goods, services or benefits, improve the quality or timeliness of goods, services or benefits, and/or provide access to marketplaces, services or benefits not otherwise available or readily available to any singular Member (“Contracting Activities”); and (2) the sharing or leasing of employees, shared services, equipment, or physical facilities (“Shared Activities”). Members shall be entitled to full participation in any Contracting Activities Program, subject to the terms, conditions, or requirements of the Board of Directors, including any current or future financial payment, reserve, or retroactive assessment obligations.

5. The Managing Member shall receive and disburse funds in accordance with strict accountability standards imposed by the State of California on local public agencies and/or Generally Accepted Standards Board pronouncements for local public agencies. The Managing Member shall be the party entering into contracts in the name of, or on behalf of, the participating SPA Members, as their duly authorized representative, accepting and disbursing funds of Members to Contracting Activities vendors or providers, and serving as the point of contact for the vendors, with the Managing Member at all times required to timely and fully report all material facts regarding Contracting Activities to the Board of Directors, and with the Managing Member following the directions of the Board of Directors in carrying out such tasks except when authorized by the Board of Directors to exercise independent discretion in such actions. The Managing Member shall serve with a bond in the amount of \$1,000.

6. Members authorize the timely payment in full of funds from their respective treasuries to the Managing Member to support the purposes of this Agreement, including any adopted budget for the operation of SPA and/or the existence of any Contracting Activity.

7. If a Member participating in Contracting Activities desires to withdraw from one or more Contracting Activities, or from SPA, the Member shall provide a written notice of its potential withdrawal to all SPA Members no later than December 31, and shall provide a final written notice of its withdrawal to all SPA Members no later than March 1. The withdrawing Member shall remain fully obligated to make any financial payments arising from its participation in the Contracting Activities or SPA, including any required retroactive assessments as the Board of Directors may adopt. Absent unanimous consent of all Members, a Member withdrawing from a Program or from SPA shall not be entitled to again participate in the Program or in SPA for a period of three years following the withdrawal.

8. Except for the sole and separate liability of the Managing Member, or any grossly negligent or intentional act or omission by the Managing Member or its directors, officers, or employees, each SPA Member agrees to jointly and severally defend, indemnify and hold the Managing Member and its directors, officers and employees harmless from liability for any act, error, or omission arising from, or related to, its role as the Managing Member. The Members also jointly and severally agreed to defend and indemnify themselves for any acts, errors, or omissions arising from the formation or operation of SPA or of its Programs.

9. By signing below, each representative of a Member warrants and represents that their Member has agreed to be bound by all terms and conditions of this Agreement, through their separately required review and approval processes, that they have had an opportunity to review the terms and conditions of this Agreement with counsel or representatives of their choice, they have no questions or reservations about entering into this Agreement, and this Agreement constitutes their full and complete understanding of their rights and obligations as members of SPA, subject to any duly adopted actions by the Board of Directors as authorized herein, and that this Agreement is deemed to include all terms and conditions of this Agreement, as well as the statutorily required or authorized provisions deemed incorporated herein by reference.

10. The actions of SPA and its Members may benefit public agencies participating in a Member's joint powers authority, or the employees or other individuals receiving benefits in some manner from their association with a Member. No such individuals or entities, however, shall be entitled to assert any direct right or claim under this Agreement, or under any Program of SPA, but they instead shall solely and only address any claims or grievances against the relevant Member, which will need to bring on their behalf any claim or claimed entitlement to some type of benefit from SPA or a SPA-sponsored Program.

11. In the event of a dispute regarding the adoption or enforcement of this Agreement, any rights or obligations owed under this Agreement, or any rights or obligations created by any Contracting Activities or Shared Activities, SPA's Members, or any other person or entity attempting to asserting a claim under a SPA Program, shall submit any such dispute to final and binding arbitration pursuant to the Arbitration Rules of the American Arbitration Association ("AAA") before a neutral arbitrator to be mutually selected by the parties, or appointed by the parties in keeping with the governing rules for selection if no joint appointment can be made. The Arbitrator shall solely derive his/her power from the terms of this Agreement, and any applicable rules of the AAA, but the Arbitrator shall not have the authority to add, delete, or modify the terms of this Agreement, or to enforce any claimed unwritten or parol agreements or understandings, with the Arbitrator required to adhere to all requirements of due process while still expediting and controlling the management of the process to ensure an efficient and effective resolution of the dispute. The Award of the Arbitrator shall be final and binding, provided, however, that the parties to the Arbitration shall retain the right to challenge the enforcement of the Award under any factual or legal basis otherwise available under California law, with California substantive law applied to all factual and legal issues in dispute.

The parties to the dispute shall share the expense of arbitration, with the prevailing party entitled to reasonable attorneys' fees and costs. In the event a party to the dispute

fails to proceed with arbitration, unsuccessfully challenges the Arbitrator's Award, or fails to comply with an Arbitrator's Award, the other Party shall be entitled to an award of its attorneys' fees and costs in compelling arbitration or in defending or in enforcing the award.

IN WITNESS WHEREOF, the Members have caused this Agreement to be properly executed as of the date below.

_____, SPA Member

By: _____

Date: _____

Title: _____

EXHIBIT 2



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. OC36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

Board Members:

Martin Brady,
Chairperson/Secretary
Schools Ins. Authority,
Managing Member
(916) 364-1281

July 10, 2020

Christy Patterson
Butte Schools SFP
(530) 879-7438

Janet Selby
North Bay Schools Ins. Auth.
(707) 728-1830

State of California
Secretary of State
P.O. Box 942870
Sacramento, CA 94277-2870

Rosemary Burcina
Redwood Empire Schools IG
(707) 836-0779

New Joint Powers Authority

Cindy Wilkerson
Schools Insurance Group
(530) 823-9582

Greetings:

Attached please find a copy of the completed Notice of a Joint Powers Agreement and the full text of a joint powers agreement creating the Schools Program Alliance (SPA). Please note there are five members as indicated in the attachment to the Notice.

Please acknowledge receipt and let me know if you need any more information.

Regards,

Marcus Beverly
JPA Administrator
Alliant Insurance Services, Inc.



Schools Program Alliance

c/o Alliant Insurance Services
Corporation Insurance License No. 0C36861
2180 Harvard Street, Suite 460, Sacramento, CA 95815

Board Members:

Martin Brady,
Chairperson/Secretary
Schools Ins. Authority,
Managing Member
(916) 364-1281

Christy Patterson
Butte Schools SFP
(530) 879-7438

Janet Selby
North Bay Schools Ins. Auth.
(707) 728-1830

Rosemary Burcina
Redwood Empire Schools IG
(707) 836-0779

Cindy Wilkerson
Schools Insurance Group
(530) 823-9582

VIA EMAIL ONLY

July 10, 2020

State Controller's Office
Local Government Reporting Section, Special Districts Unit
P.O. Box 942850, Suite 740
Sacramento, CA 94250

Email Address: SDsupport@sco.ca.gov

Notice of New Joint Powers Authority

Greetings:

Attached please find a copy of the full text of a joint powers agreement creating the Schools Program Alliance (SPA), in addition to a copy of the notice to the Secretary of State.

Please acknowledge receipt and let me know if you need any more information.

Regards,

Marcus Beverly
JPA Administrator



Schools Program Alliance

c/o Alliant Insurance Services
Corporation Insurance License No. 0C36861
2180 Harvard Street, Suite 460, Sacramento, CA 95815

Board Members:

Martin Brady,
Chairperson/Secretary
Schools Ins. Authority,
Managing Member
(916) 364-1281

Christy Patterson
Butte Schools SFP
(530) 879-7438

Janet Selby
North Bay Schools Ins. Auth.
(707) 728-1830

Rosemary Burcina
Redwood Empire Schools IG
(707) 836-0779

Cindy Wilkerson
Schools Insurance Group
(530) 823-9582

VIA EMAIL ONLY

July 10, 2020

State Controller's Office
Local Government Reporting Section, Special Districts Unit
P.O. Box 942850, Suite 740
Sacramento, CA 94250

Email Address: SDsupport@sco.ca.gov

Notice of New Joint Powers Authority

Greetings:

Attached please find a copy of the full text of a joint powers agreement creating the Schools Program Alliance (SPA), in addition to a copy of the notice to the Secretary of State.

Please acknowledge receipt and let me know if you need any more information.

Regards,

Marcus Beverly
JPA Administrator



State of California
Secretary of State

FILE NO. _____

NOTICE OF A JOINT POWERS AGREEMENT

(Government Code section 6503.5)

Instructions:

- 1. Complete and mail to: Secretary of State, P.O. Box 942870, Sacramento, CA 94277-2870.
2. Include filing fee of \$1.00.
3. Do not include attachments, unless otherwise specified.
4. A copy of the full text of the joint powers agreement and amendments, if any, must be submitted to the State Controller's office. For address information, contact the State Controller's office at www.sco.ca.gov.

(Office Use Only)

Name of the agency or entity created under the agreement and responsible for the administration of the agreement: Schools Program Alliance (SPA)

Agency's or Entity's Mailing Address: SPA c/o Alliant Insurance Services, 2180 Harvard St., Ste. 460 Sacramento, CA 95815

Title of the agreement: SCHOOLS PROGRAM ALLIANCE JOINT POWERS AGREEMENT

The public agencies party to the agreement are (if more space is needed, continue on a separate sheet and attach it to this form):

- (1) Schools Insurance Authority
(2) Butte Schools Self-Funded Programs
(3) North Bay Schools Insurance Authority

Effective date of the agreement: June 22, 2020

Provide a condensed statement of the agreement's purpose or the powers to be exercised: Contract for goods, services or benefits (including insurance and risk management services) and the sharing or leasing of employees, shared services, equipment, or physical facilities.

RETURN ACKNOWLEDGMENT TO: (Type or Print)

NAME [Marcus Beverly, Alliant Insurance
ADDRESS 2180 Harvard St. Ste. 460
CITY/STATE/ZIP [Sacramento, CA 95815

July 10, 2020

Date

[Signature
] Marcus Beverly, JPA Administrator

Typed Name and Title



Schools Program Alliance

*c/o Alliant Insurance Services
Corporation Insurance License No. OC36861
2180 Harvard Street, Suite 460, Sacramento, CA 95815*

Board Members:

Martin Brady,
Chairperson/Secretary
Schools Ins. Authority,
Managing Member
(916) 364-1281

Christy Patterson
Butte Schools SFP
(530) 879-7438

Janet Selby
North Bay Schools Ins. Auth.
(707) 728-1830

Rosemary Burcina
Redwood Empire Schools IG
(707) 836-0779

Cindy Wilkerson
Schools Insurance Group
(530) 823-9582

NOTICE OF A JOINT POWERS AGREEMENT

Attachment

The public agencies party to the agreement are (if more space is needed, continue on a separate sheet and attach it to this form):

- 4) Redwood Empire Schools Insurance Group
- 5) Schools Insurance Group

EXHIBIT 3

RESOLUTION 21-01**RESOLUTION OF THE SPA BOARD OF DIRECTORS****RISK POOLING ACTIVITIES**

WHEREAS, The Board of Directors of the Schools Program Alliance Joint Powers Authority (“SPA”) met on October 11, 2021, and made the following finding and determinations:

NOW THEREFORE, BE IT RESOLVED,

1. The Schools Program Alliance Joint Powers Agreement (“Agreement”) presently permits its Members to engage in Programs, including Contracting Activities and Shared Activities, as those terms are defined in the Agreement;
2. The Agreement, as already reviewed and approved by the individual Members’ governing Boards or Representatives, also permits SPA to engage in any lawful act permitted to be conducted on a joint powers basis as approved by its Board of Directors (*Agreement, Paragraph 4*);
3. SPA’s Members have previously determined that sharing of certain risks was in their mutual and best interests, and they now wish to potentially expand into additional opportunities for the sharing and/or transfer of rights, particularly including more formalized risk-pooling or risk sharing activities, in which Members will jointly agree to share in the costs and expenses of risk-retained or risk shared liability and/or property exposures, whether such risk pooling is undertaken on a primary or excess loss basis; and
4. It would not be harmful to SPA, as a joint powers authority, to further expand its functions into broader and additional risk-pooling or risk sharing programs and/or opportunities.

Therefore, be it Resolved that:

- A. SPA and its Members may further facilitate the exploration of suitable risk pooling and/or shared risk activities, with the Board of Directors hereby formally adding a comprehensive third approved Program, to be titled “Risk Pooling Activities,” which does not require individual Member approval given the existing authorizations in Paragraph 4, with SPA and its Members authorized to engage in all lawful activities permitted on a joint powers basis for the Risk Pooling Activities Program; and

- B. The Risk Pooling Activities Program may, as Members may so choose, engaged in the sharing of risks, on a jointly retained or shared basis, whether such risks are retained in whole or in part, and whether on a primary or an excess basis, subject to the participating Members agreeing on a coverage or indemnity agreement(s), that would include reasonable or necessary terms and provisions to ensure compliance with all applicable standards.

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 21-01 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Schools Program Authority held on the 11th day of October 2021, by the following vote:

AYES: PATTERSON, SELBY, BURCINA, BRADY, WILKERSON

NAYS: NONE.

ABSENT: NONE.

ABSTAIN: NONE



Martin Brady – SPA Chairperson



Schools Program Alliance

*c/o Alliant Insurance Services
Corporation Insurance License No. OC36861
2180 Harvard Street, Suite 460, Sacramento, CA 95815*

Board Members:

Martin Brady,
Chairperson/Secretary
Schools Ins. Authority,
Managing Member
(916) 364-1281

Christy Patterson
Butte Schools SFP
(530) 879-7438

Janet Selby
North Bay Schools Ins. Auth.
(707) 728-1830

Rosemary Burcina
Redwood Empire Schools IG
(707) 836-0779

Cindy Wilkerson
Schools Insurance Group
(530) 823-9582

NOTICE OF A JOINT POWERS AGREEMENT

Attachment

The public agencies party to the agreement are (if more space is needed, continue on a separate sheet and attach it to this form):

4) Redwood Empire Schools Insurance Group

5) Schools Insurance Group

EXHIBIT 4

**SCHOOLS PROGRAM ALLIANCE
JOINT POWERS AUTHORITY**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2022 AND
THE PERIOD FROM INCEPTION
(JUNE 1, 2020) TO JUNE 30, 2021**

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

TABLE OF CONTENTS JUNE 30, 2022 AND 2021

	<u>PAGE</u>
INTRODUCTION	1
FINANCIAL SECTION	
Independent Auditor's Report	2
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION	
Claims Development Information	17

INTRODUCTION



About SPA

Schools Program Alliance (SPA) was formed on June 1, 2020, as a cooperative reinsurance purchasing pool and self-insurance loss funding pool. The SPA Program was formed to work collectively to keep rising costs down for school entities. SPA is committed to saving and stabilizing insurance premium dollars for member JPAs and their school members.

SPA is made up of five member JPAs representing school districts, county offices of education, charter schools and other related entities, all located in Northern and Central California. The lines of coverage provided through SPA are property and liability. The SPA members include individual JPA members Butte Schools Self-Funded Programs (BSSFP), North Bay Schools Insurance Authority (NBSIA), Redwood Empire Schools Insurance Group (RESIG), Schools Insurance Authority (SIA), and Schools Insurance Group (SIG).

PROPERTY (effective 7/1/20)

SPA's property program makes available coverage for physical damage to members' real, personal property, and automotive coverage up to \$100 million. Each member JPA is responsible for the first \$250,000 of each claim. The SPA JPA provides a self-insurance loss layer with an annual aggregate deductible of \$3 million before the excess carrier(s) take responsibility. Coverage above the SPA deductible is provided by a panel of domestic and international excess and reinsurance companies.

Each member JPA staff performs the initial claim assessment, investigation and claim administration, focusing on a prompt, appropriate claim resolution, which results in cost-savings for our members. The Property Program is made up of five members; BSSFP, NBSIA, RESIG, SIA and SIG.

LIABILITY (effective 7/1/21)

The liability program provides members with coverage for third party liabilities (general, automotive, employment practices, and errors and omissions) up to \$30 million. Each member JPA is responsible for the first \$5 million per claim. Coverage is provided by a panel of domestic excess and reinsurance companies.

Each member JPA staff perform the initial claim assessment, investigation and administration of each claim, focusing on a prompt, appropriate claim resolution, which results in cost-savings for our members. The Liability Program includes two JPAs; Bay Area Schools Insurance Cooperative (BASIC, a JPA comprised of BSSFP, NBSIA, and RESIG) and SIA.

SPA Partnerships

SPA works with a variety of partners and specialists to achieve the best possible outcomes for their members:

- the insurance marketplace to obtain the best excess insurance coverage at the best rate;
- industry specialists to value properties, consult on risk control, and evaluate and value property losses
- financial professionals to ensure accurate and reliable financial information
- the JPA community to share best practices for quality governance in the JPA community;
- state and local law makers to promote wise decision-making regarding related laws that would affect the cost of claims or claims handling.

SPA Governance

SPA's Board of Directors is comprised of one representative from each participating member. Administration is supported through strategic partners and a Managing Member. Schools Insurance Authority (SIA) has been appointed as the Managing Member of SPA.

FINANCIAL SECTION

DRAFT

INDEPENDENT AUDITOR'S REPORT

**Board of Directors and Members
Schools Program Alliance Joint Powers Authority
Sacramento, California**

Opinion

We have audited the accompanying financial statements of the Schools Program Alliance Joint Powers Authority (SPA) as of and for the year ended June 30, 2022 and the period from inception (June 1, 2020) to June 30, 2021, and the related notes to the financial statements, which collectively comprise SPA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPA as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the year and period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SPA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SPA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and claims development information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

GILBERT CPAs
Sacramento, California

Month , 2022

Management’s Discussion and Analysis

This management’s discussion and analysis of Schools Program Alliance (SPA) financial performance provides an overview of SPA’s activities for the fiscal year ended June 30, 2022. This is the second year of operation for SPA, and the first year of the Liability Program. Please read this in conjunction with the Independent Auditor’s Report on page 2 and with SPA’s basic financial statements which begin on page 10.



Schools Insurance Authority (SIA)



Redwood Empire Schools’ Insurance Group (RESIG)



Schools Insurance Group (SIG)



North Bay Schools Insurance Authority (NBSIA)



Butte Schools Self-Funded Programs (BSSP)

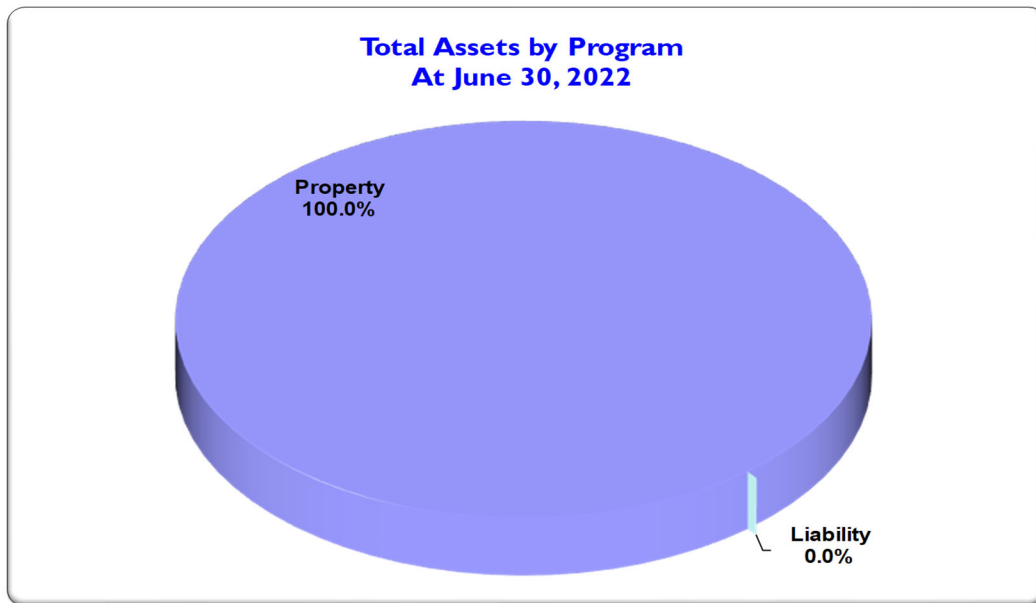
Description of Basic Financial Statements

Individual program accounting is maintained by SPA in accordance with relevant Governmental Accounting Standards and accounting principles generally accepted in the United States of America. The Statement of Net Position provides information about the financial position of SPA as of June 30, 2021, and June 30, 2022. The Statement of Revenues, Expenses and Change in Net Position reports the operations of the organization for the period ended June 30, 2021 (inception date of June 1, 2020 to June 30, 2021) and for the year ended June 30, 2022. The Statement of Cash Flows is presented using the direct method to report on the operations of SPA for the period ended June 30, 2021 and the year ended June 30, 2022, based on the inflow and outflow of cash.

Notes to the basic financial statements provide information on SPA’s accounting policies such as the discounting of claims reserves, the development of estimates of Incurred But Not Reported (IBNR) liabilities and the provision for Unallocated Loss Adjustment Expenses (ULAE).

Condensed Statement of Net Position

June 30,	2022	2021
Assets		
Other assets	\$ 3,896,069	\$ 3,425,000
Total assets	3,896,069	3,425,000
Liabilities		
Other liabilities	1,001,016	32,019
Total liabilities	1,001,016	32,019
Net Position		
Unrestricted	2,895,053	3,392,981
Net Position	\$ 2,895,053	\$ 3,392,981



Assets

Total assets at the close of the fiscal year are \$3.9 million. This is an increase of about \$500,000 as a result of operations for the year. Assets are primarily comprised of cash and cash equivalents.

Annually SPA obtains an actuarial estimate for the self-insured loss layers with a reasonable expectation of actuarial liabilities related to the costs of claims that may or may not happen in that year. The JPA expects an accumulation of assets to include cash and investments for the future payments of claims.

Liabilities

Total liabilities at the close of the fiscal year are about \$1 million. This is an increase of nearly \$1 million over the prior year. About \$800,000 of this is related to advance funding of member contributions for the subsequent year (2022-23). The remainder of liabilities consist of nominal accounts payable to vendors, reimbursements due to members, and claims liabilities valued at the end of the fiscal year.

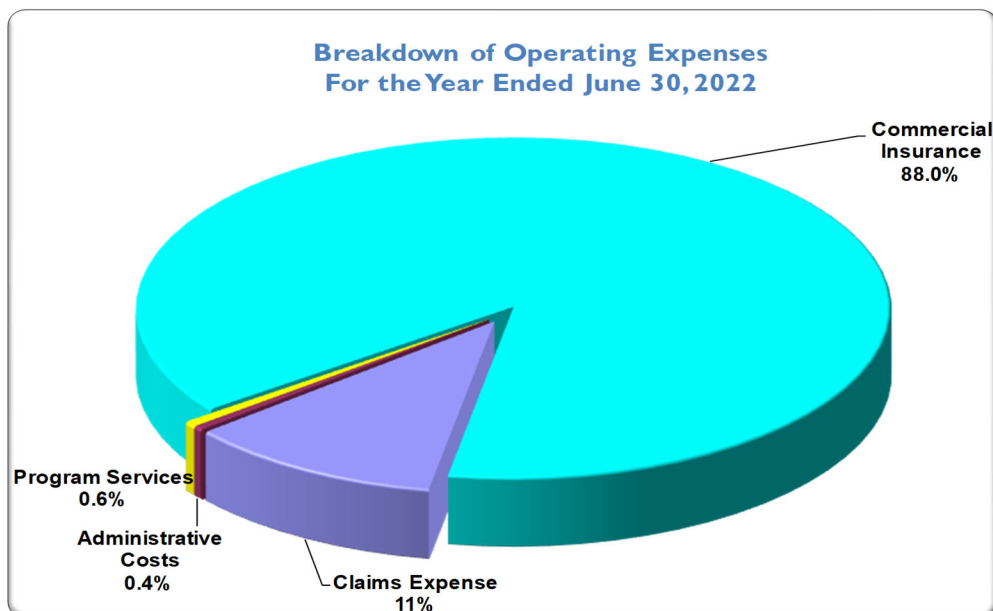
There were no outstanding claim reserves at the end of the fiscal year, however, \$23,725 of actuarial estimated liabilities, or IBNR (Incurred But Not Reported), are included in claims liabilities.

Net Position

Net Position at the close of the fiscal year of operations is \$2.9 million. This is a decrease of about \$500,000 from the prior year. The JPA, in the normal course of business, received member contributions and experienced and paid for the first claim to reach the self-insured loss layer. There are no capital assets or restricted amounts.

Statement of Revenues, Expenses and Changes in Net Position

For the Years ended June 30,	2022	2021
Operating revenues		
Member contributions, net	\$ 20,115,781	\$ 14,678,213
Total operating revenues	20,115,781	14,678,213
Operating expenses		
Provision for claims & claims adjustment expenses	2,273,725	-
Insurance premiums	18,139,676	11,253,213
Program services	115,175	32,019
General & administrative expenses	85,133	-
Total operating expenses	20,613,709	11,285,232
Operating income	(497,928)	3,392,981
Increase in net position	(497,928)	3,392,981
Net position, beginning of year	3,392,981	-
Net position, end of year	\$ 2,895,053	\$ 3,392,981



Contributions

Total member contributions for the fiscal year are \$20.1 million. This is an increase of \$5.5 million over the prior year. Contributions increased largely due to the addition of the liability program, as well as commensurate with expected cost increases in the reinsurance markets. Member contributions include contributions for the property program of \$14.9 million, the liability program of \$4.8 million, and \$425,000 to cover planned program services and administrative costs. Contributions for each program are determined by the SPA Board based on approved rate and exposure factors.

Operating Expenses

Provision for Claims Expense

Claims expense is a significant area of expenditure for SPA. During this second year, SPA received multiple claim reports, including the first claim to pierce and maximize the retained layer of \$2,250,000. Considering the increased reporting activity, actuarial liabilities (IBNR) were recognized by the JPA. The provision for claims expense is made up of two elements:

- 1) Actuarial estimate of the current year's claims,
- 2) Changes to the actuarial estimates of prior years' claims.

Because actual claim costs depend on several factors, such as claims management and current legislation; the actuarial estimations of ultimate claims costs for each claim year and program are adjusted annually. JPA's, such as SPA, are required to record these actuarial re-estimations of prior year claims expense in the current year.

Insurance Premiums

Insurance premiums for the year, the largest area of expenditure, were \$18.1 million. This is an increase of \$6.9 million over the prior year. This is directly related to the addition of the liability program (about \$4.8 million) plus the increased cost of excess & reinsurance coverage in the current hard insurance market. To limit the possible risk SPA members would be responsible for, SPA purchases excess insurance or reinsurance for coverage levels above a self-insured retention (SIR) layer. The current self-insured retention layers per incident are:

- Property - \$3,000,000 annual aggregate pool retention.
- Liability – no retained layer

Program Services

Program Services for the year were \$115,175. This is an increase over the prior year expenditures as additional loss control and appraisal activities are completed by the members. Program Services are coordinated by the Board for common services to cost-effectively benefit the loss control and appraisal activities of the members.

General & Administrative Costs

General & administrative costs were \$85,133 for the year. There were no general & administrative costs realized in the prior year.

This includes expenses for professional services, as well as compensation to the Managing Member the salaries and other administrative costs of providing financial management, accounting, budget, and related services for SPA.

Explanation of Budget to Actual Variances

For the Year ended June 30, 2022	Budget	Actual	Variance
Operating revenues			
Member contributions, net	\$ 1,925,000	\$ 20,115,781	\$ 18,190,781
Total operating revenues	1,925,000	20,115,781	18,190,781
Operating expenses			
Provision for claims & claims adjustment expenses	-	2,273,725	2,273,725
Insurance premiums	-	18,139,676	18,139,676
Program services	350,000	115,175	(234,825)
General & administrative expenses	75,000	85,133	10,133
Total operating expenses	425,000	20,613,709	20,188,709
Operating income	1,500,000	(497,928)	(1,997,928)
Increase in net position	1,500,000	(497,928)	(1,997,928)
Net position, beginning of year	-	3,392,981	-
Net position, end of year	\$ 1,500,000	\$ 2,895,053	\$ 1,395,053

Contributions

Contributions were \$20.1 million and ended the year \$18.2 million over budget. SPA management originally did not anticipate recognizing individual member purchases of excess insurance as JPA revenues and corresponding insurance premiums. The SPA Board created the self-insured retained layer and budgeted for retained layer contributions of \$1.5 million and \$425,000 of program services contributions for loss control, appraisals, and JPA administrative costs.

Provision for claims expense

SPA did not budget to experience any claim expenses for the year, however, as mentioned earlier, a claim was realized that exceeded the retained layer. Further, based on actuarial analysis, additional provision for claims expense (IBNR) was recognized.

Program service

Program services expenses incurred were \$115,175, which was \$234,825 below budget. SPA Members have started to take advantage of the cost-effective appraisal rates and other large group negotiated loss control services.

General & Administrative expenses

General & Administrative costs ended over budget by \$10,133 related to unanticipated professional services costs.

Forecast

SPA continues to support its member JPAs through a “hard” market for both the Property and Liability programs. Schools and their supporting JPAs continue to experience great difficulty maintaining rates and negotiating premium renewals in the California market. Escalating wildfire losses, nuclear jury verdicts, and statutory changes including the passage of AB218, are leading to challenging coverage negotiations with excess and reinsurance carriers. Additionally, many insurance carriers, or “markets” are choosing to reduce capacity and/or cease writing business at all in California. Many JPAs are being challenged with rate increases based on exposure, not experience, and minimum premiums, rather than based on traditional and historical risk exposure measures.

The Property market has experienced several costly global catastrophes and multiple large wildfires in recent years. Significant rate hikes have been experienced state-wide. Starting with 2020-2021 claim year, SPA was formed to allow member JPAs to combine in size and purchasing power to negotiate excess insurance purchases for the Property program. In response to the global losses, many carriers are reducing capacity to limit their available footprint for potential losses.

The steady uptick in Sexual and Molestation (SAM) claims and in punitive damage awards is having an increasingly detrimental impact on the severity and number of liability losses, which directly affect the excess insurance rates for the member JPA Liability programs (BASIC and SIA). The various JPAs excess coverage costs for their Liability programs continue to increase, while, at the same time, self-insured retentions are pressured to increase, with member retentions reaching \$2 million. Further, coverage limits are decreasing for members as a means to manage escalating costs. The insurance markets are, again, reacting by reducing capacity, providing aggregate limits, pushing for changing terms and other coverage restrictions.

In anticipation of continued 2021-2022 reinsurance market challenges for excess liability coverage, SPA program members BSSFP, NBSIA, and RESIG (participating as their existing JPA, BASIC), and SIA agreed to use the SPA JPA to consolidate purchasing power in reinsurance negotiations. For the 2021-2022 fiscal year, these JPAs have expanded the JPA infrastructure and successfully launched a liability program to negotiate and purchase excess insurance coverage.

Our foreseeable forecast is for a continued hard market for these two programs. In addition, legislative changes are being watched carefully for any implications as it pertains to workers’ compensation or general liability exposures. SPA is a strategically placed JPA to assist member JPAs and schools in the future.

BASIC FINANCIAL STATEMENTS

DRAFT

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2022 AND 2021

ASSETS:	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 3,732,010	\$ 3,265,665
Cash held for others	112,954	-
Receivables	51,105	159,335
Total assets	<u>3,896,069</u>	<u>3,425,000</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	55,820	32,019
Deferred contributions	808,517	-
Advances held for others	112,954	-
Unpaid claims	23,725	-
Total liabilities	<u>1,001,016</u>	<u>32,019</u>
NET POSITION:	<u>\$ 2,895,053</u>	<u>\$ 3,392,981</u>

The accompanying notes are an integral part of these financial statements.

10

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022 AND
THE PERIOD FROM INCEPTION (JUNE 1, 2020) TO JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Premium deposits from members	\$ 19,690,781	\$ 14,253,213
Administrative contributions	<u>425,000</u>	<u>425,000</u>
Total operating revenues	<u>20,115,781</u>	<u>14,678,213</u>
OPERATING EXPENSES:		
Insurance premiums	18,139,676	11,253,213
Provision for claims and claim adjustment expenses	2,273,725	-
Program services	115,175	32,019
Administrative expenses	<u>85,133</u>	<u>-</u>
Total operating expenses	<u>20,613,709</u>	<u>11,285,232</u>
Operating income (loss)	<u>(497,928)</u>	<u>3,392,981</u>
Increase (decrease) in net position	(497,928)	3,392,981
Net position, beginning	<u>3,392,981</u>	<u>-</u>
Net position, ending	<u>\$ 2,895,053</u>	<u>\$ 3,392,981</u>

The accompanying notes are an integral part of these financial statements.

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022 AND THE PERIOD FROM INCEPTION (JUNE 1, 2020) TO JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from premium contributions and other income	\$ 20,224,011	\$ 14,518,878
Cash received and held for others	112,954	
Cash paid for claims	(2,250,000)	
Cash paid for insurance and other expenses	<u>(17,507,666)</u>	<u>(11,253,213)</u>
Net cash provided by operating activities	<u>579,299</u>	<u>3,265,665</u>
Net increase in cash and cash equivalents	579,299	3,265,665
Cash and cash equivalents, beginning	<u>3,265,665</u>	<u>-</u>
Cash and cash equivalents, ending	<u>\$ 3,844,964</u>	<u>\$ 3,265,665</u>
 RECONCILIATION TO STATEMENTS OF NET POSITION:		
Cash and cash equivalents	3,732,010	3,265,665
Cash held for others	<u>112,954</u>	
Cash and cash equivalents, ending	<u>\$ 3,844,964</u>	<u>\$ 3,265,665</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (497,928)	\$ 3,392,981
Adjustments to reconcile operating loss to gain cash used by operating activities:		
(Increase) decrease in:		
Receivables	108,230	(159,335)
Increase in:		
Accounts payable	23,801	32,019
Deferred contributions	808,517	-
Advances held for others	112,954	-
Unpaid claims and claims adjustment expenses	<u>23,725</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 579,299</u>	<u>\$ 3,265,665</u>

The accompanying notes are an integral part of these financial statements.

12

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Schools Program Alliance Joint Powers Authority (SPA or the Authority) was established by a Joint Powers Agreement on June 1, 2020, for the operation of a common risk management and insurance program for member public agencies. The Authority's general objectives are to formulate, develop and administer, on behalf of the members, a program providing for indemnity coverage. As of June 30, 2021, the Authority had five members who participated in a self-insured Property program. Schools Insurance Authority (SIA) served as the Managing Member of SPA.

Effective July 1, 2021, the Authority purchased insurance for liability claims incurred on that date. The Authority will be responsible for funding any self-insured claims incurred from that date forward.

Admission and Withdrawal

Any public agency or entity may apply for membership to the Authority. Membership must be approved by a three-quarters (3/4) vote of the Authority's Board of Directors. A Member may thereafter be expelled from SPA or any SPA Program, for any good faith and proper reason upon a vote of at least three-quarters (3/4) of the Board of Directors.

Any member of the Authority may withdraw from one or more contracting activities or its status as a member of SPA by notifying all members the Authority in writing of its potential withdrawal prior to December 31 and shall provide a final written notice to all SPA members by March 1 of that fiscal year. A member withdrawing from the Authority shall continue to be responsible for the amount of any costs, liabilities, assessments, or contingencies required because of losses against the member and/or the Authority for the years within which the member participated. Absent unanimous consent of all members, a member withdrawing from a program or from SPA shall not be entitled to again participate in the program or in SPA for a period of three years following the withdrawal.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and the related liabilities are recognized when the obligation is incurred.

Cash Equivalents

Cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of three months or less.

Cash Held for Others

The Authority receives and disburses funds from excess insurers to be disbursed to members. These funds are considered restricted cash and are offset by a liability in the Authority's statements of net position.

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Provision for Unpaid Claims and Claim Adjustment Expenses

The Authority's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability. The Authority increases the liability for allocated and unallocated claim adjustment expenses. Because actual claims costs depend on such complex factors as inflation, changes in doctrine of legal liability and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability and workers' compensation. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors, and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made.

Self-Insurance

Members are individually responsible for the first \$250,000 of each non-wildfire property claim. Under "Retention A" of the Authority's Property Program, amounts in excess of \$250,000 per claim are covered to \$250,000, to an aggregate of \$1,000,000. Under "Retention B" of the Authority's Property Program, claims which exceed "Retention A" individually and in the aggregate are covered to a per-claim and aggregate maximum of \$2,000,000. For wildfire claims, members have varying member deductibles related to their wildfire exposure. Losses incurred in excess of member deductibles are ceded to reinsurance and excess insurance carriers.

Revenue Recognition

Contributions are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses exceed contributions previously paid and interest and other income, the Authority may assess its members additional premiums. Operating revenues and expenses include all activities necessary to achieve the objectives of the Authority.

Income Taxes

The Authority is an organization comprised of public agencies and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Reclassifications

Some items in the financial statements for the year ended June 30, 2021 have been reclassified for comparative purposes. Contributions from members for the purposes of covering administrative costs have been shown separate from premium deposits from members.

2. CASH AND CASH EQUIVALENTS

The Authority's cash is held on deposit with SIA, the managing member. Cash and cash equivalents in bank are stated at cost by SIA. The Authority's cash and cash equivalents as of June 30, 2022 and 2021 consisted of the following:

	<u>Rating</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents:			
Cash held by Schools Insurance Authority	Not rated	\$ 3,844,964	\$ 3,265,665

3. UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

As discussed in Note 1, the Authority establishes a liability for both reported and unreported insured events for the respective programs. There were no liabilities established for the Property program as of June 30, 2021 since no claims were incurred since the program's inception which triggered coverage within the Authority's retention layer. One program member experienced a wildfire event during the fiscal year ended June 30, 2021, with the related losses in excess of the member's wildfire deductible ceded to excess and reinsurance carriers. The following represents changes in those aggregate liabilities during the year ended June 30, 2022:

Unpaid claims and claim adjustment expenses, beginning of fiscal year	\$	-
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year		<u>2,273,725</u>
Total incurred claims and claim adjustment expenses		<u>2,273,725</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year		<u>2,250,000</u>
Total payments		<u>2,250,000</u>
Total unpaid claims and claim adjustment expenses, end of fiscal year	\$	<u>23,725</u>

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The components of the unpaid claims and claim adjustment expenses as of June 30, 2022 are as follows:

Reported claims	\$	-
Claims incurred but not reported (IBNR)		23,725
Unallocated loss adjustment expenses (ULAE)		-
		<hr/>
Total unpaid claims and claim adjustment expenses	\$	<u>23,275</u>

Claims liabilities have been estimated at the amount of claims paid in the current year and consideration of any known future claims payments.

4. CONTINGENCIES

The Authority is subject to legal proceedings which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the Authority.

5. RELATED PARTY TRANSACTIONS

Schools Insurance Authority is the managing member of SPA. For the year ended June 30, 2022 and for the period from inception (June 1, 2020) to June 30, 2021, SIA paid total contributions of \$8,332,030 and \$4,593,024 to SPA, respectively. Contributions from SIA held to be recognized in a future period were \$805,517 for the year ended June 30, 2022. For the year ended June 30, 2022 SPA paid a total of \$75,000 to SIA for administrative services. Administrative services for the period from inception (June 1, 2020) to June 30, 2021 performed by SIA were minimal and therefore no administration expense was recognized by SPA during the period. In addition, the cash held by SIA on behalf of SPA totaled \$3,844,964 and \$3,265,665 as of June 30, 2022 and 2021, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

PROPERTY PROGRAM CLAIMS DEVELOPMENT INFORMATION JUNE 30, 2022

For the policy year ended June 30	<u>2021</u>	<u>2022</u>
1. Premiums and investment revenue:		
Earned	\$ 14,253,213	\$ 14,892,428
Ceded	<u>(11,253,213)</u>	<u>(13,341,323)</u>
Net earned	<u>\$ 3,000,000</u>	<u>\$ 1,551,105</u>
2. Unallocated expenses	\$ 32,019	\$ 200,308
3. Estimated incurred claims and expenses, end of policy year:		
Incurred	\$ 10,000,000	\$ 2,273,725
Ceded	<u>(10,000,000)</u>	<u> </u>
Net incurred	\$ -	\$ 2,273,725
4. Paid (cumulative) as of:		
End of policy year	\$ -	\$ 2,250,000
One year later	-	-
5. Reestimated ceded losses and expenses	\$ -	\$ -
6. Reestimated incurred claims and expense:		
End of policy year	\$ -	\$ 2,273,725
One year later	-	-
7. Increase (Decrease) in estimated incurred claims and expense from end of policy year	\$ -	\$ -

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

1. CLAIMS DEVELOPMENT INFORMATION

The table on page 17 illustrates how the Authority's earned revenues and investment income compare to related costs of loss and other expenses assumed by the Authority as of the end of each of the last ten years. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned contribution and investment revenues, less dividends paid and contribution revenue ceded to reinsurers, and net earned contribution and investment revenues.
2. Each fiscal year's other operating costs of the Authority including overhead and claims expenses not allocable to individual claims.
3. The Authority's gross incurred claims and claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued), excluding ULAE, as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. Cumulative amounts paid as of the end of successive years for each policy year.
5. The latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. Policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. Compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

EXHIBIT 5



Policy & Procedure No. P&P 3-Property

ADOPTED: February 13, 2023

AMMENDED:

EFFECTIVE: February 13, 2023

SUBJECT: Claim payments within the SPA Retained Layer

Should there be any discrepancy between this document and the JOINT POWERS AGREEMENT or the Property Program Memorandum of Coverage, the JOINT POWERS AGREEMENT and Property Program Memorandum of Coverage will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. Within the Property Program structure is a **Retained Layer** for which **SPA Members** participate in a shared retention. SPA annually establishes an allocation process for each **SPA Member's** liability share of the **Retained Layer**, as well as funding of that liability, per **SPA Member**. This Policy and Procedure describes the payment policy allowed by the **Managing Member** intended to release claim payment for losses impacting the **Retained Layer** and loss layers above the **Retained Layer**.

POLICY:

It is the policy of the SPA **Board** that the **Property Program Retained Layer** shall have a payment procedure allowing for appropriate and timely release of claim payments, by the **Managing Member**, for losses impacting the **Retained Layer** and loss layers above the **Retained Layer**. The **Managing Member** will release funds upon consultation with the designated **Loss Adjustment Service Firm**, or upon approval of the SPA Chairperson and another **Board Member**, in terms of timing and amount of claim payment to be released.

To ensure accountability of all funds, it is the policy of the **Board** that all claim advances and payments from excess or reinsurance carriers for amounts in excess of the **Retained Layer** shall be deposited into the SPA account for accounting and subsequent disbursement to **Member(s)** according to this policy.

Reporting of losses remain the responsibility of the **SPA Member** sustaining the loss and should follow the requirements established in the **Memorandum of Coverage** for such.

It is also understood that the SPA **Managing Member** is not handling or adjudicating any claims in the **Retained Layer**. Instead, the SPA **Managing Member** is releasing funds from the **Retained Layer** and advancing excess/reinsurance carrier funds to the effected **SPA Member**, for

losses within or above the **Retained Layer**, based upon consultation from the **Loss Adjustment Service Firm** as to amount and timing.

PROCEDURE:

The following procedures are followed in the payment of losses impacting the **Retained Layer**.

1. Retained Layer payment procedure

For advances and partial claim payments impacting the **Retained Layer**, the SPA **Managing Member** will:

- Consult with the **Loss Adjustment Service Firm** regarding:
 - Determining validity of a claim, based on Member reporting of claim and their receipt of the appropriate proof of loss, or other factors
 - The amount to be paid from the **Retained Layer**
 - The timing for which the amount can be release
 - Any adjustments to the previously paid amounts until closure of the claim
- Collect and deposit all carrier advances and payments into the SPA bank account.
- Perform a due diligence review before issuing payment, including verifying the claim, reserve amount, approved expenses, any recoveries and prior payments issued.
- Upon payment request, the Managing Member will release payment to the requesting Member, from the SPA account, upon review and approval of supporting payment request (email request, invoice for reimbursement, sworn proof of loss, etc...).

For final/closing claim payment(s), the SPA **Managing Member** will:

- Consult with the **Loss Adjustment Service Firm** to confirm final claim details prior to issuing payment.
- Perform a due diligence review before issuing payment, including verifying the claim, reserve amount, total approved expenses, any recoveries, adjustments to previously paid amounts, prior payments issued, and any other relevant factors.
- Reconcile funds due/received from all involved excess/re-reinsurance carriers above the retained layer.
- Release final payment after receipt of “final” sworn proof of loss.

Provide an accounting to the **Board** of all claim payments made, which shall be reported to the Board at the next regularly scheduled meeting following payment.

The SPA **Managing Member**, in releasing the claims payment for losses impacting the **Retained Layer**, shall use the **Retained Layer** funded amounts provided by the SPA **Members**. If those funded amounts are insufficient, the **Managing Member** will notify the SPA **Members** of additional amounts owed based upon their allocation of the **Retained Layer** liability for the year in question, if applicable.

2. Reinsurer payments or advances

For any amounts paid or advanced by a reinsurer to SPA in relation to a SPA Member's claim, the Managing Member shall release those funds to the SPA Member promptly, but not exceeding 10 business days.

3. Post-payment reductions

Regarding Sections 1 and 2, should any future determination be made which reduces the amounts owed to the SPA Member (ex. adverse coverage determination, additional recoveries, etc.), the SPA Member shall return any overage amounts from the original payments. "Overage" is calculated as original payment less post-original payment reduction.

4. Periodic review

This Policy and Procedure shall be reviewed by the **Board** and amended as needed.

DEFINITIONS:

"Board" means the Board of Directors of the SPA Joint Powers Authority.

"Loss Adjustment Service Firm" refers to the designated firm listed in the Memorandum of Coverage

"Managing Member" means the duly authorized representative of the SPA Members and point of contact for all vendors.

"Memorandum of Coverage" refers to the document which establishes and outlines the coverage offer by SPA to the SPA Members.

"Property Program" means the program established by the Board to provide a combination of self-insured, insured and reinsured coverages and services designated by the Board as elements of the SPA Joint Powers Authority property program offering.

"Retained Layer" refers to any shared retention layer within the Property Program structure.

"SPA Member"/"Member" means the signatories to the SPA Joint Powers Authority.

EXHIBIT 6

Policy & Procedure No. P&P 2-Property

ADOPTED: January 11, 2021

AMMENDED: January 8, 2024

AMMENDED EFFECTIVE: January 8, 2024

SUBJECT: Property Program Underwriting Procedures

Should there be any discrepancy between this documents and the JOINT POWERS AGREEMENT or the Property Program Memorandum of Coverage, the JOINT POWERS AGREEMENT and Property Program Memorandum of Coverage will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. SPA has established rating plans and operating practices for its **Property Program**. This Policy and Procedure describes Underwriting Procedures intended to maintain **Member** confidence in the funding and viability of SPA's **Property Program** as well as guidelines for adding locations, members to existing **Members** and prospective new **Members** to the **Property Program**.

POLICY:

It is the policy of the SPA **Board** that the **Property Program** Underwriting Procedures balance and achieve the following underwriting goals:

- Rate Stability over time so that **Members** can plan for SPA **Property Program** costs;
- Loss Accountability so that **Members** are incentivized to prevent and reduce losses;
- Relationship of loss exposure so that rates reflect each **Member's** relative exposure to loss; and
- Growth in membership managed so that addition of new locations or members to existing **Members** and addition of prospective new **Members** supports the overall goals of SPA and mitigates potential negative impacts to SPA **Members**.

PROCEDURE:

The following underwriting procedures shall be followed in establishing the **Property Program** funding and rates.

1. Underwriting guidelines /funding requirements/rating plan

Rates are established by the **Board** based upon multiple factors including, but not limited to, the following:

- The **Program Administrator** shall gather and analyze information on **Member** exposures including but not limited to the schedule of values, loss history, loss control reports, and exposure modeling.
 - The **Program Administrator** shall project funding requirements for retained layers and reinsurance costs. An actuary may be engaged to assist as needed.
 - The **Program Administrator** shall present to the **Board** for each year's renewal a rating plan cost allocation and a review of the methodology for calculating member contributions and reinsurance premiums.
2. New locations, new members of existing Members and prospective new **Members** (This section does **not** apply to new construction projects applicable to Course of Construction/Builders Risk exposures– see Section 3 for handling of those risks)

Existing Members may add additional locations or members to their membership and receive coverage under the SPA Property Program as provided in the automatic acquisition and reporting requirements of the Property Program Memorandum of Coverage. If the additional locations or members exceed the automatic acquisition coverage or trigger reporting requirements of the Memorandum of Coverage, then the Member shall in advance of receiving coverage under the SPA Property Program provide underwriting information and any report or findings of the Member's own underwriting review. The Program Administrator shall then prepare a report for the Board summarizing the new locations or members and the impact on the Property Program considering the policy and procedures of this Policy and Procedure No. 1- Property. The Board may then take action to approve or deny coverage under the Property Program and may direct the Program Administrator to secure approval of the Property Program's insurance and reinsurance underwriters. The Program Administrator will advise the Member and the Board the effective date of coverage if it is approved.

A prospective new Member of SPA eligible under the joint powers agreement shall engage with the **Program Administrator** in an evaluation of potential participation in the **Property Program**. The **Program Administrator** shall conduct an initial underwriting review considering the policy and procedures of this Policy and Procedure P&P No. 1- Property and may confer with insurance and reinsurance underwriters for additional evaluation. The **Program Administrator** shall prepare a report to the **Board** summarizing the prospective new Member's application. **Board** considerations may include but are not limited to additional considerations such as:

- Prospective member's risk profile relative to existing **Members'** risk profiles
- Impact of the prospective new Member on availability of coverage and aggregate limits; and,
- SPA's ability to serve effectively the prospective member.

New Members, new locations and new members of existing Members shall be scheduled to have a property insurance appraisal within 5 years of the most recent appraisal or as soon as practicable after joining if the most recent appraisal has not been within 5 years.

This section does not apply to new construction projects that apply to Course of Construction/Builders Risk exposure – see Section 3 for information related to those risks

3. Construction projects related to Course of Construction/Builders Risk exposure

It is understood that while the SPA Property MOC allows for automatic inclusion of “Course of Construction” (COC) risks up to a stated sublimit of value, the SPA Board has implemented this targeted underwriting policy for these risks. It is recommended that SPA members place COC coverage through the contractor performing the work. If a member prefers not to have the contractor purchase COC coverage, SPA Members may submit construction projects valued at \$5,000,000 or less on a per building basis for automatic inclusion into the SPA Property Program. However, COC risks for construction projects valued over \$5,000,000 must be placed outside of the SPA Property Program. The SPA MOC and reinsurance agreements have limitations based on COC at a site, so a Member with multiple buildings at a site or as part of a package of construction should consult with the Program Administrator to see whether SPA’s Property Program can accommodate such a project.

The rate charged for projects covered in the SPA Property program will be based on the SPA Member’s allocated rate set at inception of the current/in-force MOC.

SPA cannot guarantee that COC coverage will be available in succeeding program years, therefore it is recommended that all COC exposure be placed on a separate policy outside of the SPA Property Program.

4. Placement options for buildings \$5,000,000 or greater (i.e., those excluded from SPA coverage, per section 3 above):

There are two options SPA Members can pursue when obtaining coverage for projects/buildings that do NOT qualify for SPA coverage:

- A. Contractor: Request and obtain coverage from the Contractor conducting the project. In this case, the Contract will advise on steps and data needs. Or
- B. Program Administrator/Alliant: Alliant can obtain an open-market option for COC coverage, subject to prevailing market conditions. Alliant will need 90 days and a completed “New Location Questionnaire” in order to conduct an marketing effort. These requests should be submitted to Michelle Minnick or, if not available, another member of the Alliant SPA team.

5. Periodic review

This Policy and Procedure shall be reviewed by the **Board** and amended as needed.

DEFINITIONS:

“**Board**” means the Board of Directors of the SPA Joint Powers Authority.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. OC36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

“Member” means the signatories to the SPA Joint Powers Authority.

“Program Administrator” means the person or organization designated by the Board to administer the SPA Property Program.

“Property Program” means the program established by the Board to provide a combination of self-insured, insured and reinsured coverages and services designated by the Board as elements of the SPA Joint Powers Authority property program offering.

EXHIBIT 7



Policy & Procedure No. P&P 2-Property

ADOPTED: January 11, 2021

AMMENDED: January 8, 2024

AMMENDED EFFECTIVE: January 8, 2024

SUBJECT: Property Program Underwriting Procedures

Should there be any discrepancy between this documents and the JOINT POWERS AGREEMENT or the Property Program Memorandum of Coverage, the JOINT POWERS AGREEMENT and Property Program Memorandum of Coverage will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. SPA has established rating plans and operating practices for its **Property Program**. This Policy and Procedure describes Underwriting Procedures intended to maintain **Member** confidence in the funding and viability of SPA's **Property Program** as well as guidelines for adding locations, members to existing **Members** and prospective new **Members** to the **Property Program**.

POLICY:

It is the policy of the SPA **Board** that the **Property Program** Underwriting Procedures balance and achieve the following underwriting goals:

- Rate Stability over time so that **Members** can plan for SPA **Property Program** costs;
- Loss Accountability so that **Members** are incentivized to prevent and reduce losses;
- Relationship of loss exposure so that rates reflect each **Member's** relative exposure to loss; and
- Growth in membership managed so that addition of new locations or members to existing **Members** and addition of prospective new **Members** supports the overall goals of SPA and mitigates potential negative impacts to SPA **Members**.

PROCEDURE:

The following underwriting procedures shall be followed in establishing the **Property Program** funding and rates.

1. Underwriting guidelines /funding requirements/rating plan

Rates are established by the **Board** based upon multiple factors including, but not limited to, the following:

- The **Program Administrator** shall gather and analyze information on **Member** exposures including but not limited to the schedule of values, loss history, loss control reports, and exposure modeling.
 - The **Program Administrator** shall project funding requirements for retained layers and reinsurance costs. An actuary may be engaged to assist as needed.
 - The **Program Administrator** shall present to the **Board** for each year's renewal a rating plan cost allocation and a review of the methodology for calculating member contributions and reinsurance premiums.
2. New locations, new members of existing Members and prospective new **Members** (This section does **not** apply to new construction projects applicable to Course of Construction/Builders Risk exposures– see Section 3 for handling of those risks)

Existing Members may add additional locations or members to their membership and receive coverage under the SPA Property Program as provided in the automatic acquisition and reporting requirements of the Property Program Memorandum of Coverage. If the additional locations or members exceed the automatic acquisition coverage or trigger reporting requirements of the Memorandum of Coverage, then the Member shall in advance of receiving coverage under the SPA Property Program provide underwriting information and any report or findings of the Member's own underwriting review. The Program Administrator shall then prepare a report for the Board summarizing the new locations or members and the impact on the Property Program considering the policy and procedures of this Policy and Procedure No. 1- Property. The Board may then take action to approve or deny coverage under the Property Program and may direct the Program Administrator to secure approval of the Property Program's insurance and reinsurance underwriters. The Program Administrator will advise the Member and the Board the effective date of coverage if it is approved.

A prospective new Member of SPA eligible under the joint powers agreement shall engage with the **Program Administrator** in an evaluation of potential participation in the **Property Program**. The **Program Administrator** shall conduct an initial underwriting review considering the policy and procedures of this Policy and Procedure P&P No. 1- Property and may confer with insurance and reinsurance underwriters for additional evaluation. The **Program Administrator** shall prepare a report to the **Board** summarizing the prospective new Member's application. **Board** considerations may include but are not limited to additional considerations such as:

- Prospective member's risk profile relative to existing **Members'** risk profiles
- Impact of the prospective new Member on availability of coverage and aggregate limits; and,
- SPA's ability to serve effectively the prospective member.

New Members, new locations and new members of existing Members shall be scheduled to have a property insurance appraisal within 5 years of the most recent appraisal or as soon as practicable after joining if the most recent appraisal has not been within 5 years.

This section does not apply to new construction projects that apply to Course of Construction/Builders Risk exposure – see Section 3 for information related to those risks

3. Construction projects related to Course of Construction/Builders Risk exposure

It is understood that while the SPA Property MOC allows for automatic inclusion of “Course of Construction” (COC) risks up to a stated sublimit of value, the SPA Board has implemented this targeted underwriting policy for these risks. It is recommended that SPA members place COC coverage through the contractor performing the work. If a member prefers not to have the contractor purchase COC coverage, SPA Members may submit construction projects valued at \$5,000,000 or less on a per building basis for automatic inclusion into the SPA Property Program. However, COC risks for construction projects valued over \$5,000,000 must be placed outside of the SPA Property Program. The SPA MOC and reinsurance agreements have limitations based on COC at a site, so a Member with multiple buildings at a site or as part of a package of construction should consult with the Program Administrator to see whether SPA’s Property Program can accommodate such a project.

The rate charged for projects covered in the SPA Property program will be based on the SPA Member’s allocated rate set at inception of the current/in-force MOC.

SPA cannot guarantee that COC coverage will be available in succeeding program years, therefore it is recommended that all COC exposure be placed on a separate policy outside of the SPA Property Program.

4. Placement options for buildings \$5,000,000 or greater (i.e., those excluded from SPA coverage, per section 3 above):

There are two options SPA Members can pursue when obtaining coverage for projects/buildings that do NOT qualify for SPA coverage:

- A. Contractor: Request and obtain coverage from the Contractor conducting the project. In this case, the Contract will advise on steps and data needs. Or
- B. Program Administrator/Alliant: Alliant can obtain an open-market option for COC coverage, subject to prevailing market conditions. Alliant will need 90 days and a completed “New Location Questionnaire” in order to conduct an marketing effort. These requests should be submitted to Michelle Minnick or, if not available, another member of the Alliant SPA team.

5. Periodic review

This Policy and Procedure shall be reviewed by the **Board** and amended as needed.

DEFINITIONS:

“**Board**” means the Board of Directors of the SPA Joint Powers Authority.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. OC36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

“Member” means the signatories to the SPA Joint Powers Authority.

“Program Administrator” means the person or organization designated by the Board to administer the SPA Property Program.

“Property Program” means the program established by the Board to provide a combination of self-insured, insured and reinsured coverages and services designated by the Board as elements of the SPA Joint Powers Authority property program offering.

Item No: E.3.

STRATEGIC PLANNING SESSION**DISCUSSION OF POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES AND STANDING COMMITTEES/TASK GROUPS****ACTION ITEM**

ISSUE: What additional needs does SPA have for policies, procedures, administration, or direction regarding key operational or strategic issues?

RECOMMENDATION: Review the work of the task groups and determine if there are changes needed going forward.

FISCAL IMPACT: Unknown

BACKGROUND: Last year the committee discussed the need for task groups and created the Loss Control Task Group, Liability Aggregate Task Group, and the Claims Task Force.

ATTACHMENTS: None.

Item No: E.4.a.1.

**COVERAGE PROGRAM REVIEWS, DEVELOPMENT AND
MARKETING – PROPERTY PROGRAM**

**HIGH RISK AND REMOTE LOCATIONS – PROPERTY LOSS CONTROL
TASK FORCE**

ACTION ITEM

ISSUE: As a follow up to identifying the high risk and remote locations the members are encouraged to discuss and provide direction to the Property Loss Control Task Force regarding loss control efforts aimed at those locations and steps needed to come off the list.

RECOMMENDATION: Review the exposure and recommend steps to guide members in reducing their risk and removing the high-risk limitations.

FISCAL IMPACT: None expected from this item.

BACKGROUND: This is an extension of discussions from the last two planning meetings meant to address the high-risk exposures and encourage loss control among the members.

ATTACHMENTS: None. Refer to MOC for list of subject locations.



SPA VACANCY PERMIT REQUEST

Effective July 1, 2024, the SPA Program will apply a \$500,000.00 **Vacant Property sublimit** for any properties meeting that definition in the SPA Memorandum of Coverage (MOC). Following is the definition in the MOC:

Real Property, whose construction code calls for occupancy, that is not occupied by the member of the Named Insured and does not contain Business Personal Property in a sufficient amount to conduct normal operations. A property will be considered a vacant property if not occupied for 90 consecutive calendar days.

Vacant Property does not include a structure that is intended for future use on an occupied, active site.

For properties that are able to mitigate the higher risk associated with a Vacant Property, via security and risk management measures, SPA will issue a Vacancy Permit confirming the sublimit has been removed. The Vacancy Permit will be an endorsement to the SPA MOC and designate the amount of coverage for the structure. **Coverage will only apply if the identified security and risk management measures are maintained up to and through the time of loss.**

****You do not need to ask for a vacancy permit on vacant land.***

Criteria to qualify for a Vacancy Permit:

Please answer yes or no to the following questions:

- a. Is regular and routine maintenance is being performed?
Answer: Yes No
- b. Are documented site inspections conducted no less than once a month?
Answer: Yes No
- c. Minimum protective safeguards, such as sprinkler systems and burglar alarms are maintained in full service? – describe _____
Answer: Yes No
- d. Perimeter doors and windows are locked and secured?
Answer: Yes No
- e. Security guards patrol the property, not necessarily always on site but periodically during a 24-hour period, each day?
Answer: Yes No
- f. All hazardous or combustible material has been removed?
Answer: Yes No
- g. Confirmation your organization’s understanding and acceptance that the measures above will be kept in place until the property no longer falls under the Vacant Property definition in the MOC or the limit is \$500,000?
Answer: Yes No

Approved August 20, 2024

Notice and Timing:

A completed Request should be submitted 30 days prior to the property needing a Vacancy Permit. SPA will respond within 10 business days of receiving a completed Request. If a Vacancy Permit is issued, SPA will release it within 5 business days of the approval notification.

Send requests and notices of any changes to:

Additional Information needed to submit this request:

Address of Property(ies) for which a Vacancy Permit is being requested:

Please describe how this vacant structure/location will be used by the Member District in the future (Will be modernized? Is it expected to be sold?) Please provide any additional information you think will be helpful for underwriting consideration.

The undersigned authorized officer/manager of the applicant declares that the statements set forth herein are true. The undersigned authorized officer/manager agrees that if the information supplied on this application changes after completion, they (undersigned) will notify SPA as soon as practicable of such changes, and SPA may withdraw or modify any outstanding quotations and/or authorizations or agreements to provide coverage.

Signing of this application does not bind the applicant or SPA to complete the coverage, but it is agreed that this application shall be the basis of the contract should a vacancy permit be issued.

All written statements and materials furnished to SPA in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

Member or District Name:

Person and role of submitter of this request:

Phone number and email address:

Signature:

Date:

Approved August 20, 2024

Item No: E.4.a.3.b.

**COVERAGE PROGRAM REVIEWS, DEVELOPMENT AND
MARKETING – PROPERTY PROGRAM****VACANCY PERMIT REQUEST FOR SIA****ACTION ITEM**

ISSUE: One SPA Vacancy Permit Request have been received for review and consideration by the Board. SPA Members to also update Program Administrator of Vacant Property initiative with members.

RECOMMENDATION: SPA Board to review Vacancy Permits and determine approval or rejection.

FISCAL IMPACT: Unknown.

BACKGROUND: SPA is underwritten as a program consisting mostly of highly protected property risks. Unexpectedly large losses happen at vacant locations cause significant impact to SPA's ability to secure coverage and the cost of coverage. The cost of such losses is shared among all the members and remain in the loss rating calculus for 5 years.

Vacant or unoccupied structures face a higher risk of loss. The Board has previously agreed to limit coverage on vacant structures to \$500,000 which should be sufficient for minor repairs or demolition/debris removal to secure a vacant structure impacted by a covered loss. A member district that can show a vacant location is adequately protected will be eligible for an increased limit subject to the SPA Board of Directors approval.

ATTACHMENT(S):

1. SIA – TRUSD – SPA Vacancy Permit Request



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

SPA VACANCY PERMIT REQUEST

Effective July 1, 2024, the SPA Program will apply a \$500,000.00 **Vacant Property sublimit** for any properties meeting that definition in the SPA Memorandum of Coverage (MOC). Following is the definition in the MOC:

Real Property, whose construction code calls for occupancy, that is not occupied by the member of the Named Insured and does not contain Business Personal Property in a sufficient amount to conduct normal operations. A property will be considered a vacant property if not occupied for 90 consecutive calendar days.

Vacant Property does not include a structure that is intended for future use on an occupied, active site.

For properties that are able to mitigate the higher risk associated with a Vacant Property, via security and risk management measures, SPA will issue a Vacancy Permit confirming the sublimit has been removed. The Vacancy Permit will be an endorsement to the SPA MOC and designate the amount of coverage for the structure. **Coverage will only apply if the identified security and risk management measures are maintained up to and through the time of loss.**

Criteria to qualify for a Vacancy Permit:

Please answer yes or no to the following questions:

- a. Is regular and routine maintenance is being performed?

Answer: Yes No

- b. Are documented site inspections conducted no less than once a month?

Answer: Yes No

- c. Minimum protective safeguards, such as sprinkler systems and burglar alarms are maintained in full service? – describe _____

Answer: Yes No

- d. Perimeter doors and windows are locked and secured?

Answer: Yes No

- e. Security guards patrol the property, not necessarily always on site but periodically during a 24-hour period, each day?

Answer: Yes No

- f. All hazardous or combustible material has been removed?

Answer: Yes No

- g. Confirmation your organization's understanding and acceptance that the measures above will be kept in place until the property no longer falls under the Vacant Property definition in the MOC or the limit is \$500,000?

Answer: Yes No



Schools Program Alliance
c/o Alliant Insurance Services

Notice and Timing:

A completed Request should be submitted 30 days prior to the property needing a Vacancy Permit. SPA will respond within 10 business days of receiving a completed Request. If a Vacancy Permit is issued, SPA will release it within 5 business days of the approval notification.

Send requests and notices of any changes to: michelle.minnick@alliant.com and jenna.wirkner@alliant.com

Additional Information needed to submit this request:

Address of Property(ies) for which a Vacancy Permit is being requested:

5450 Georgia Drive, North Highlands, CA 95660
1251 Chuckwagon Drive, Sacramento, CA 95834 (vacant land parcel - no buildings)

The undersigned authorized officer/manager of the applicant declares that the statements set forth herein are true. The undersigned authorized officer/manager agrees that if the information supplied on this application changes after completion, they (undersigned) will notify SPA as soon as practicable of such changes, and SPA may withdraw or modify any outstanding quotations and/or authorizations or agreements to provide coverage.

Signing of this application does not bind the applicant or SPA to complete the coverage, but it is agreed that this application shall be the basis of the contract should a vacancy permit be issued.

All written statements and materials furnished to SPA in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

Person and role of submitter of this request:

Ryan DiGiulio, Chief Business Official

Signature:

DocuSigned by:

869ZADZE263042D...

Date:

06/11/2024

SPA PROPERTY PROGRAM CLAIMS SERVICE INSTRUCTIONS

- PURPOSE:** These Claims Service Instructions (CSI's) provide direction and performance standards for property claims that are reported to the Schools Program Alliance (SPA).
- BACKGROUND:** The Schools Program Alliance Property Program is a partnership of California joint powers authorities (JPA's) that joined together to provide property coverage and group services to the Member JPA's. SPA's general administration and property brokerage services are performed by Alliant Insurance Services (Alliant) with SPA's Managing Member (MM), the Schools Insurance Authority (SIA), providing accounting related services.
- Coverage is placed on a shared and layered basis with domestic and international reinsurers (London and Bermuda markets). AmWINS and BMS serve as wholesale brokers. Lexington (AIG) has been lead underwriter since program inception in 2019, providing 40% to 50% of the primary \$25 million layer of capacity.
- Each SPA Member pool retains \$250,000 deductible for losses. SPA then retains up to \$3 million per claim and in the annual aggregate for claims exceeding \$250,000. Wildfire claims are subject to various deductibles and wildfire losses do not apply to the aggregate retention. Please refer to Attachment A for a year-by-year summary of the structure and line up of reinsurers.
- McLarens serves as the appointed adjuster for the reinsurers. SPA has engaged TBD TPA TBD (SPA TPA) to serve as third party administrator for SPA's retained layer and reporting to the underwriting. SPA members perform initial intake and adjusting of claims (some perform this in house and others use a member's TPA). Claims expected to exceed the Member's deductible are reported to the SPA TPA and the SPA TPA is responsible for reporting to the claims adjuster for SPA's reinsurers.
- Key Contacts:** See Attachment A for a list of key contacts for the SPA Property. Within these CSI's the term "Member" means the SPA Member JPA signatory to the SPA Agreement. The term "covered member" means the school district claimant covered via the Member.
- SCOPE:** These SPA Property Program Client Service Instructions (CSI's) are applicable to all Property Program claims reported to SPA that are payable within the SPA retained layer and/or by SPA's reinsurers.
- First Report** SPA Members are responsible for reporting claims to the SPA TPA per the terms of the applicable Memorandum of Coverage (MOC). Any claim that may exceed the Member's deductible, including those reserved at more than 50% of the deductible, must be reported to the SPA TPA. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the SPA Member that a loss has occurred. (See Attachment B - Loss Notification Requirements & Reporting Forms). If multiple losses will be combined as a single claim, and that claim exceeds more than 50% of the deductible, those losses must be reported by the Member to the SPA TPA.

SPA PROPERTY PROGRAM CLAIMS SERVICE INSTRUCTIONS

- Response** The SPA TPA shall acknowledge receipt of the claim and report it to McLarens for adjusting, with copy to Alliant. McLarens shall assign an adjuster within 24 hours. The adjuster is to contact the claimant covered member within an additional 24 hours and coordinate with the SPA Member's claims administrator to perform an initial evaluation of the cause and scope of the claim and applicability of coverage within the SPA MOC. Information gathered by McLarens shall be shared with the SPA Member, SPA TPA and Alliant.
- Reporting** The SPA TPA shall establish an appropriate reserve of the total loss and SPA retained amount. The SPA TPA shall provide a first report within 30 days of receipt of the initial report, outlining the applicability of coverage, the cause and extent of the damage and associated claims, and a plan for resolution, with target dates for completion and next diary/report. Any known or anticipated coverage issues shall be identified, and a reservation of rights issued on behalf of SPA by the SPA TPA as needed.
- Since the reinsurers must agree on covered claims in the SPA retained Layer that erode the annual aggregate, the SPA TPA shall report all claims that may exceed the SPA Member deductible to McLarens, who shall report all claims to the SPA reinsurers as soon as practicable but in no event more than 30 days of receipt of the claim notice.
- A closing report shall be provided by the SPA TPA to the SPA Member, Managing Member and Alliant for every claim, to include the final proof of loss, claimed and paid amounts, and the outcome of any recovery or subrogation attempts.
- The SPA TPA shall prepare a monthly loss report that shall be sent to the Managing Member and Alliant
- Management** The SPA TPA shall work with McLarens who shall take the lead in adjusting claims that are payable within the SPA retained or reinsured layers. Progress reports are to be provided by McLarens to the SPA TPA every thirty (30) days. When it appears the SPA reinsurers may adopt an adverse position to a SPA member claimant, Alliant shall be engaged to advocate coverage outcomes preferred by the SPA Member.
- Reconciliation** The SPA TPA shall prepare a claim funds reconciliation for each claim at the time of presenting any partial proof of loss and final proof of loss. Also, the SPA TPA shall prepare a claim fund reconciliation for all open claims within 30 days following the end of the SPA fiscal year (June 30) and upon closing a claim file.
- Proof of Loss** The SPA TPA shall verify amounts payable under the MOC and prepare a proof of loss acceptable to McLarens to be signed by the SPA member and SPA's Managing Member. Partial proofs of loss shall be provided for any advance payments. (*Refer to terms of MOC.*) If coverage issues are preventing final resolution of a claim, they shall be identified with a plan of action to resolve coverage.

SPA PROPERTY PROGRAM CLAIMS SERVICE INSTRUCTIONS

- Payments** All payments from SPA reinsurers shall be made payable to SPA, for distribution to the Member or covered member as directed by the SPA Member. Se Exhibit C for SPA's payment instructions.
- Claim**
- Contacts:** All correspondence from the SPA TPA or McLarens shall be directed to the SPA Member contact with a copy to the SPA Program Administrator. Statements of coverage position, causation, included or excluded loss costs, valuation and other consultants' reports shall be reported to the SPA Member for review prior to communicating with the covered member.

DRAFT

SPA PROPERTY PROGRAM CLAIMS SERVICE INSTRUCTIONS

ATTACHMENT A

KEY CONTACTS FOR SPA PROPERTY PROGRAM CLAIMS

Insert primary and secondary contacts for each member, SPA TPA, Managing Member, Alliant and McLarens here.

DRAFT

**SPA PROPERTY PROGRAM
CLAIMS SERVICE INSTRUCTIONS**

ATTACHMENT B

LOSS NOTIFICATION REQUIREMENTS AND REPORTING FORMS

DRAFT

**SPA PROPERTY PROGRAM
CLAIMS SERVICE INSTRUCTIONS**

EXHIBIT C

SPA PAYMENT INSTRUCTIONS

DRAFT

Item No: E.4.a.7.

**COVERAGE PROGRAM REVIEWS, DEVELOPMENT AND
MARKETING – PROPERTY PROGRAM****APPLICATION OF DEDUCTIBLES FOR MULTI-MEMBER CAT'S****ACTION ITEM**

ISSUE: Under the SPA MOC and most excess property insurance policies a single catastrophic event affecting multiple locations is subject to a single deductible. When multiple school districts purchase coverage through a JPA a single deductible can apply across the whole JPA. Should the same deductible application be used when multiple JPA's purchase coverage together?

RECOMMENDATION: It is recommended that the SPA Board discuss the concepts of this item and provide direction to staff as appropriate.

FISCAL IMPACT: No fiscal impact is expected from today's discussion.

BACKGROUND: In the past it was relatively uncommon for multiple members of a JPA property program to be affected by the same loss event. That is because most CA school JPA's do not purchase earthquake coverage or significant flood coverage. In recent years, wildfire events have impacted multiple members of a JPA and in the case of SPA multiple JPA's. Similarly, the 50 year snowstorm event in 2023 affected multiple members of both SIG and SIA. Aggregating member losses in a single claim leads to increased reinsurance recovery and decreased JPA retentions. On the other hand, the increased reinsurance recoveries lead to higher rates for all the members.

ATTACHMENTS: None. Staff will prepare some calculation examples for the meeting.

Item No: E.4.a.8.

**COVERAGE PROGRAM REVIEWS, DEVELOPMENT AND
 MARKETING – PROPERTY PROGRAM**

APPROVAL OF PROPERTY PROGRAM CLAIMS PAYMENTS

ACTION ITEM

ISSUE: Claim payment is due to a SPA member(s)

RECOMMENDATION: Approve payments as presented.

FISCAL IMPACT: Payments totaling \$5,436,367.25 reduce cash balance and outstanding liabilities.

BACKGROUND: The SPA Claims Payment Policy, approved May 24, 2023, provides direction including Board approval of payments, the participation of a Loss Adjustment Service Firm (McLarens), and due diligence reconciliation of claimed expenses and excess insurance participation, reimbursements, and final payments.

Claim payments have been made to SPA member(s) per reported costs incurred by the member, submitted and approved by McLarens pursuant to the SPA Claims Payment Policy, and approved by two members of the Board.

Schedule of payments

Member	Claim	Description	Amount	Notes
RESIG	Piner HS Water Damage	SPA retained layer and excess reimbursement for loss paid	\$2,085,056.66	Subrogation pending
SIA	Pioneer USD Caldor Fire	Excess reimbursement for loss paid	\$3,351,310.59	Wildfire

ATTACHMENTS: See attached SPA Claim Reconciliation forms for additional details.

SPA CLAIM RECONCILIATION

Member: SIA

Claim: Caldor Fire, Claim 21-5244, Pioneer Union School District

Occurrence Date: August, 17, 2021

Claim Status: Closed, pending reimbursement

Date Prepared: 7/17/24

Member Reconciliation

Final Settlement Agreement 7/11/2024		4,133,696.30
Less Deductible:		(350,000.00)
6/22/22 Member (SIA) Advance Request	319,431.43	
6/28/2022 payment		(319,431.43)
1/29/23 Member (SIA) Advance Request	112,954.28	
1/23/23 payment		(112,954.28)

Amount due to Member	<u>3,351,310.59</u>
-----------------------------	----------------------------

Excess Carrier Reconciliation

Final Settlement Agreement 7/11/2024		4,133,696.30
Less Deductible:		(350,000.00)
4/4/2022 Starr Specialty Insurance Agency - Advanced Excess Reimb.		(53,238.57)
4/21/2022 National Union Fire - Excess Reimb.		(266,192.86)
6/27/2022 McLarens, LLC - Excess Reimbursement		(112,954.28)
1/19/2024 Starr Specialty Lines Insurance Agency, Pioneer Union SD, Excess Reimburse		(10,655.73)
1/19/2024 National Union Fire Insurance CO., AIG		(53,278.63)
3/18/2024 Starr Specialty Lines Insurance Agency, Pioneer Union SD, Excess Reimburse		(9,318.70)
4/24/2024 McLarens, LLC		(42,622.62)
5/8/2024 McLarens, LLC		(37,275.52)
7/17/2024 McLarens, LLC		(46,593.52)

Amount due from Excess Carrier	<u>3,151,565.87</u>
---------------------------------------	----------------------------

<u>Final Settlement Amount:</u>	<u>\$4,133,696.30</u>
• Less Deductible:	\$350,000
• Less Prior Payment:	\$432,385.71
• Less Prior Payment:	\$106,556.57
• Less Prior Payment:	<u>\$93,187.74</u>
<u>Final Settlement Payment:</u>	<u>\$3,151,566.28</u>

Insurers payment of Three Million One Hundred Fifty One Thousand Five Hundred Sixty Six Dollars and Twenty Eight Cents (\$3,151,566.28) shall be made by Insurers to PUSD as a settlement of the Claim including, but not limited to, the Claim and any claims or disputes arising out of the Claim.

The payment of Three Million One Hundred Fifty One Thousand Five Hundred Sixty Six Dollars and Twenty Eight Cents (\$3,151,566.28) shall be made payable to "Schools Program Alliance" and delivered within thirty (30) days after final execution of this Agreement, which thereafter will be delivered by Schools Program Alliance to PUSD.

PUSD accepts this payment of Three Million One Hundred Fifty One Thousand Five Hundred Sixty Six Dollars and Twenty Eight Cents (\$3,151,566.28) by Insurers, and Insurers agree to make this payment of Three Million One Hundred Fifty One Thousand Five Hundred Sixty Six Dollars and Twenty Eight Cents (\$3,151,566.28) to PUSD, as a full and complete compromise of all rights, claims or causes of action which PUSD may hold, on behalf of itself or others, against Insurers arising from the Claim.

This payment of Three Million One Hundred Fifty One Thousand Five Hundred Sixty Six Dollars and Twenty Eight Cents (\$3,151,566.28) forever concludes the Claim and constitutes full payment of loss owed under the Policies for all losses sustained by or on behalf of PUSD, arising from the Claim that are covered or potentially covered by the Policies, or potentially arise from the Claim, or Insurers' handling of the Claim.

(1) With regard to Insurers' payment of Three Million One Hundred Fifty One Thousand Five Hundred Sixty Six Dollars and Twenty Eight Cents (\$3,151,566.28) made payable to PUSD, the Insurers as identified in Exhibit A to this Agreement entitled Schedule of Insurance and Apportionment of Settlement Payment, shall issue payment made payable to PUSD, as to each Insurer's percentage share of the settlement payment to PUSD, in the following amounts:

(i) National Union Fire Insurance Company, for itself, shall pay the sum of One Million Five Hundred Seventy Five Thousand Seven Hundred Eighty Three Dollars Fourteen Cents (\$1,575,783.14).

(m) **Counterparts.** This Agreement may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts together shall constitute but one and the same instrument and Agreement which shall be binding upon all parties, notwithstanding the signatures of all Parties' designated representatives do not appear on the same page.

(n) **Sole Interest.** PUSD represents and warrants that it has the right and authority to execute this Agreement and receive the sum specified in it, and PUSD has not sold, assigned, transferred, conveyed, or otherwise disposed of any of the claims, demands, obligations, or causes of action referred to in this Agreement.

(o) **Investigation, Advice of Counsel, Voluntary Agreement.** The Parties represent and warrant that they have each had the opportunity to make an investigation of the facts pertaining to this settlement and this Agreement as they deem necessary; to receive independent legal advice from attorneys of their choice concerning the settlement and release provided herein; and in executing this Agreement they rely solely upon their own judgment, belief, and knowledge, and they have not been influenced by any representation or statement by any other Party or other Party's agents and representatives. The Parties represent and warrant that this Agreement has been carefully read by, and the contents hereof are known and understood by each of them, and they are entering into this Agreement freely, voluntarily and without duress, and each person executing this Agreement in a representative capacity is empowered to do so.


(p) **Captions and Headings.** The captions and headings in this Agreement are inserted for convenience, reference, and identification purposes only, and shall neither control, define, limit, nor affect any provision of this Agreement.

(q) **Page Numbers.** This Agreement contains nine (9) pages inclusive of attached Exhibit "A".

IN WITNESS WHEREOF, the Parties hereto, by and through their undersigned representatives, have executed this Agreement, which is effective July 8, 2024.

Dated: _____, 2024

Pioneer Union School District

By:  _____

Patrick Paturel
Superintendent
Authorized Representative for Pioneer
Union School District

[SIGNATURES CONTINUED ON NEXT PAGE]

Dated: July 17, 2024

National Union Fire Insurance Company

By: Dan Leaverton

Daniel Leaverton
Senior Complex Adjuster
Authorized Representative for
National Union Fire Insurance
Company

Dated: _____, 2024

**Certain Underwriters at Lloyd's, London
Subscribing to Policy B128420394W21**

By: _____

Steve Arwadi
Senior Claims Specialist
AXIS Capital Holdings Ltd.,
Authorized Representative for Certain
Underwriters at Lloyd's, London
Subscribing to Policy
B128420394W21, and for Axis Capital
Insurance UK, Ltd.

Dated: 9th July, 2024

Convex Insurance UK Ltd.

By: _____

R. Frost
Robert Frost
Head of Property Claims
Authorized Representative for Convex
Insurance UK Ltd.

Dated: _____, 2024

Starr Surplus Lines Insurance Company

By: _____

Dolores Varela
General Adjuster
Authorized Representative for Starr
Surplus Lines Insurance Company

[END OF SIGNATURES]

[EXHIBIT A ON NEXT PAGE]


Dated: _____, 2024

National Union Fire Insurance Company

By: _____
Daniel Leaverton
Senior Complex Adjuster
Authorized Representative for
National Union Fire Insurance
Company

Dated: 9th July, 2024

**Certain Underwriters at Lloyd's, London
Subscribing to Policy B128420394W21**

By:  _____
Steve Arwadi
Senior Claims Specialist
AXIS Capital Holdings Ltd.,
Authorized Representative for Certain
Underwriters at Lloyd's, London
Subscribing to Policy
B128420394W21, and for Axis Capital
Insurance UK, Ltd.

Dated: _____, 2024

Convex Insurance UK Ltd.

By: _____
Robert Frost
Head of Property Claims
Authorized Representative for Convex
Insurance UK Ltd.

Dated: _____, 2024

Starr Surplus Lines Insurance Company

By: _____
Dolores Varela
General Adjuster
Authorized Representative for Starr
Surplus Lines Insurance Company

[END OF SIGNATURES]

[EXHIBIT A ON NEXT PAGE]

Page 7 of 8

Dated: _____, 2024

National Union Fire Insurance Company

By: _____
Daniel Leaverton
Senior Complex Adjuster
Authorized Representative for
National Union Fire Insurance
Company

Dated: _____, 2024

**Certain Underwriters at Lloyd's, London
Subscribing to Policy B128420394W21**

By: _____
Steve Arwadi
Senior Claims Specialist
AXIS Capital Holdings Ltd.,
Authorized Representative for Certain
Underwriters at Lloyd's, London
Subscribing to Policy
B128420394W21, and for Axis Capital
Insurance UK, Ltd.

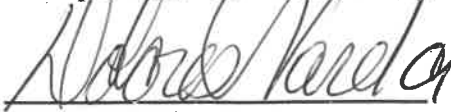
Dated: _____, 2024

Convex Insurance UK Ltd.

By: _____
Robert Frost
Head of Property Claims
Authorized Representative for Convex
Insurance UK Ltd.

Dated: 7-9-, 2024

Starr Surplus Lines Insurance Company

By: 
Dolores Varela
Senior General Adjuster
Authorized Representative for Starr
Surplus Lines Insurance Company

[END OF SIGNATURES]

[EXHIBIT A ON NEXT PAGE]

SPA CLAIM RECONCILIATION

Member: RESIG
Claim: Piner High School - Water Damage CAT2170
Occurrence Date: October 24, 2021
Claim Status: Closed, pending reimbursement
Date Prepared: 07/12/2024

Member Reconciliation

	Prior	Current
6/10/2024 Proof of Loss	\$ 625,877.13	
6/21/2024 Master Proof of Loss		\$ 2,710,933.79
Member Deductible		(250,000.00)
6/14/24 Partial Payment		(375,877.13)

Amount due to Member <u>\$ 2,085,056.66</u>	(PB) 7/12/24
---	--------------

Excess Carrier Reconciliation

	Prior	Current
6/10/2024 Proof of Loss	\$ 625,877.13	
6/21/2024 Master Proof of Loss		\$ 2,710,933.79
Member Deductible		(250,000.00)
SPA Retention A		(250,000.00)

Amount due from Excess Carrier <u>\$ 2,210,933.79</u>

MASTER PROOF OF LOSS

TO THE VARIOUS COMPANIES UNDER THEIR RESPECTIVE POLICIES AS INDICATED IN THE ANNEXED SCHEDULE OF INSURANCE AND APPORTIONMENT OF CLAIM WHICH IS MADE A PART HEREOF

At time of loss, by the annexed indicated policies of insurance you insured Schools Program Alliance
RESIG: Santa Rosa High School District

against loss by All Risk of physical loss or damage to the property described under Schedule annexed according to the terms and conditions of the said policies and all forms, endorsements, transfer and assignments attached thereto.

1. **Time and Origin:** An WATER DAMAGE loss occurred about the hour of _____
STATE KIND
_____ o'clock _____ M., on the 24th day of October 20 21. The
cause and origin of the said loss were: Water damage – CAT 2170

2. **Occupancy:** The building described, or containing the property described, was occupied at the time of the loss as follows, and for no other purpose whatever: Piner High School – 1700 Fulton Road, Santa Rosa, CA 95403

3. **Title and Interest:** At the time of the loss the interest of your insured in the property described therein was sole and unconditional ownership, and no other person or persons had any interest therein or encumbrance thereon, except: _____
No Exceptions

4. **Changes:** Since the said policies were issued there have been no assignments thereof, or change of interest, use, occupancy, possession, location or exposure of the property described, except: _____
No Exceptions

5. **Total Insurance:** The total amount of insurance upon the property described by the involved policies was, at the time of the loss, \$ As Per Form as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

6. **The Actual Cash Value** of said property at the time of loss was \$ Not Determined

7. **The Whole Loss and Damage** was \$ 2,710,933.79

8. **The Amount Claimed** under this Master Proof of Loss \$ 2,460,933.79

(Amount claimed is net the \$250,000 deductible) SEE APPORTIONMENT ATTACHED

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with the privity or consent of your insured or this affiant, to violate the conditions of the policies of insurance or render them void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of this Master Proof of Loss by a representative of the annexed mentioned insurance companies is not a waiver of any of their rights.

FOR YOUR PROTECTION, CALIFORNIA LAW REQUIRES THE FOLLOWING TO APPEAR ON THIS FORM:

Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

State of _____

County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____ (month), _____ (year) by

_____ proved to me on the basis of satisfactory evidence to be

the person(s) who appear before me.

(signature of Notary)

Cynthia Marie Wiles
(Insured Signature)

RESIG / SPA Insured

SEE ATTACHED

From: [Phil Brown](#)
To: [Jodi Schneiderman](#)
Cc: [Amy Russell](#)
Subject: FW: RESIG PAYMENT ?
Date: Friday, July 12, 2024 2:16:45 PM
Attachments: [image001.png](#)

Hi Jodi,

- Forwarding Brooks approval of the release of payment for the RESIG - Santa Rosa HSD water damage claim.

From: Brooks Rice <BRice@sia-jpa.org>
Sent: Friday, July 12, 2024 1:26 PM
To: Phil Brown <PBrown@sia-jpa.org>; Amy Russell <arussell@sia-jpa.org>; Daniel Howell <dhowell@alliant.com>
Cc: Marcus Beverly <Marcus.Beverly@alliant.com>; Robert A. Frey <rfrey@alliant.com>; Sandy Manzoni <smanzoni@resig.org>; Ronda Bergesen <rbergesen@resig.org>; cwilkerson@resig.org
Subject: Re: RESIG PAYMENT ?

Phil,

I give my approval of release of payment.

Thanks,
Brooks

Get [Outlook for iOS](#)

From: Phil Brown <PBrown@sia-jpa.org>
Sent: Friday, July 12, 2024 2:32:10 PM
To: Amy Russell <arussell@sia-jpa.org>; Daniel Howell <dhowell@alliant.com>
Cc: Marcus Beverly <Marcus.Beverly@alliant.com>; Robert A. Frey <rfrey@alliant.com>; Sandy Manzoni <smanzoni@resig.org>; Brooks Rice <BRice@sia-jpa.org>; Ronda Bergesen <rbergesen@resig.org>; cwilkerson@resig.org <cwilkerson@resig.org>
Subject: RE: RESIG PAYMENT ?

Awesome, thanks Amy!

From: Amy Russell <arussell@sia-jpa.org>
Sent: Friday, July 12, 2024 10:44 AM
To: Daniel Howell <dhowell@alliant.com>
Cc: Marcus Beverly <Marcus.Beverly@alliant.com>; Robert A. Frey <rfrey@alliant.com>; Sandy

From: [Cindy Wilkerson](#)
To: [Phil Brown](#); [Brooks Rice](#)
Cc: dhowell@alliant.com; [Marcus Beverly](#); [Jodi Schneiderman](#); [Sandy Manzoni](#); [Ronda Bergesen](#); [Robert Frey](#)
Subject: RE: RESIG PAYMENT ?
Date: Friday, July 12, 2024 1:33:14 PM
Attachments: [image001.png](#)

Approved, thank you!

Cindy Wilkerson
Executive Director
CA License #0736606
Redwood Empire Schools' Insurance Group (RESIG)
5760 Skylane Blvd., Suite 100
Windsor, CA 95492
Office: (707) 836-0779 x104
Mobile: (916) 847-8474
FAX: (707) 687-1860
www.resig.org



Please consider the environment before printing this e-mail

From: Phil Brown <PBrown@sia-jpa.org>
Sent: Thursday, July 11, 2024 7:58 PM
To: Cindy Wilkerson <cwilkerson@resig.org>; Brooks Rice <BRice@sia-jpa.org>
Cc: dhowell@alliant.com; [Marcus Beverly](mailto:Marcus.Beverly@alliant.com); [Jodi Schneiderman](mailto:Jodi.Schneiderman@sia-jpa.org); [Sandy Manzoni](mailto:Sandy.Manzoni@resig.org); [Ronda Bergesen](mailto:Ronda.Bergesen@resig.org); [Robert Frey](mailto:Robert.Frey@alliant.com)
Subject: FW: RESIG PAYMENT ?

This message was sent securely using Zix®

Hi Cindy, Brooks,

We would like to get payment to RESIG taken care of by SPA for this claim (Santa Rosa HSD water damage claim). We need both of your approval to do so.

As Marcus noted, all excess advances/payments should flow through SPA accounts. The SPA policy allows for the release of funds on a SPA claim after approval by the Board Chair and another Board Member.

Item No: E.4.b.

COVERAGE PROGRAM REVIEWS, DEVELOPMENT AND MARKETING – LIABILITY PROGRAM

ACTION ITEM

SPA Strategic Planning Meeting 8/20/2024 – 8/21/2024

Excess Liability Program

Discussion Agenda

- 1. Review of 7/1/2024 Renewal**
 - What went right?
 - What went wrong?
 - Other K-12 Renewal Outcomes/Status

- 2. 7/1/2025 Renewal Planning**
 - Suggestions for 2025 Submission Content
 - Timing of 2025 Submission
 - Timing of Underlying Programs
 - Carrier Communication
 - Conference Attendance and Meeting Assignments
 - Travel Plans and Objectives
 - Creation of SPA Education/Communication Piece

- 3. Update on Alternative Financing Options**
 - Lessons Learned
 - Realistic Expectations
 - Layer(s) Impacted

- 4. Review of Aggregate Erosion Policy**

- 5. Growth of Excess Liability Program**
 - Aggregate Limit impact on growth of SPA
 - Aggregate Limit impact on growth of individual SPA members

- 6. SPA Loss Review**
 - Submission Loss History
 - What do underwriters see?
 - Loss Trending Review and Discussion

Policy & Procedure No. P&P 1-Liability

ADOPTED: April 8, 2024

SUBJECT: SPA Aggregate Erosion

Should there be any discrepancy between this documents and the JOINT POWERS AGREEMENT or the Liability Program Memorandum of Coverage, the JOINT POWERS AGREEMENT and Liability Program Memorandum of Coverage will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed an Excess Liability Program for its Members. Members of the Schools Program Alliance (SPA) Excess Liability Program acknowledge that, from time to time and for any program year, insurance market conditions may result in the purchase and placement of reinsurance and/or excess insurance policies which contain annual aggregate limits shared by the members of that program year.

POLICY:

If annual aggregate limits for any program year become eroded by payment of claims, the SPA members agree to pursue all available options to purchase reinstatement of limits. The purchase of reinstated or other additional limits for any program year shall be at the sole discretion of the SPA Board of Directors. The SPA members understand that the availability and/or affordability of reinstated or other additional limits may vary from year to year depending upon insurance market conditions and other factors.

Notwithstanding the above, should the erosion of aggregate limits for any program year result in claims which exceed the reinsurance and/or excess insurance funds available for payment of such claims, the SPA members of that program year shall be responsible for the total cost of claims in excess of the annual aggregate limits. Each SPA member shall contribute “Additional Contributions”. Additional Contributions shall be an amount equal to the SPA member’s pro-rata share of the program year’s total contributions (premiums) as applied to the amount of claim(s) in excess of the annual aggregate limits.

PROCEDURE:

To request these claims costs, it is the intent of the Board that the requesting member(s) identify the sums needed to adjudicate claims, including indemnity, loss adjustment costs, IBNR, and other necessary and related expenses. It shall be the decision of the SPA Board to review and approve the request for costs. It shall also be the decision of the SPA Board to approve the amount, timing and frequency of “Additional Contributions”.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

Under no circumstances shall the SPA program (or by extension any SPA Member) be responsible for any claims in excess of the total limits of coverage (vertical coverage tower) carried for any program year.

DEFINITIONS:

“Board” means the Board of Directors of the SPA Joint Powers Authority.

“Member” means the signatories to the SPA Joint Powers Authority.

“Program Administrator” means the person or organization designated by the Board to administer the SPA Liability Program.

“Liability Program” means the program established by the Board to provide a combination of self-insured, insured and reinsured coverages and services designated by the Board as elements of the SPA Joint Powers Authority property program offering.

Schools Program Alliance							
Aggregate Erosion What-If Examples							
2023/2024 Program Year							
Layer	Member SIR	\$5m XS \$5m	\$10m XS \$10m	\$5m XS \$20m	\$4.5m XS \$25m	\$2.5m XS \$29.5m	
Carrier	\$5m	Everest Re	AWAC	Great American	Upland/Bowhead	Ark/Arcadian	
Aggregate		\$20M	\$50m	\$20m	\$18m	\$5m	
			\$20m SAM				
Example #1	Member SIR	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Total SPA Exposure
Claim #1 - \$12m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 2,000,000				
Claim #2 - \$25m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000	\$ 5,000,000			
Claim #3 - \$18m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 8,000,000				
Claim #4 - \$15m AL Claim	\$ 5,000,000						
Claim #5 - \$10m AL Claim	\$ 5,000,000						
Claim #6 - \$8m AL Claim	\$ 5,000,000						
Claim #7 - \$12m GL Claim	\$ 5,000,000	\$ 5,000,000	\$ 2,000,000				
TOTAL	\$ 35,000,000	\$ 20,000,000	\$ 22,000,000	\$ 5,000,000			
SPA Exposure							
Example #2	Member SIR	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Total SPA Exposure
Claim #1 - \$12m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 2,000,000				
Claim #2 - \$25m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000	\$ 5,000,000			
Claim #3 - \$18m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 8,000,000				
Claim #4 - \$15m AL Claim	\$ 5,000,000						
Claim #5 - \$10m AL Claim	\$ 5,000,000						
Claim #6 - \$8m AL Claim	\$ 5,000,000						
Claim #7 - \$12m GL Claim	\$ 5,000,000	\$ 5,000,000	\$ 2,000,000				
Claim #8 - \$8m SAM Claim	\$ 5,000,000	\$ 3,000,000					
TOTAL	\$ 40,000,000	\$ 23,000,000	\$ 22,000,000	\$ 5,000,000			
SPA Exposure		\$ 3,000,000					\$ 3,000,000
Example #3	Member SIR	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Aggregate Erosion	Total SPA Exposure
Claim #1 - \$32m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000	\$ 5,000,000	\$ 4,500,000	\$ 2,500,000	
Claim #2 - \$32m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000	\$ 5,000,000	\$ 4,500,000	\$ 2,500,000	
Claim #3 - \$32m SAM Claim	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000	\$ 5,000,000	\$ 4,500,000	\$ 2,500,000	
Claim #4 - \$12m AL Claim	\$ 5,000,000						
Claim #5 - \$20m GL Claim	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000			
TOTAL	\$ 25,000,000	\$ 20,000,000	\$ 35,000,000	\$ 20,000,000	\$ 13,500,000	\$ 7,500,000	
SPA Exposure			\$ 10,000,000		\$ 2,500,000		\$ 12,500,000

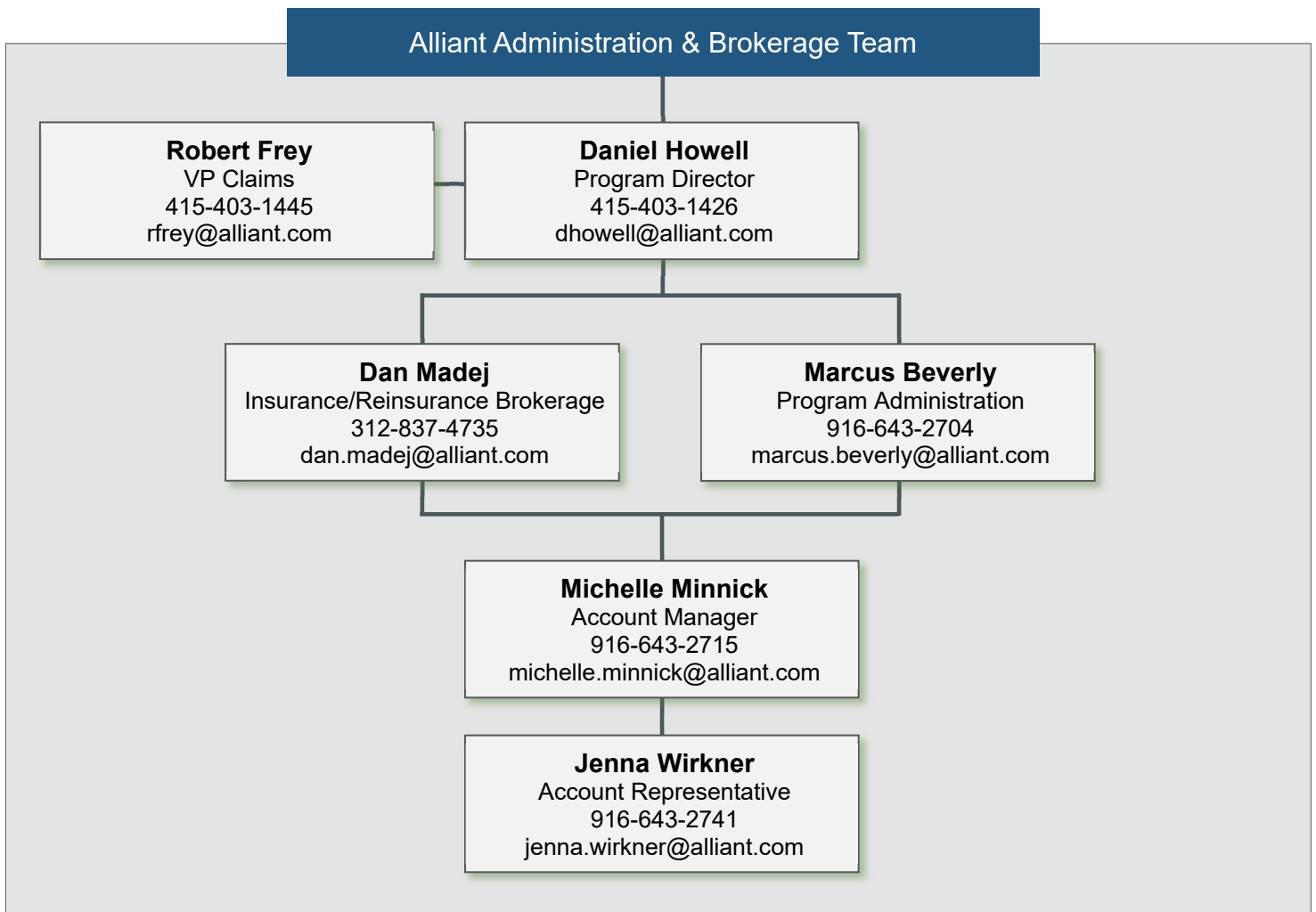
Item No: F.1.

SPA COMMITTEE AND STAFFING

SPA PROGRAM STAFF

INFORMATION ITEM

ISSUE: SPA members are provided the organization chart below and a listing of the key contacts for assistance in specific areas for information and future reference.



SPA Key Contacts:

- Program Administration – Agendas, compliance, documents: Marcus Beverly, Michelle Minnick, Dan Howell
- Insurance/Reinsurance – Rating allocations, technical Coverage discussions: Dan Madej, Dan Howell

-
- Certificates, Invoices, Coverage Documents – Michelle Minnick, Jenna Wirkner
 - Claims – Discussion after following reporting process: Bob Frey, Dan Howell

