

Jamie

**AGENDA**

**MEETING OF THE  
TOWN/COUNTY ANIMAL SERVICES JPA  
WEDNESDAY, JANUARY 13, 2010, 10:30 A.M.  
YUCCA VALLEY COMMUNITY CENTER MESQUITE ROOM**

**CALL TO ORDER**

**ROLL CALL:** Directors Cronin, Herbel, Huntington, Chair Derry

**PLEDGE OF ALLEGIANCE**

**APPROVAL OF MINUTES:**

P.1 Approve the minutes of November 10, 2009 meeting as presented

**Action:** Moved by \_\_\_\_\_ 2<sup>nd</sup> by \_\_\_\_\_ Voice Vote \_\_\_\_\_.

**DIRECTORS REPORTS/UPDATES**

**ACTION ITEMS**

P.5 1. Resolution adopting Conflict of Interest Code.

**Action:** Moved by \_\_\_\_\_ 2<sup>nd</sup> by \_\_\_\_\_ Voice Vote \_\_\_\_\_.

P.19 2. Acceptance of Insurance quote provided at the November 10, 2009 JPA meeting and as attached

**Action:** Moved by \_\_\_\_\_ 2<sup>nd</sup> by \_\_\_\_\_ Voice Vote \_\_\_\_\_.

**DISCUSSION ITEMS**

- 3. Draft Operating Budget
- 4. Estimate of County Counsel Costs
- 5. Consideration of acceptance of Town's property as part of Town's payment
- 6. Review draft Requests for Qualifications (RFQ)
- 7. Update on Town's request for financing of its portion of JPA contribution.

**PUBLIC COMMENTS**

**ADJOURNMENT**

**CITY/COUNTY ANIMAL SERVICES JPA  
MINUTES  
WEDNESDAY, NOVEMBER 10, 2009, 1:00 P.M.**

Director Derry called the meeting to order at 1:00 p.m. with Directors Herbel, Huntington, Cronin and Chair Derry present

**PLEDGE OF ALLEGIANCE**

Led by Chair Derry

**APPROVAL OF MINUTES**

Approve the minutes of July 29, 2009 as presented

Director Huntington moved and Director Herbel seconded to approve the minutes of July 29, 2009. As there was no objection the minutes stand approved.

**DIRECTORS REPORTS/UPDATES**

None

**DISCUSSION ITEMS**

**1. Discussion of Operating Budget**

Member Cronin advised the two primary expenses are insurance and Counsel. The insurance is approximately \$4,500 and there is a need to approve the expenditure in order to secure the insurance when funds have been transferred into the JPA account. County Counsel has agreed to represent the JPA and will provide guidance, via telephone if necessary, at a cost of \$190 per hour. There is no need for a MOU, just acknowledgement from the Authority.

Town Manager Takata questioned if the \$190 is Counsel's hourly rate for paid employees. Director Cronin stated that is the negotiated fee in the County's fee schedule, which has been approved by the Board of Supervisors and is a standard fee. He noted their guidance has been requested for other items on the agenda.

Chair Derry requested a monthly update on the amount of attorney fees the Authority is spending.

**2. RFQ for Architecture/Engineering Services.**

Director Cronin advised that the County's Architecture and Engineering Department is willing to share a template for the RFQ, and it will be available for review at the next meeting.

Director Huntington questioned if there is a time line for getting the basic document. Director Cronin stated there will be a template for review at the next meeting, and the Authority Directors will have to fill in the blanks.

**3. Transfer of Funds**

Director Cronin advised the County will set up a trust account for the JPA which will be interest bearing. The County will transfer its funds when the Town is to transfer theirs. It was recommended that, once the funds are transferred, they will start paying bills by virtue of the minutes of the meetings.

**4. MOU with County Counsel for JPA Legal Services**

The MOU is not necessarily needed, unless a decision is made otherwise.

**5. Insurance**

Director Cronin noted the original quote for insurance coverage was approximately \$10,000, but the Director of Risk Manager was asked if the coverage was appropriate and he indicated he thought the expense was high. After renegotiating a much lower premium of \$4,500 was given. It was recommended that the offer be accepted.

Town Manager Takata recommended that Town staff check with our Insurance JPA

**6. Review of appraisal for Town Land as part of financial contribution.**

Director Cronin advised the County Real Estate Department reviewed the appraisal submitted by the Town and requested clarification as to the amount the Town is seeking for a value of the property. Town Manager Takata advised we were going off the appraisal value. Director Cronin advised that the County is ready to accept the appraised value of \$35,000 but wants to defer receipt of the asset until the JPA is further along with the project.

Town Manager Takata advised the 1<sup>st</sup> parcel was considered for the \$35,000 but the cost of the other parcel was \$63,000.00 and noted that both pieces have to be included. Director Cronin advised he has received approval to accept the property as part of the Town's contribution.

**7. Funding for remaining payments and willingness of County to consider advancing funds and entering into a separate finance agreement with the Town.**

Director Cronin advised he approached the County Finance Office regarding the Town's request and was told that the County is not in the financial position at this time to advance the remaining three payments for the Town. Chair Derry stated the JPA can operate under that assumption at this time, and if things change, the County will work on the possibility of advancing the funds.

Director Cronin advised the sooner the Authority moves forward, it will get the best value for our funding now while the economy is in decline.

Chair Derry questioned if the Authority has a local contractor preference and would like to include that in the RFQ. The Directors agreed that they would like to look at that option.

#### **8. Conflict of Interest Code – Proposed Adoption Process**

Director Cronin advised that County Counsel recommends that the Authority adopts a conflict of interest code, and recommended that a public hearing be posted for the next meeting to review and adopt the code the code as presented.

Motion by Director Huntington and second by Director Herbel to post the Conflict of Interest Code for public approved unanimously.

Director Cronin advised a Copy of the notice will be filed with the Commission 45 days prior to the public hearing.

#### **9. Bylaws Draft**

Director Cronin stated that, as part of obtaining insurance, there is a need to adopt bylaws for the Authority. He noted that nothing in the bylaws differs from what has already been agreed upon in the JPA Agreement.

Director Huntington moved to adopt bylaws. Director Herbel seconded. As there was no opposition, the bylaws were adopted.

#### **10. Form 700 Filing**

Director Cronin advised that the Directors of the JPA will need to amend their 700 form to add membership to the JPA.

Recommendations for the next agenda:

Draft outline of proposed budget.

Estimate of County Council costs

Acceptance of Town's land as part of payment.

Review of Request for Qualifications (RFQ)

It was recommended regular meetings be set for the JPA on the 2<sup>nd</sup> Wednesday of each month at

10:00 a.m. and the next meeting will be held on Wednesday, January 13, 2010 at 10:00 a.m.

Director Cronin questioned if the Town has a time line for going to the Council to seek disbursement of its first payment. Administrative Services Director Yakimow advised the budget has been approved with the first payment and staff will take the disbursement to Council as an informational item on December 1, and forward the payment on December 2<sup>nd</sup>.

**PUBLIC COMMENTS**

None

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 1:35 p.m.

Respectfully submitted,

Jamie Anderson, MMC  
Town Clerk

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
ANIMAL CARE JOINT POWERS AUTHORITY  
ADOPTING A CONFLICT OF INTEREST CODE PURSUANT TO THE  
POLITICAL REFORM ACT OF 1974

**WHEREAS**, the Legislature of the State of California enacted the Political Reform Act of 1974, Government Code Section 8100 et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Animal Care Joint Powers Authority ("Authority") and requires all public agencies to adopt and promulgate a conflict of interest code; and

**WHEREAS**, the Authority was formed by way of a Joint Powers Agreement which became effective November 18, 2008; and

**WHEREAS**, the Authority now desires to adopt a Conflict of Interest Code (the "Code") in compliance with the Regulations of the Fair Political Practices Commission; and

**NOW, THEREFORE BE IT RESOLVED** that the Board of Directors of the Animal Care Joint Powers Authority does hereby adopt the proposed Conflict of Interest Code, a copy of which is attached hereto, and directs that it be filed with the Clerk of the San Bernardino County Board of Supervisors, as the code reviewing body, and be made available to the public for inspection and copying during regular business hours;

**BE IT FURTHER RESOLVED** that the Code shall be become effective 30 days after its approval as set forth above.

**APPROVED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2010:

\_\_\_\_\_  
Chairman, Board of Directors  
Animal Care Joint Powers Authority

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors  
Animal Care Joint Powers Authority

**CONFLICT OF INTEREST CODE**  
**OF THE**  
**ANIMAL CARE JOINT POWERS AUTHORITY**

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 Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730) which 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 it 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 (attached) along with the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the Animal Care Joint Powers Authority ("Authority").

All officials and designated employees required to submit a statement of economic interests shall file their statements with the Secretary of the Authority as the Authority's Filing Officer. The Filing Officer shall retain the statements of all designated employees and make the statements available for public inspection and reproduction during regular business hours.

**Regulations of the Fair Political Practices Commission, Title 2, Division 6,  
California Code of Regulations § 18730**

**§ 18730. Provisions of Conflict of Interest Codes.**

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Government Code sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Government Code section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this

agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Government Code sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code section 87200; and

(C) The filing officer is the same for both agencies.

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements. Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months

prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Government Code section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to 2 Cal. Code Regs. section 18754.

(D) Contents of Leaving Office Statements. Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting. Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure. When an investment or an interest in real property is required to be reported, the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure. When personal income is required to be reported, the statement shall contain:

1. The name and address of each source of income aggregating five hundred dollars (\$500) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars

(\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$420.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$420 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by

banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan,

date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken

collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth two thousand dollars (\$2,000) or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth two thousand dollars (\$2,000) or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating five hundred dollars (\$500) or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$420 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value one thousand dollars (\$1,000) or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code section 83114 and 2 Cal. Code Regs. sections 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code section 91003.

# APPENDIX "A"

## DESIGNATED POSITIONS

### GOVERNED BY THE CONFLICT OF INTEREST CODE

<u>DESIGNATED EMPLOYEES'</u> <u>TITLE OR FUNCTION</u>	<u>DISCLOSURE CATEGORIES</u> <u>ASSIGNED</u>
Members of the Board of Directors	1, 2
Finance Officer/Treasurer	1, 2
Financial Consultants	1, 2
General Counsel	1, 2
Consultant <sup>1</sup>	

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<sup>1</sup> Consultants shall be included in the list of Designated Employees and shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation:

The Secretary of the Authority may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this Section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Program Director'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.

## **APPENDIX "B"**

The disclosure categories listed below identify the types of investments, business entities, sources of income, including gifts, loans and travel payments, or real property which the Designated Employee must disclose for each disclosure category to which he or she is assigned.

CATEGORY 1: All investments and business positions in business entities, and sources of income that are located in, do business in, or own real property within the jurisdiction of the Authority.

CATEGORY 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the Authority.



Scottsdale, AZ 85252-0800

Brokerage Casualty Fax: 480.889.6802

Email Submissions to: [BCAZ@colonyins.com](mailto:BCAZ@colonyins.com)

## Brokerage Casualty Quotation

Date: October 29, 2009  
 To: Jim Lynch  
 SWETT & CRAWFORD (SAN FRANCISCO)  
 From: TARA HIGGINS  
 Phone: 480-889-5725  
 Applicant: ANIMAL CARE JOINT POWERS AUTHORITY  
 Submission #: 01573675  
 Insurance Company: Colony Insurance Company

Quota valid until: November 28, 2009

Thank you for the opportunity to review the above account. We are pleased to offer the following quotation:

**PREMIUM TERMS:**

<u>\$3,000</u>	100% Deposit Premium	<u>\$3,000</u>	100% Minimum Premium at Audit
<u>\$200</u>	Inspection Fee		
<u>\$125</u>	Terrorism Covg Prem	<i>(Not included in the total premium shown above.)</i>	
<b>18% Commission</b>			

The attached disclosure notice must be signed & returned prior to Company binding coverage.

Minimum Retained Premium: Company to retain no less than 25% of the Minimum Term Premium if the Insured cancels.

**LIMITS OF LIABILITY:**

\$ 2,000,000 General Aggregate  
 \$ Included Products and Completed Operations Aggregate  
 \$ 1,000,000 Personal and Advertising Injury  
 \$ 1,000,000 Each Occurrence  
 \$ 100,000 Damage To Premises Rented To You  
 \$ 5,000 Medical Payments

**COVERAGE**

Commercial General Liability Covg.  
 FORM  
 Occurrence  
 Retro Date: N/A  
 DEDUCTIBLE: \$2,500 Per Claim  
*Includes Loss Adjustment Expenses & Defense Costs & applies to both BI and PD.*

**Note: Brokerage Casualty can also provide Excess & Umbrella limits. Please contact your Umbrella/Excess Underwriter.**

**Premium Breakdown:**

<u>Class Code</u>	<u>Exposure</u>	<u>Rating Basis</u>	<u>Rate</u>	<u>Premium</u>	
61225	500	Area	150.00	\$2,500	MP

Definition of Gross Sales: Total Revenues minus sales taxes. No other deductions allowed.

Endorsements/Additional Coverages: All Additional Premiums are Flat (Fully Earned)

	<u>Number/Exp.</u>	<u>Premium</u>	<u>Sublimit</u>
U132C-0709 Hired & Non-Owned Auto Liab.		\$500	\$1,000,000

**FORMS:**

CG0001-1204 Comm'l General Liab Cov  
IL0017-1198 Common Policy Conditions  
IL0021-0498 Nuclear Energy Liab Excl Endt  
U094-0702 Service of Suit Endorsement  
U002-0904 Minimum Policy Premium  
U003-0702 Hazardous Materials Exclusion  
U004-0707 Miscellaneous Exclusion Endt  
U009-0707 Aircraft Prod. & Grounding Excl  
U048-0904 Empl.-Related Practices Excl  
U070-0308 Deductible Liability Insurance  
CG2167-1204 Fungi or Bacteria Exclusion  
CG0067-0305 Excl. Violation of Statutes Email, Fax, Phone

U184-0702 Inspection  
U593-1008 Contractors Covg. Limitations  
U593 Limits: \$1M / \$1M / \$1M

CG2426-0704 Amendment of Insured Contract Definition  
CG2186-1204 Excl-Exterior Insulation & Finish Systems

CG3234-0105 California Changes

Oil & Gas Program Forms (if applicable):

TRIA2002Notice-0106 Policyholder Disclosure  
Cancellation Endt;  
U173-0702 Cancellation

U527-0607 Excl - Any Residential Construction Work Except as Specified

Wording: No Exceptions

CG2134-0187 Exclusion-Designated Work

Excludes: Any/All Construction Activities

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**The following must be received Prior To Binding:**

**OTHER:**

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**NOTE:** At this time, all construction activities are excluded. When the Insured is ready to commence we can add the location and the cost of construction to the policy. The CG2134 will be deleted at that time.

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Consideration of reduction in sales requires a written explanation by the applicant prior to binding. Rate will be re-evaluated. This quote is subject to an acceptable inspection and receipt of current application signed by the insured. Premium quoted includes no taxes or agent fees. This quote does not necessarily provide the terms and/or coverage requested in your submission application. If any conditions of this quote are not met, this quote and any binder or policy issued pursuant to it are invalid, and we reserve the right to withdraw, rescind, or to revise our price and terms for this insurance.

**Please attach a copy of this quote sheet with request to bind policy.**

\*\*\* PAGE 2 OF 2 \*\*\*

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or effect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURER'S LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

PLEASE ALSO BE AWARE THAT YOUR POLICY DOES NOT PROVIDE COVERAGE FOR ACTS OF TERRORISM THAT ARE NOT CERTIFIED BY THE SECRETARY OF THE TREASURY.

**Acceptance or Rejection of Terrorism Insurance Coverage**

You must accept or reject this insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, before the effective date of this policy. Your coverage cannot be bound unless our representative has received this form signed by you on behalf of all insureds with all premiums due.

**Coverage acceptance.**

I hereby elect to purchase coverage for certified acts of terrorism, as defined in Section 102(1) of the Act for a prospective annual premium of \$125. I understand that I will not have coverage for losses resulting from any non-certified acts of terrorism.

OR

**Coverage rejection.**

I hereby decline to purchase coverage for certified acts of terrorism, as defined in Section 102(1) of the Act. I understand that I will not have coverage for any losses arising from certified or non-certified acts of terrorism.

<p align="center"><b>Policyholder/Applicant's Signature</b> Must be person authorized to sign for all insureds.</p>	<p align="center"><b>Colony Insurance Company</b> Insurance Company</p>
<p align="center">Print Name</p>	<p align="center">To Be Assigned</p>
<p><b>ANIMAL CARE JOINT POWERS AUTHORITY</b></p>	<p align="center">Policy Number</p>
<p align="center">Named Insured</p>	<p align="center">01573675</p>
<p align="center">Date</p>	<p align="center">Submission Number</p>
	<p align="center">04208</p>
	<p align="center">Producer Number</p>
	<p align="center"><b>SWETT &amp; CRAWFORD (SAN FRANCISCO)</b></p>
	<p align="center">Producer Name</p>
	<p align="center"><b>ONE CALIFORNIA STREET, 12TH FLOOR</b></p>
	<p align="center">Street Address</p>
	<p align="center"><b>SAN FRANCISCO, CA 94111</b></p>
	<p align="center">City, State, Zip</p>

The producer shown above is the wholesale insurance broker your local insurance agent used to place your insurance coverage with us. Please discuss this Disclosure with your agent before signing.



Daniel Carreras  
Willis Insurance Services of California, Inc (Irvine)  
18101 Von Karman Ave  
Suite 600  
Irvine, California 92612

Quote No.: UDA1124767

October 20th, 2009

RE: Animal Care Joint Powers Authority

Public Officials Liability

Dear Daniel

In accordance with your request for a proposal, and based upon the information submitted, I am pleased to offer the following indication subject to receipt, review and acceptance of:

1. PRIOR TO BINDING, receipt, review, and acceptance of a fully completed, signed, and dated Hiscox main form application with all supplemental information (including but not limited to an employee handbook, most recently audited financials/proforma financials/Form 990, etc.)

Option # 1

Limit of Liability ( Each Claim and in the Aggregate for all Claims including Claims Expenses )	Retention ( Each Claim including Claim Expenses )	Annual Premium
\$1,000,000	\$ 10,000 Organization \$ 10,000 Employment Practices	\$ 7,831.00

Option # 2

Limit of Liability ( Each Claim and in the Aggregate for all Claims including Claims Expenses )	Retention ( Each Claim including Claim Expenses )	Annual Premium
\$ 2,000,000	\$ 10,000 Organization \$ 10,000 Employment Practices	\$ 14,097.00



The above indication is subject to our standard policy form and is inclusive of the following:

1. One (1) year policy period;
2. Full prior acts;
3. State National Insurance Company, which is Admitted and rated A by A.M. Best. Financial Size Category is Class VIII;
4. Attached endorsements apply: (1) E513.1, (2) E543.2, (3) E545.1, (4) E562.1, (5) E564.1, (6) E602.2, (7) E613.2, (8) E634.1, (9) E693.1, (10) E997.1, (11) E998.1, (12) E566.1

This indication will expire in 30 days, and the commission payable is 15.00 %.

Thank you for the opportunity to offer a proposal. Please give me a call if you have any questions.

Sincerely,

Rick Wong  
Underwriter Management Liability

PLEASE NOTE: EPL Retentions have been amended via Endorsement E566.



**HISCOX Inc.** is now providing a **Toll-Free Risk Management Assistance Hotline** for its policyholders.

In an on-going effort to better serve the needs of our policyholders, Hiscox, through its United States organization, **Hiscox Inc.**, is now making available a **Toll-Free Risk Management Assistance Hotline**. This hotline is staffed by highly qualified attorneys from the law firm of Warden Grier PC a **nationally recognized firm** which has distinguished itself for many years in the area of insurance related issues.

**Who is it For:**

- All policyholders of Hiscox Professional Liability insurance (except for Terrorism coverage) written out of our US offices.

**Information Provided On Issues Relating To:**

- Contract provisions dealing with liability and damage issues.
- Matters that could potentially result in a claim situation.
- Other general risk management related matters.

**How it Works:**

- Policyholders can either call the Toll-Free Hotline or can send questions via email.
- Callers required to provide insured name/policy number for verification purposes.
- Inquiries will be responded to by an appropriately experienced Warden Grier PC attorney. If the attorney is unavailable at the time of contact, then a telephone or email response will be sent within one business day.
- Hours of service are 8:00 AM to 6:00 PM Eastern Standard Time, Monday - Friday, excluding national holidays.

**Other Terms and Conditions:**

- The information and counseling provided shall be on a basis that does **not** establish any **attorney-client relationship** between Warden Grier PC and the caller.
- The information and counseling provided **must be confirmed** with the caller's own legal counsel.
- Conversations/emails will be confidential and the content will **not be communicated** to the insurer in any part.
- The caller will be advised by the Warden Grier PC attorney at the beginning of each call of the **nature and limitation** of the relationship, including the fact that Warden Grier represents the insurers.
- **This Hotline is NOT a loss reporting Hotline.** Please refer to your policy for instructions on how to report a claim.



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**ABOUT THIS  
POLICY**

**This is a Claims Made Policy and only covers those Claims that are first made against the Insured during the Policy Period or, if exercised, during the Extended Reporting Period. Claim Expenses reduce the Limit of Liability provided. Please read the entire Policy carefully and consult with your insurance broker or advisor.**

In consideration of the payment of premium and in reliance on the statements made and information provided to the Company, including but not limited to the statements made and information provided in the **Application** which is made a part of this Policy, and subject to the Limits of Liability and Retentions stated in the Declarations and all of the terms, conditions, limitations and exclusions of the Policy, the Company and the **Insured** agree as follows:

**I. INSURING  
AGREEMENT**

**Insuring Agreement 1 -  
Individual Non-  
Indemnified Liability**

The Company shall pay, on behalf of each of the **Insured Persons**, **Loss** for which the **Insured Person** is not indemnified by the **Organization** and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, individually or as a representative of the **Organization** or an **Outside Entity**, if the **Insured Person** is acting in an **Outside Capacity** for such **Outside Entity** with the knowledge and consent and at the request or direction of the **Organization**, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by such **Insured Person** before or during the **Policy Period**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in the Reporting and Notice or Extended Reporting Period Sections of this Policy.

**Insuring Agreement 2 -  
Individual Indemnified  
Liability:**

The Company shall pay, on behalf of the **Organization**, **Loss** for which the **Organization** grants indemnification to an **Insured Person**, as permitted or required by law, and which the **Insured Person** becomes legally obligated to pay on account of any **Claim** first made against the **Insured Person**, individually or otherwise, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by such **Insured Person** before or during the **Policy Period**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in the Reporting and Notice or Extended Reporting Period Sections of this Policy.



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Insuring Agreement 3 -  
Organization Liability:

The Company shall pay, on behalf of the **Organization**, **Loss** which the **Organization** becomes legally obligated to pay on account of any **Claim** first made against the **Organization** during the **Policy Period**, or if exercised, during the **Extended Reporting Period**, for a **Wrongful Act** committed, attempted, or allegedly committed or attempted by the **Organization** by the **Insured Persons** before or during the **Policy Period**, but only if such **Claim** is reported to the Company in writing in the manner and within the time provided in the Reporting and Notice or Extended Reporting Period Sections of this Policy.

**II. DEFENSE AND  
SETTLEMENT**

- A. The Company shall have the right and the duty to defend any covered **Claim**, including but not limited to the appointment of legal counsel, subject to the **Limits of Liability** and **Retentions** stated in the **Declarations** and all applicable terms and conditions of this Policy, even if such **Claim** is groundless, false or fraudulent.
- B. Notwithstanding Section II.A. above, the **Insured** may appoint defense counsel to defend any covered **Claim**, but only with the prior written consent of the Company, who shall have the sole discretion to consent to such an appointment. The appointment by the **Insured** of defense counsel pursuant to this provision shall not waive or alter the rights of the Company with respect to review and determination as to the terms and conditions of retention and the reasonableness or necessity of any **Claim Expense** presented to them for payment.
- C. The Company shall have the right to investigate and to solicit settlement demands or proposals as to any covered **Claim** as the Company deems reasonable and the **Insured** shall, as a condition precedent to any right of coverage under this Policy, have the duty to cooperate with the Company in such investigation and in the solicitation of settlement demands or proposals including, but not limited to:
  - 1. upon request, submitting to examination and interrogation under oath by the Company representatives
  - 2. attending hearings, depositions and trials as requested by the Company;
  - 3. assisting in securing and giving evidence and obtaining the attendance of witnesses;
  - 4. providing written statements to the Company representatives and meeting with such representatives for the purpose of investigation and/or defense and/or settlement and/or appeal;



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all without charge to the Company.

- D. The **Insured** shall not, except at its own cost, make any payment, incur any expense, admit any liability, settle any **Claim**, or assume any obligation without the prior written consent of the Company.
- E. The Company shall not settle any **Claim** without the consent of the **Insured**, which consent the **Insured** will not unreasonably withhold.
- F. If the **Insured** shall refuse to consent to any settlement recommended by the Company and shall elect to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the Company liability for the **Claim** shall not exceed the amount for which the **Claim** could have been so settled plus **Claim Expenses** incurred up to the date of such refusal. Such amounts are subject to the Limits of Liability set forth in Sections VI.A and VI.B of this Policy and Item 4 of the Declarations.
- G. The Company shall not be obligated to settle any **Claim**, pay any **Claim Expenses**, or continue to defend any **Claim** after the Limit of Liability stated in Item 4 of the Declarations has been exhausted.

### III. DEFINITIONS

- A. **Affiliate** means any person or entity which is related to any **Insured** through common ownership, control or management, but **Affiliate** shall not include any **Subsidiary**.
- B. **Application** means the signed ~~Application~~ for the Policy including any attachments and other materials or information submitted in conjunction with the signed application. The **Application** shall be attached to and become part of this Policy. If this Policy is a renewal or replacement of a previous policy or policies issued by the Company, all signed applications and other materials that were attached to and become a part of these previous policies shall be considered as part of the **Application** for this Policy.
- C. **Claim** means:
  - 1. when used in reference to the coverage provided by Insuring Agreements 1 or 2:
    - a. a demand for monetary damages or non-monetary relief;
    - b. a civil proceeding commenced by the service of a complaint or a similar pleading;
    - c. a criminal proceeding commenced by the return of an indictment; or



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- d. a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document,  
against an **Insured Person** for a **Wrongful Act**, including any appeal therefrom; or
  2. when used in reference to the coverage provided by Insuring Agreement 3:
    - a. a demand for monetary damages or non-monetary relief;
    - b. a civil proceeding commenced by the service of a complaint or similar pleading;
    - c. a criminal proceeding commenced by the return of an indictment; or
    - d. a formal civil administrative or civil regulatory proceeding commenced by the filing of a notice of charges or similar document, or by the entry of a formal order of investigation or similar document, but only while such proceeding is also pending against an **Insured Person**,  
against an **Organization** for a **Wrongful Act**, including any appeal therefrom.
- D. **Claim Expenses** means:
1. all reasonable and necessary fees, costs, charges and expenses, including the fees of attorneys and experts, incurred by or on behalf of the Company in the investigation, defense, appeal and settlement of a **Claim**;
  2. all other reasonable and necessary fees, costs and expenses incurred by the **Insured** with the written approval of the Company; and
  3. premiums on appeal bonds, attachment bonds or similar bonds; however, the Company shall have no obligation to apply for or furnish any such bonds.
- Claim Expenses** shall not include fees and expenses incurred with respect to any criminal action or proceeding, or with regard to any salary charges of regular **employees** or officials of the Company nor salary or wages of the **Insured**.
- E. **Employee** means any natural person whose labor or service is engaged by and directed by the **Organization**, including any part-time, seasonal, leased or temporary **employees** or volunteers.
- F. **Executive** means any natural person who was, now is or shall become:
1. A duly elected or appointed director, officer, manager, in-house general



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- counsel, or duly constituted committee member of any **Organization** chartered in the United States of America; or
2. A holder of a position equivalent to any position described in Section III.F.1 above in any **Organization** that is chartered in any jurisdiction other than the United States of America.
- G. **Insured** means the **Organization** set forth in Item 1. of the Declarations and any **Insured Person**.
- H. **Insured Capacity** means the position or capacity of an **Insured Person** that causes him or her to meet the definition of **Insured Person**. **Insured Capacity** does not include any position or capacity held by an **Insured Person** in any organization other than the **Organization**, even if the **Organization** directed or requested the **Insured Person** to serve in such position or capacity in such other organization.
- I. **Insured Person** means any natural person who was, now is or shall become a duly elected or appointed director, officer, trustee, duly constituted committee member or **Employee** of any **Organization**.
- J. **Loss** means the amount that any **Insured** becomes legally obligated to pay on account of any covered **Claim**, including but not limited to:
1. damages (including punitive or exemplary damages, if and to the extent that such punitive or exemplary damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages provided such jurisdiction has a substantial relationship to the relevant **Insureds**, to the Company, or to the **Claim** giving rise to the damages);
  2. judgments;
  3. settlements;
  4. pre- and postjudgment interest;
  5. **Claim Expenses**.
- Loss** does not include:
1. any amount not indemnified by the **Organization** for which an **Insured Person** is absolved from payment by reason of any covenant, agreement or court order;
  2. any costs incurred by the **Organization** to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief;
  3. any amount incurred by an **Insured** in the defense or investigation of any action, proceeding or demand that is not then a **Claim** even if (i) such amount also benefits the defense of a covered **Claim**, or (ii) such action,



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proceeding or demand subsequently gives rise to a **Claim**.

4. taxes, fines or penalties, or the multiple portion of any multiplied damage award, except as provided above with respect to punitive or exemplary damages;
5. any amount deemed uninsurable under the law pursuant to which this insurance shall be construed.

K. **Organization** means the Not-for-Profit Organization named in Item 1 of the Declarations and any **Subsidiary** listed in the **Application** as of the Inception Date of this Policy stated in Item 3. of the Declarations that has been accepted by the Company.

L. **Outside Capacity** means service by an **Insured Person** in the position of director, officer, trustee, regent, or governor (or any equivalent executive position) of an **Outside Entity**, but only during the time that such service is with the knowledge and consent or at the request of the **Organization**.

M. **Outside Capacity Wrongful Act** means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her **Outside Capacity**.

N. **Outside Entity** means:

1. any not-for-profit organization, community chest, fund or foundation that is not included in the definition of the **Organization** and that is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue code of 1986, as amended;
2. any other entity organized for a religious or charitable purpose under any not-for-profit organization act or statute; and
3. if specifically added as an **Outside Entity** by written endorsement attached to this Policy, any other non-profit entity or any for-profit entity, but does not include any **Subsidiary** or **Affiliate**.

O. **Personal Injury** means any actual or alleged:

1. false arrest, wrongful detention or imprisonment;
2. malicious prosecution;
3. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of premises that a person occupies, committed by or on behalf of its owner, landlord, or lessor;
4. oral or written publication of material that slanders, libels or defames a person or organization or disparages the goods, products or services of a



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person or organization; or

5. oral or written publication or material that violates a person's right of privacy.
- P. **Policy Period** means the period of time specified in Item 3. of the Declarations.
- Q. **Pollutants** means any solid, liquid, gaseous or thermal irritant, contaminant or toxin, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, metals, silica, lead, lead compounds or materials containing lead, radon, asbestos, electromagnetic radiation, or waste of any like substances. In addition to pollutants to be disposed of, waste also includes materials to be recycled, reconditioned or reclaimed.
- R. **Related Claims** means all **Claims** for **Wrongful Acts** based upon, arising from, or in consequence of the same or related facts, circumstances, situations, transactions or events or the same or related series of facts, circumstances, situations, transactions or events.
- S. **Securities Laws** means the Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, any state "blue sky" securities law, or any other federal, state or local securities law or any amendments thereto or any rules or regulations promulgated thereunder or any other provision of statutory or common law used to impose liability in connection with the offer to sell or purchase, or the sale or purchase, of securities.
- T. **Subsidiary** means any not-for-profit entity during any time in which the **Organization** owns or controls, directly or through one or more **Subsidiaries**, the present right to elect or appoint more than fifty percent (50%) of such entity's directors, officers or trustees.
- U. **Third Party Discrimination** means any actual or alleged discrimination or sexual harassment of a client, customer or vendor of, or visitor to, the **Organization**, or violation of that person's civil rights relating to such discrimination or sexual harassment.
- V. **Wrongful Act** means:
1. any error, misstatement, misleading statement, act, omission, neglect or breach of duty committed, attempted, or allegedly committed or attempted by an **Insured Person** in his or her **Insured Capacity**, including **Wrongful Employment Practices, Personal Injury or Third Party Discrimination**, or, for purposes of coverage under Insuring Agreement 3, by the **Organization**;
  2. any other matter claimed against an **Insured Person** solely by reason of his or her serving in an **Insured Capacity**; or



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3. any Outside Capacity Wrongful Act.

**W. Wrongful Employment Practices** means any actual or alleged:

1. wrongful dismissal or discharge or termination of employment whether actual or constructive;
2. employment related misrepresentations;
3. violation of any federal, state or local law concerning employment or discrimination in employment, including but not limited to Americans with Disabilities Act of 1992, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights act of 1964(as amended), the Pregnancy Discrimination Act of 1978, the Civil Rights Acts of 1866, the Family Medical Leave Act of 1993, the Older Workers Benefit Protection Act of 1990, the Fifth and Fourteenth Amendments of the United States Constitution, or any rule or regulation promulgated thereunder;
4. sexual or other harassment in the workplace;
5. wrongful demotion or wrongful deprivation of career opportunity, employment or promotion; or
6. wrongful hiring, retention, discipline or evaluation or failure to adopt adequate employment or workplace policies and procedures.

**IV. EXTENSIONS  
OF COVERAGE**

**A. Estates, Heirs, and Legal Representatives**

In the event of the death or incapacity of an **Insured Person**, or the bankruptcy of an **Insured**, any **Claim** made against any of the heirs, executors, administrators, trustees in bankruptcy, assignees or legal representatives of any **Insured**, based upon actual or alleged **Wrongful Acts** of such **Insured**, shall be deemed to be a **Claim** against such **Insured** for the purposes of this Policy.

**B. Spousal Liability**

If a **Claim** is asserted against the lawful spouse of any **Insured Person** solely as a result of:

1. the status of the spouse as a spouse of any **Insured Person**; or
2. the ownership interest of the spouse in property which the claimant seeks as recovery for actual or alleged **Wrongful Acts** of any **Insured Person**,



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then such **Claim** shall be deemed a **Claim** against the **Insured Person** for the purpose of this Policy; provided, however, that, subject to all of the terms, conditions, limitations and exclusions of this Policy, coverage shall only apply to **Claims** for actual or alleged **Wrongful Acts** of the **Insured** and no coverage will be provided for any **Claim** for any actual or alleged **Wrongful Acts** of the Spouse.

## V. EXCLUSIONS

### Applicable to all Insuring Agreements

This Policy does not apply to any **Claim**:

- A. based upon, arising from, or in consequence of any fact, circumstance, situation, transaction, event or **Wrongful Act** that, before the Inception Date set forth in Item 3 of the Declarations, was the subject of any notice given under any policy of which this Policy is a direct or indirect renewal or replacement;
- B. based upon, arising from, or in consequence of any demand, suit or other proceeding pending against, or order, decree or judgment entered for or against any **Insured**, on or prior to the Pending or Prior Litigation Date set forth in Item 6 of the Declarations, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
- C. brought or maintained by or on behalf of any **Insured** in any capacity against any other **Insured**, provided that this Exclusion V.C shall not apply to:
  1. a **Claim** brought or maintained derivatively on behalf of the **Organization** by one or more security holders of the **Organization** or persons who are not **Insured Persons**, provided such **Claim** is brought and maintained without any active assistance or participation of, or solicitation by, any **Executive**;
  2. a **Claim** brought or maintained by an **Insured Person** for contribution or indemnity, if such **Claim** directly results from another **Claim** covered under this Policy;
  3. a **Claim** brought by an **Executive** who has not served as an **Executive** of the **Organization** for at least four (4) years prior to the date such **Claim** is first made and who brings and maintains such **Claim** without any active assistance or participation of, or solicitation by, the **Organization** or any other **Executive** who is serving or has served as an **Executive** within such four (4) year period; or
  4. a **Claim** brought or maintained by **Employees** who are not past or present **Executives** of an **Organization** if such **Claim** is brought and maintained without any active assistance or participation of, or solicitation



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by, any such Executives;

D. based upon, arising from, or in consequence of:

1. any actual, alleged, or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of any **Pollutants**; or
2. any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **Pollutants** or any action taken in contemplation or anticipation of any such regulation, order, direction or request;

including but not limited to any **Claim** for financial loss to the **Organization**, to any member, security holder, or creditor of the **Organization**, to any **Outside Entity**, or to any member, security holder, or creditor of an **Outside Entity** based upon, arising from, or in consequence of any matter set forth in clause 1 or 2 of this Exclusion V.D.

- E. for bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof whether or not it is damaged or destroyed. To the extent a **Claim** is made for **Wrongful Employment Practices** or **Third Party Discrimination**, mental anguish and emotional distress are deleted from this exclusion;
- F. for an actual or alleged violation of the responsibilities, obligations or duties imposed on fiduciaries by the Employee Retirement Income Security Act of 1974, or any amendments thereto, or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state, or local statutory law or common law anywhere in the world;
- G. brought or maintained by or on behalf of any **Outside Entity** or any director, officer, trustee, governor or equivalent executive of an **Outside Entity** in any capacity; provided that this Exclusion V.G shall not apply to:
1. a **Claim** brought or maintained derivatively on behalf of an **Outside Entity** by one or more security holders or members of the **Outside Entity** who are not **Insured Persons** and are not directors, officers, trustees, governors, or equivalent executives of the **Outside Entity** and who bring and maintain such **Claim** without the solicitation, assistance or participation of an **Insured Person** of any director, officer, trustee, governor or equivalent executive of the **Outside Entity**; or
  2. a **Claim** brought or maintained by a director, officer, trustee, governor or equivalent executive of an **Outside Entity** for contribution or indemnification, if such **Claim** directly results from another **Claim** covered under this Policy;



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- H. for **Wrongful Acts** of an **Insured Person** in his or her capacity as a director, officer, manager, trustee, regent, governor or employee of any entity other than the **Organization**, even if the **Insured Person's** service in such capacity is with the knowledge and consent or at the request of the **Organization**, provided, however that this Exclusion V.H shall not apply to service in an **Outside Capacity**;
- I. based on any **Wrongful Act** which is, or is alleged to be, an assault and/or battery, a willful or reckless violation of any statute or regulation, or any conduct which is dishonest, willful, malicious, fraudulent or otherwise intended to cause damage or injury to persons or property. However, notwithstanding the foregoing, the **Insureds** shall be protected under the terms of this Policy as to any **Claims** made against them by reason of any alleged dishonesty on the part of the **Insureds** unless a judgment or other final adjudication thereof adverse to such **Insureds** shall establish that acts of active deliberate dishonesty committed by such **Insureds** were material to the cause of action so adjudicated;
- J. made against a **Subsidiary** or **Affiliate** or an **Insured Person** of such **Subsidiary** or **Affiliate** for any **Wrongful Act** committed, attempted, or allegedly committed or attempted during any time when such entity was not a **Subsidiary** or **Affiliate**;
- K. made against any **Insured** based upon, arising from, or in consequence of:
  - 1. the committing of any deliberately fraudulent act or omission or any willful violation of any statute or regulation by such **Insured** as evidenced by a final and non-appealable judgment or adjudication, or by any plea of guilty, nolo contendere or no contest, or by an *Alford* plea pursuant to *North Carolina v. Alford*, 400 U.S. 25 (1970); or
  - 2. such **Insured** having gained in fact any profit, remuneration or advantage to which such **Insured** was not legally entitled;
- L. based upon, arising from, or in consequence of the actual or alleged violation of any **Securities Laws**; provided that this Exclusion V. part L. shall not apply to the extent that such **Claim** is based upon, arises from or is in consequence of the **Organization's** offer or sale of debt securities of the **Organization** in a transaction that is (or in a series of transactions that are) exempt from registration under the Securities Act of 1933, as amended, and under the rules and regulations promulgated thereunder;

**Applicable to Insuring Agreement 3 Only**

- M. The Company shall not be liable under Insuring Agreement 3 for **Loss**, other than **Claim Expenses**, on account of any **Claim** based upon, arising from, or in consequence of any actual or alleged liability of an **Organization** under any written or oral contract or agreement, provided that this Exclusion V. part M.



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shall not apply to the extent that the **Organization** would have been liable in the absence of such contract or agreement.

- N. The Company shall not be liable under Insuring Agreement 3 for **Loss** on account of any **Claim** based upon, arising from, or in consequence of any actual or alleged infringement of patent, copyright or trademark, or misappropriation of intellectual property, ideas or trade secrets.
- O. The failure to procure or maintain adequate insurance or bonds.

**VI. LIMITS OF LIABILITY AND RETENTION**

- A. The Company's obligation to pay **Loss** and **Claim Expenses** because of all **Claims** first made against the **Insured** during the **Policy Period** is subject to and shall never exceed the amount of the Company's Limit of Liability stated in Item 4 of the Declarations. Any payment of **Loss** and/or **Claim Expenses** by the Company will reduce the stated Limit of Liability. Once the Limit of Liability is exhausted by such payments, the Company will have no further obligations under this Policy to pay **Loss** and **Claim Expenses**.
- B. The Company's liability under this Policy shall apply only to that part of covered **Loss** on account of each **Claim** which is excess of the applicable Retention set forth in Item 5 of the Declarations. Such Retention shall be depleted only by **Loss** otherwise covered under this Policy, and shall be borne by the **Insureds** uninsured and at their own risk.
- C. If different parts of a single **Claim** are subject to different retentions, the applicable retentions will be applied separately to each part of such **Claim**, but the sum of such retentions shall not exceed the largest applicable Retention.
- D. All **Related-Claims** shall be treated as a single **Claim** first made on the date the earliest of such **Related Claims** were first made, or on the date the earliest of such **Related Claims** is treated as having been made, regardless of whether such date is before or during the **Policy Period**.
- E. The Limit of Liability available during the Extended Reporting Period (if exercised) shall be part of, and not in addition to, the Company's maximum aggregate Limit of Liability stated in Item 4 of the Declarations.

**VII. EXTENDED REPORTING PERIOD**

- A. If the Company or the **Organization** cancels or non-renews this Policy then the **Organization** shall have the right, upon payment of an additional premium



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to an extension of the coverage granted by this Policy for the period offered by the Company. Such extension of coverage shall be referred to as the Extended Reporting Period and shall commence upon the effective date of cancellation or non-renewal. The Extended Reporting Period will apply only to **Claims** first made against the **Insured** during the Extended Reporting Period for or based upon **Wrongful Acts** committed or allegedly committed prior to such effective date of cancellation or non-renewal and otherwise covered by the Policy. The right to purchase the Extended Reporting Period shall not apply if this Policy is cancelled by the Company for reasons of nonpayment of premium.

- B. As a condition precedent to the right to purchase the Extended Reporting Period the total premium of the Policy must have been paid. The right to purchase the Extended Reporting Period shall lapse unless a written notice of the election of the Extended Reporting Period, together with full payment of the additional premium for the Extended Reporting Period, is received by the Company within 30 days after the effective date of cancellation or the non-renewal of the Policy. In the event such written notice of election and the payment of the additional premium are not received by the Company within such 30-day period, there shall be no right to purchase the Extended Reporting Period at a later date.
- C. If the Extended Reporting Period is purchased, the entire premium shall be deemed earned at its commencement without any obligation by the Company to later return any portion thereof.
- D. The Limits of Liability available during the Extended Reporting Period shall be the remaining available Limits of Liability under this cancelled or non-renewed Policy. There shall be no separate or additional Limit of Liability available for the Extended Reporting Period and the purchase of the Extended Reporting Period shall in no way increase the Limit of Liability set forth in Item 4 of the Declarations.
- E. The **Organization** shall have-continued coverage granted by this Policy for a period of 60 days following the effective date of such termination or non-renewal, but only for **Claims** first made during such 60 days and arising from **Wrongful Acts** taking place prior to the effective date of such termination or non-renewal. This Automatic Extended Reporting Period shall immediately expire upon the purchase of replacement coverage by the **Organization**.

## VIII. CONDITIONS

### A. Reporting and Notice

In the event a **Claim** is first made against an **Insured**, the **Organization**, as a condition precedent to any right to coverage under this Policy, shall give written notice to the Company of any such **Claim** as soon as practicable but



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in no event later than sixty (60) days after the end of the **Policy Period** or, if applicable, during the Extended Reporting Period.

The **Organization** shall thereafter forward to the Company any and all documents relating to the **Claim**, including every demand, notice, summons or other applicable information received by the **Insured** or by the **Insured's** representatives.

**B. Notice of potential Claims**

If, during the **Policy Period** an **Insured** first becomes aware of a **Wrongful Act** to which this Insurance applies and which might subsequently give rise to a **Claim**, the **Insured** may give written notice to the Company of a potential **Claim** during the **Policy Period**. Such notice must include:

1. the identity of the potential claimant;
2. the identity of the person(s) who allegedly committed the **Wrongful Act**;
3. the date of the alleged **Wrongful Act**;
4. specific details of the alleged **Wrongful Act**; and
5. any written notice from the potential claimant describing the **Wrongful Act**.

If this notice is received by the Company during the **Policy Period**, then any **Claim** that is subsequently made against the **Insured** arising from the **Wrongful Act** about which notice was given to the Company shall be deemed for the purpose of this Policy to have been first made during the **Policy Period**. This provision shall not apply to, nor shall the reporting of potential **Claims** be permitted during the Extended Reporting Period.

**If the potential Claim is not reported to the Company during the Policy Period, there is no further right to report such potential Claims and any Claim arising from such potential Claims shall not be covered.**

**C. Acquisition/Creation of Another Organization**

1. If before or during the **Policy Period** any **Organization**:
  - a. acquires securities or voting rights in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**; or
  - b. acquires another organization by merger into or consolidation with the **Organization** such that the **Organization** is the surviving entity,

then coverage shall be provided for such other organization, and its **Insured Persons**, only with respect to any **Wrongful Acts** committed, attempted, or allegedly committed or attempted after the effective date of such acquisition or creation unless the Company agrees, after presentation of a complete **Application** and all other appropriate information, to provide coverage by endorsement for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by such



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**Insured Persons** before the effective date of such acquisition or creation.

2. If, at the time of an acquisition or creation the total assets of any such acquired or created organization exceed twenty-five percent (25%) of the total assets of the **Organization** (as reflected in the most recent audited consolidated financial statements of such organization and the **Organization**, respectively, as of the date of such acquisition or creation), then the **Organization** shall give written notice of such acquisition or creation to the Company as soon as practicable, but in no event later than thirty (30) days after the date of such acquisition or creation, together with such other information as the Company may require and shall pay any reasonable additional premium required by the Company.

If the **Organization** fails to give such notice within the time specified in the preceding sentence, or fails to pay the additional premium required by the Company, coverage for such acquired or created organization and its **Insured Persons** shall terminate with respect to **Claims** first made more than thirty (30) days after such acquisition or creation. Coverage for any acquired or created organization described in this paragraph, and for its **Insured Persons**, shall be subject to such additional or different terms, conditions and limitations of coverage as the Company in its sole discretion may require.

**D. Acquisition by Another Organization**

If:

1. the **Organization** merges into or consolidates with another organization and the **Organization** is not the surviving entity; or
2. another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by the other organization(s) or person(s) of more than fifty percent (50%) of the outstanding securities of the **Organization**;

then coverage under this Policy shall continue until termination of the Policy but only with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by the **Insured Persons** before such merger, consolidation or acquisition. The entire premium shall be deemed fully earned. The **Organization** shall give written notice of such merger, consolidation or acquisition to the Company as soon as practicable, but in no event later than thirty (30) days after the date of such merger, consolidation or acquisition, together with such other information as the Company may require. Upon receipt of such notice and information and at the request of the **Organization**, the Company may provide to the **Organization** a quotation for an extension of coverage (for such period as may be negotiated between the Company and the **Organization**) with respect to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by the **Insureds** after such merger, consolidation or acquisition. Any coverage extension pursuant to such quotation shall be subject to such additional or different



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terms, conditions and limitations of coverage, and payment of such additional premium, as the Company in their sole discretion may require.

**E. Cessation of Subsidiary**

In the event an organization ceases to be a **Subsidiary** before or during the **Policy Period**, then coverage under this Policy with respects to such former **Subsidiary** and its **Insureds** shall continue until termination of this Policy, but only with respects to **Claims** for **Wrongful Acts** committed, attempted, or allegedly committed or attempted while such organization was a **Subsidiary**.

**F. Subrogation**

In the event of any payment under this Policy, the Company shall be subrogated to the extent of such payment to all the **Insured's** rights of recovery, and such **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insured**.

**G. Action Against the Company**

No action may be taken against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy. No person or entity shall have any right under this Policy to join the Company as part to any action against any **Insured** to determine such **Insured's** liability nor shall the Company be impleaded by such **Insured** or legal representatives of such **Insured**.

**H. Representation and Severability**

1. In granting coverage to the **Insureds** under this Policy, the Company has relied upon the declarations and statement in the **Application**. Such declarations and statements are the basis of the coverage granted in this Policy and shall be considered as incorporated in and constituting part of this Policy.
2. The **Application** shall be construed as a separate application for coverage by each **Insured Person**, and no fact pertaining to the knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of determining if coverage is available.
3. The statements and representations in the **Application** will be deemed to have been made by all **Organizations**. For the purpose of determining if coverage is available, facts pertaining to and knowledge possessed by:
  - a. the Chief Financial Officer, President, Executive Director, Chief Executive Officer or Chairperson of an **Organization** shall be imputed only to that **Organization** and its **Subsidiaries**; and
  - b. any individual signing the **Application** shall be imputed to all **Organizations, Subsidiaries and Affiliates**.

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I. Notice of cancellation

This Policy may be cancelled by the **Organization** by giving advance written notice to the Company stating when thereafter such cancellation shall be effective. This Policy may also be cancelled by the Company by mailing to the **Organization** by registered, certified or other first class mail, at the **Organization** address shown in Item 2 of the Declarations, written notice stating when not less

than sixty (60) days thereafter (or fifteen (15) days thereafter when cancellation is due to non-payment of premium), the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice. If this Policy shall be cancelled by the **Organization**, the Company shall retain the customary short rate proportion of the premium. If this Policy shall be cancelled by the Company, any return premium shall be calculated pro rata. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of the cancellation, but such payment shall be made as soon as practicable.

J. Bankruptcy and Insolvency

Bankruptcy or insolvency of an **Insured** shall not relieve the Company of any of their obligations under this Policy.

K. Alteration and Assignment

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by written endorsement to this Policy which is signed by a duly appointed representative of the Company.

L. Titles

The descriptions in the headings and sub-headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

M. Compliance With Applicable Trade Sanction Laws

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit the Company from providing insurance.

IN WITNESS WHEREOF, the Company has executed and attested these presents, but this Policy shall not be valid unless countersigned on the Declarations by a duly appointed representative of the Company.

Secretary

President

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**Endorsement 1**

APPLICANT NAME: Animal Care Joint Powers Authority

**E513.1 Public Officials Liability Endorsement**

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It is hereby understood and agreed that the Policy is amended as follows:

1. SECTION I. INSURING AGREEMENT is hereby deleted in its entirety and the following is substituted therefor:

The Company will pay on behalf of the **Insured** all **Loss**, including **Claim Expenses**, in excess of the retention and subject to the applicable Limit of Liability and the provisions of Section VI.A. of the Policy, that the **Insured** becomes legally obligated to pay on account of any **Claim** first made against the **Insured** during the Policy Period or any duly exercised Extended Reporting Period for a **Wrongful Act** committed, attempted, or alleged to have been committed or attempted by an **Insured**, or by anyone for whom the **Insured** is legally responsible, before or during the **Policy Period**, but only if such **Wrongful Act** is committed, attempted, or alleged to have been committed or attempted after the Retroactive Date, if any, and the **Claim** is reported to the Company in writing in the manner and within the time period provided in the Reporting and Notice or Extended Reporting Period sections of this Policy.

2. SECTION III. DEFINITIONS is hereby amended as follows:

- a. DEFINITIONS Sections III.A., III.F. and III.T. are deleted in their entirety.
- b. DEFINITIONS Sections III.C.1.c. and III.C.2.c. are deleted.
- c. DEFINITIONS Section III.G. is amended to read as follows:

G. **Insured** means:

- 1. The **Organization**;
- 2. All persons who were, are, or in future become lawfully elected or appointed officials or duly and lawfully hired **Employees** of the **Organization**, but only while acting in such capacity for or on behalf of the **Organization**;
- 3. Commissions, boards, or other similar bodies and the members and employees thereof, but only where such bodies are operated by, included within the budget of, and are established under and pursuant to the jurisdiction and lawful powers of the **Organization**;
- 4. Volunteers, but only while acting for or on behalf of and at the specific written request and direction of the **Organization**;
- 5. Duly elected or appointed officials or duly hired **Employees** of the Organization who serve in an **Outside Capacity** for an **Outside Entity**.



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d. DEFINITIONS Section III.H. is amended to read as follows:

H. **Insured Capacity** means the position or capacity of an **Insured Person** that causes him or her to meet the definition of **Insured Person**. **Insured Capacity** does not include any position or capacity held by an **Insured Person** in any organization other than the **Organization**, unless the **Organization** has directed or requested in writing that the **Insured Person** serve in such position or capacity in such other organization.

e. DEFINITIONS Section III.J. is amended to read as follows:

J. **Loss** means the amount that an **Insured** becomes legally obligated to pay as a result of any covered **Claim**, including:

1. damages;
2. judgments;
3. settlements;
4. pre- and postjudgment interest;
5. **Claim Expenses**.

**Loss** does not include:

1. civil or criminal fines, penalties, sanctions, or taxes;
2. the multiplied portion of any multiplied damage award;
3. punitive or exemplary damages, or any amounts deemed uninsurable pursuant to the law under which this Policy shall be construed, except to the extent punitive or exemplary damages are insurable under the law of the jurisdiction most favorable to the insurability of such damages, and further provided that such jurisdiction has a substantial relationship to the relevant **Insureds**, to the Company, or to the **Claim** giving rise to such damages;
4. any amount not indemnified by the **Organization** for which an **Insured Person** is absolved from payment by reason of any covenant, agreement, or court order;
5. any costs incurred by the **Organization** to comply with any order for injunctive or other non-monetary relief, or to comply with an agreement to provide such relief;
6. any amounts incurred by an **Insured** in the defense or investigation of any action, proceeding, or demand that is not a **Claim**, even if such defense or investigation benefits the defense of a covered **Claim**, or such action, proceeding, or demand subsequently gives rise to a covered **Claim**;
7. any political contributions;

Endorsement 1

APPLICANT NAME: Animal Care Joint Powers Authority

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- 8. any wages, salaries, expenses, benefits, gratuities, or other payments regularly made to employees, officials, commissioners, committee members, board members, interns, or volunteers;
- 9. in connection with any **Claim** for or based on **Wrongful Employment Practices**, any award of back wages.

f. DEFINITIONS Section III.K. is amended to read as follows:

K. **Organization** means the public entity named in Item 1 of the Declarations.

g. DEFINITIONS Section III.L. is amended to read as follows:

L. **Outside Capacity** means service by an **Insured Person** as a director, officer, trustee, regent, governor, commissioner, committee member, or similar position with an **Outside Entity**, but only where and during the time that such service is at the express written direction or request of the **Organization**.

h. DEFINITIONS Section III.N. is amended to read as follows:

N. **Outside Entity** means any public, tax exempt, or not-for-profit organization, body, or entity that is not included in the definition of the **Organization** and as to which an **Insured Person** is directed or requested to serve.

3. EXCLUSIONS Section V.C. is amended to read as follows:

- C. brought or maintained by or on behalf of any **Insured** in any capacity as against any other **Insured**, provided, however, that this exclusion shall not apply to:
  - 1. a **Claim** for indemnity of contribution brought or maintained by an **Insured** against another **Insured** in or directly arising out of a **Claim** covered under this Policy;
  - 2. the **Claim** relates to allegations of **Wrongful Employment Practices** by an **Insured** against another **Insured** in his or her **Insured Capacity**.

4. EXCLUSIONS Section V.D. is amended to read as follows:

- D. based upon, arising out of, or in consequence of:
  - 1. any actual, alleged, or threatened exposure to, or generation, storage, transportation, discharge, emission, release, dispersal, escape, treatment, removal or disposal of any **Pollutants** ; or

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2. any regulation, order, direction, or request to test for, clean up, remove, contain, treat, detoxify, or neutralize any **Pollutants** or any action taken in contemplation or anticipation of any such regulation, order, direction, or request.

5. EXCLUSIONS Sections V.G., V.J. and V. K. are deleted in their entirety.

6. EXCLUSIONS Section V.I. is amended to read as follows:

I. based on any **Wrongful Act** which is, or is alleged to be, an assault and/or battery, a willful or reckless violation of any statute or regulation, or any conduct that is dishonest, willful, malicious, fraudulent, criminal, or otherwise intended to cause damage or injury to persons or property. However, notwithstanding the foregoing, the **Insureds** shall be protected under the terms of this Policy as to any **Claims** made against them by reason of any alleged dishonesty on the part of the **Insureds** unless a judgment or other final adjudication thereof adverse to such **Insureds** shall establish that acts of active deliberate dishonesty were committed by such **Insureds** and were material to the cause of action so adjudicated. Nothing in this exclusion V. I. shall extend any coverage for **Loss** or **Claim Expenses** to any criminal investigation, action, or proceeding.

7. The following exclusions are added to Section V. of the Policy:

P. for any **Personal Injury**;

Q. any actual or alleged infringement of any patent, copyright, or trademark, or the misappropriation of any ideas or proprietary information, or any plagiarism;

R. based upon or involving condemnation, eminent domain, inverse condemnation, temporary or permanent taking, adverse possession, or dedication by adverse use, including, but not limited to, the valuation of any property for purposes of the foregoing;

S. based upon or involving, either directly or indirectly, any strikes, picketing, riots, civil commotions, or other similar events;

T. based upon or involving, either directly or indirectly, any debt financing, including, but not limited to, the planned or actual issuance of any bonds, notes, debentures, or guarantees of debt;

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U. based on or involving the determination of assessed values, the formulation or calculation of any tax rates, the collection of taxes, or the formulation, calculation, issuance, or failure to issue any tax refunds;

V. the gaining by any **Insured** of any profit, gain, or advantage to which such **Insured** was not legally entitled;

W. based upon or relating to the providing, or the failure to provide, any professional services as a lawyer, architect, engineer, doctor, nurse, or accountant;

X. based on or involving the establishment, operation, or maintenance of any hospitals or other health care, clinic, hospice, or nursing facilities, any law enforcement or fire fighting agencies or forces, or any jails or other detention facilities.

8. LIMITS OF LIABILITY AND RETENTION Section VI.A. is amended to read as follows:

A. The Company's obligation to pay **Loss and Claim Expenses** because of all **Claims** first made against the **Insured** during the **Policy Period** is subject to and shall never exceed the amount of the Company's Limit of Liability stated in Item 4. of the Declarations. Any payment of **Loss and/or Claim Expenses** by the Company will reduce the stated Limit of Liability, provided, however, that the Company shall pay **Claim Expenses** in excess of the applicable retention and up to an amount equal to the Limit of Liability set forth in Item 4. of the Declarations without reduction of the applicable Limit of Liability. Once the Company has paid the amount set forth in Item 4. of the Declarations in **Claim Expenses**, all further payments by the Company of **Claim Expenses** shall reduce the applicable Limit of Liability. Once the Limit of Liability has been exhausted by payment of any damages, judgments, settlements, or pre- and postjudgment interest, regardless of whether the payment by the Company of **Claim Expenses** without reduction of the Limit of Liability has exhausted the amount set forth in Item 4. of the Declarations, the Company shall have no further obligations under this Policy to **Loss and Claim Expenses**.

**State National Insurance Company**

Administered by Hiscox Inc.



**Endorsement 1**

APPLICANT NAME: Animal Care Joint Powers Authority

**E513.1 Public Officials Liability Endorsement**

Page 6 of 7

9. CONDITIONS Sections VIII. C., D. and E. of the Policy are deleted in their entirety and the following new Sections VIII. C., D. and E. are substituted therefor:

C. In the event the **Organization** is consolidated with or is merged into another organization, such that the **Organization** is the surviving entity, coverage shall be afforded for the organization so consolidated with or merged into the **Organization**, but only with respect to **Wrongful Acts** committed, attempted, or allegedly attempted or committed after the effective date of such consolidation or merger, unless the Company agrees, after presentation to the Company of a full **Application** and all requested information, to provide coverage by endorsement for **Wrongful Acts** committed, attempted, or allegedly committed or attempted by the organization so consolidated or merged into the **Organization**, prior to the effective date of the consolidation or merger.

D. In the event the **Organization** is consolidated with or is merged into another organization, such that the **Organization** is not the surviving entity, coverage under this Policy will continue until expiration or earlier termination of the Policy, but only with respect to **Claims for Wrongful Acts** committed, attempted, or allegedly committed or attempted before the effective date of the consolidation or merger.

E. With respect to the consolidations or mergers set forth in Sections VIII. C. and D. above, it shall be a condition precedent to the continuance of coverage under said sections that the **Organization** give written notice of the consolidation or merger to the Company as soon as practicable, but no later than thirty (30) days after the effective date of the consolidation or merger. The Company shall, upon receipt of notice, have the right to request additional information and to terminate, limit, or modify the terms of the Policy, including but not limited to the requiring of payment of an additional premium. The failure of the **Organization** to provide notice of the consolidation or merger with the thirty(30) day period, or to pay any required additional premium within thirty (30) days of the sending of notice of such requirement by the Company, shall result in the termination of coverage as of the thirty-first (31<sup>st</sup>) day for any **Claims** made against the consolidated or merged entity for or arising from the **Wrongful Acts** of the other organization.

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Administered by Hiscox Inc.



**Endorsement 1**

APPLICANT NAME: Animal Care Joint Powers Authority

**E513.1 Public Officials Liability Endorsement**

Page 7 of 7

10. CONDITIONS Sections VIII.H.3.a. and b. is amended to read as follows:

- a. the executive officials of the **Organization**, including the Mayor, Chief Financial Officer, President, Executive Director, Chief Executive Officer, Chairperson, or other similar positions, shall be imputed to the **Organization** and to all of its committees, boards, commissions and similar bodies; and
- b. any individual signing the **Application** shall be imputed to all Insureds, including the **Organization** and to each **Insured Person**.

11. CONDITIONS Section VIII.. is added as follows:

N. The coverage provided by this Policy is excess over any other valid and collectible insurance or right of indemnification available to the **Insured**, whether such other insurance or indemnification right is stated to be primary, contributory, excess, pro rata, contingent, or otherwise.

All other terms and conditions of the Policy remain unchanged.

**State National Insurance Company**

Administered by Hiscox Inc.



**Endorsement 2**

APPLICANT NAME: Animal Care Joint Powers Authority

**E543.2 Breach of Contract Exclusion Endorsement**

Page 1 of 1

It is understood and agreed that the section of this Policy entitled V. EXCLUSIONS, part M. is deleted in its entirety and replaced by the following:

Coverage is not afforded hereunder in respect of any **Claim** based upon, arising from, or in consequence of any actual or alleged liability of any **Organization** or **Outside Entity** under any written or oral contract or agreement, provided that this exclusion shall not apply to the extent that the **Organization** or **Outside Entity** would have been liable in the absence of such contract or agreement.

All other terms and conditions remain unchanged.

**State National Insurance Company**

Administered by Hiscox Inc.



**Endorsement 3**

APPLICANT NAME: Animal Care Joint Powers Authority

**E545.1 Backwage Coverage Extension Endorsement**

Page 1 of 1

It is hereby understood and agreed that notwithstanding any terms, conditions, limitations and exclusions to the contrary anywhere within this policy including the endorsements thereto, with respect to **Claims of Wrongful Employment Practices** for which indemnity coverage is otherwise afforded, no exclusion, or "carve out" in the policy's definition of Loss, shall be applied to back wages.

All other terms and conditions remain unchanged.

Endorsement 4

APPLICANT NAME: Animal Care Joint Powers Authority

E562.1 Nuclear Energy Liability Exclusion Ends. (All Coverage)

Page 1 of 2

In consideration of the premium charged, it is hereby understood and agreed that the **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured**:

- A. alleging, arising out of, based upon, attributable to, or in any way involving, directly or indirectly, the **Hazardous Properties of Nuclear Material**, including but not limited to:
- (1) **Nuclear Material** located at any **Nuclear Facility** owned by, or operated by or on behalf of, the **Organization**, or discharged or dispersed therefrom; or
  - (2) **Nuclear Material** contained in spent fuel or waste which was or is at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of the **Organization**; or
  - (3) the furnishing by an **Insured** or the **Organization** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **Nuclear Facility**; or
  - (4) **Claims** for damage or other injury to the **Organization** or its members which allege, arise from, are based upon, are attributed to or in any way involve, directly or indirectly, the **Hazardous Properties of Nuclear Material**.
- B. (1) which is insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability underwriters, or Nuclear Insurance Association of Canada, or would be insured under any such policy but for its termination or exhaustion of its limit of liability; or,
- (2) with respect to which: (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the **Insured** is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

As used in this endorsement:

**"Hazardous Properties"** include radioactive, toxic or explosive properties.

**"Nuclear Facility"** means:

- (a) any nuclear reactor;
- (b) any equipment or device designed or used for:
  - (1) separating the isotopes of uranium or plutonium,
  - (2) processing or utilizing spent fuel, or
  - (3) handling, processing or packP. 5 2 wastes;

**Endorsement 4**

APPLICANT NAME: Animal Care Joint Powers Authority

**E562.1 Nuclear Energy Liability Exclusion Ends. (All Coverage)**

Page 2 of 2

- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; and
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear Material" means source material, special nuclear material or byproduct material.

"Nuclear Reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Source Material," "Special Nuclear Material," and "Byproduct Material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent Fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor.

"Waste" means any waste material:

- (1) containing by product material and
- (2) ~~resulting from the operation by any person or organization of any Nuclear Facility~~ included within the definition of nuclear facility under paragraph (a) or (b) thereof.

Endorsement 5

APPLICANT NAME: Animal Care Joint Powers Authority

E564.1 EPLI (FLSA) Exclusion Endorsement

Page 1 of 1

It is understood and agreed that the policy is amended as follows:

1. Clause IIII. DEFINITIONS is amended to include the following definition at the end thereof:

WH-A. **Retaliation** means a retaliatory act of an **Insured** alleged to be in response to any of the following activities: (i) the disclosure or threat of disclosure by an **Employee** of the **Organization** or an **Outside Entity** to a superior or to any governmental agency of any act by an **Insured** which act is alleged to be a violation of any federal, state, local or foreign law, common or statutory, or any rule or regulation promulgated thereunder; (ii) the actual or attempted exercise by an **Employee** of the **Organization** or an **Outside Entity** of any right that such **Employee** has under law, including rights under worker's compensation laws, the Family and Medical Leave Act, the Americans with Disabilities Act or any other law relating to employee rights; (iii) the filing of any claim under the Federal False Claims Act or any other federal, state, local or foreign "whistle-blower" law; or (iv) strikes of an **Employee** of the **Organization** or an **Outside Entity**.

2. Clause V. EXCLUSIONS is amended to include the following paragraph at the end thereof:

**Applicable to all Insuring Agreements**

This Policy does not apply to any **Claim**:

WH-A. for violation(s) of any of the responsibilities, obligations or duties imposed by the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign statutory law or common law; provided, however, this exclusion shall not apply to the extent that a **Claim** is for **Retaliation**;

WH-B. alleging, arising out of, based upon, attributable to or in any way relating to:

1. the refusal, failure or inability of any **Insured** to pay wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered (as opposed to tort-based back pay or front pay damages for torts other than conversion);
2. improper payroll deductions taken by any **Insured** from any **Employee** or purported **Employee**; or
3. failure to provide or enforce legally required meal or rest break periods;

provided, however, this exclusion shall not apply to the extent that a **Claim** is for **Retaliation**;

All other terms, conditions, and exclusions remain unchanged.

**State National Insurance Company**

Administered by Hiscox Inc.



**Endorsement 6**

APPLICANT NAME: Animal Care Joint Powers Authority

**E602.2 Prior Claim or Circumstance Exclusion**

Page 1 of 1

It is hereby understood and agreed that coverage is not afforded hereunder for any **Claim**, that is, either directly or indirectly, based upon or arising out of, or in any way related to any facts, circumstances, acts, errors, or omissions that are directly or indirectly alleged or involved in any matter, **Claim**, lawsuit or information reported to the Company of which the **Organization** had knowledge prior to the inception date of this insurance.

All other terms and conditions remain unchanged.

# State National Insurance Company

Administered by Hiscox Inc.



## Endorsement 7

APPLICANT NAME: Animal Care Joint Powers Authority

### E613.2 Cap on Losses from Certified Acts of Terrorism Endorsement

Page 1 of 1

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE FEDERAL TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

The following is hereby added to the Policy and shall apply to all coverage:

With respect to any one or more "act of terrorism", the Company will not pay any amounts for which we are not responsible under the terms of the federal Terrorism Risk Insurance Act due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

The term "act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the federal Terrorism Risk Insurance Act for an "act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a program year (January 1, through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to the pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Policy Declarations.

#### B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a program year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

All other terms and conditions remain unchanged.

**Endorsement 8**

APPLICANT NAME: Animal Care Joint Powers Authority

**E634.1 California Amendatory Endorsement**

Page 1 of 2

This endorsement modifies insurance provided under the following:

**NOT-FOR-PROFIT DIRECTORS AND OFFICERS LIABILITY PROGRAM**

1. Paragraph I. **Notice of cancellation** of Section VIII. **CONDITIONS** is deleted in its entirety and replaced by the following:

**I. Notice of cancellation**

This Policy may be cancelled by the **Organization** by giving advance written notice to the Company stating when thereafter such cancellation shall be effective. This Policy may also be cancelled by the Company by mailing to the **Organization** and the producer of record, if any, by registered, certified or other first class mail, at the **Organization's** address shown in Item 2 of the Declarations, written notice stating when not less than sixty (60) days thereafter (or fifteen (15) days thereafter when cancellation is due to non-payment of premium), the cancellation shall be effective. The mailing of such notice, which will include the reason(s) for cancellation, shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice. If this Policy shall be cancelled, any return premium shall be calculated pro rata. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of the cancellation, but such payment shall be made as soon as practicable.

If this Policy has been in effect for more than sixty (60) days, or if the Policy is a renewal, effective immediately, the Company may only cancel this Policy for one or more of the following reasons:

- a. Non-payment of premium, including payment due on a prior Policy issued by the Company and due during the current Policy term covering the same risks;
- b. A judgment by a court or an administrative tribunal that the **Organization** has violated any law of this state or of the United States having as one of its necessary elements an act which materially increases any of the risks insured against;
- c. Discovery of fraud or material misrepresentation by either of the following:
  1. The **Organization** or the **Organization's** representative in obtaining the insurance; or
  2. The **Organization** or the **Organization's** representative in pursuing a **Claim** under the Policy;
- d. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the **Organization** or the **Organization's** representative, which materially increase any of the risks insured against;

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**Endorsement 8**

APPLICANT NAME: Animal Care Joint Powers Authority

**E634.1 California Amendatory Endorsement**

Page 2 of 2

- e. Failure by the **Organization** or the **Organization's** representative to implement reasonable loss control requirements which were agreed to by the **Organization** as a condition of Policy issuance or which were conditions precedent to the use by the Company of a particular rate or rating plan, if the failure materially increases any of the risks insured against;
- f. A determination by the commissioner that the loss of, or changes in, the Company's reinsurance covering all or part of the risk would threaten the Company's financial integrity or solvency;
- g. A determination by the commissioner that the continuation of the Policy coverage would place the Company in violation of the laws of this state or the **Organization's** state of domicile or that the continuation of coverage would threaten the Company's solvency; or
- h. A change by the **Organization** or the **Organization's** representative in the activities or property of the commercial or industrial enterprise which results in a material added risk, a materially increased risk or a materially changed risk, unless the added, increased or changed risk is included in the Policy.

2. The following is added to Section **VIII. CONDITIONS**:

**Nonrenewal and Conditional Renewal**

If the Company elects not to renew this Policy, or if the Company intends to condition renewal upon a reduction in limits, the elimination of coverages, an increase in retentions, or an increase of more than twenty-five percent (25%) in the rate upon which the premium is based, it will mail or deliver to the **Organization** written notice at least sixty (60) days but not more than one-hundred-twenty (120) days before the end of the **Policy Period**.

The Company will mail or deliver the above notices to the **Organization** and the producer of record, if any, at the last mailing address known to the Company. The notice of nonrenewal will include the reason(s) for nonrenewal, If the above notices are mailed, proof of mailing will be sufficient proof of notice.

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**Endorsement 9**

APPLICANT NAME: Animal Care Joint Powers Authority

**E693.1 Americans with Disabilities Act Accommodation Cost Exclusion**

Page 1 of 1

It is hereby understood and agreed that Section V. **EXCLUSIONS**, is amended by the addition of the following:

P. only to the extent such **Claim** or that portion of such **Claim** directly relates to the cost of providing any of the reasonable accommodations that may be required by, or are made as a result of, the Americans with Disabilities Act of 1992 or any other similar federal, state or local laws, rules or regulations.

All other terms and conditions remain unchanged.

**State National Insurance Company**

Administered by Hiscox Inc.



**Endorsement 10**

APPLICANT NAME: Animal Care Joint Powers Authority

**E997.1 Specific Entity Exclusion (Claims By or Against)**

Page 1 of 1

In consideration of the premium charged, it is understood and agreed that Clause V. **EXCLUSIONS** is amended to include the following exclusion at the end thereof:

This Policy does not apply to any **Claim**:

SE-A. brought by or on behalf of or against the below listed entity(ies) (as well as any of its subsidiaries or affiliates), including any director, officer, trustee, trustee emeritus, executive director, department head or committee member thereof:

**ENTITIES**

1. The County of San Bernardino
2. The Town of Yucca Valley

All other terms and conditions remain unchanged.

**State National Insurance Company**

Administered by Hiscox Inc.



**Endorsement 11**

APPLICANT NAME: Animal Care Joint Powers Authority

**E998.1 Bodily Injury/Property Damage Exclusion (Absolute)**

Page 1 of 1

In consideration of the premium charged, it is understood and agreed that in Clause V. **EXCLUSIONS**, paragraph E. is deleted in its entirety and replaced with the following:

E. based upon, arising from, or in consequence of bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any tangible property including loss of use thereof whether or not it is damage or destroyed. To the extent a **Claim** is made for **Wrongful Employment Practices**, mental anguish and emotional distress are deleted from this **Exclusion**.

All other terms and conditions remain unchanged.

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Administered by Hiscox Inc.



**Endorsement 12**

APPLICANT NAME: Animal Care Joint Powers Authority

**E566.1 Amend Retention Endorsement B**

Page 1 of 1

In consideration of the premium charged, it is hereby understood and agreed that Item 5. of the Declarations, Retention, is amended to read as follows:

- |    |  |          |                      |
|----|--|----------|----------------------|
| 5. | Retention                                | \$10,000 | Organization         |
|    | Each <b>Claim</b> including <b>Claim</b> | \$25,000 | Employment Practices |
|    | <b>Expenses</b>                          |          |                      |

All other terms and conditions remain unchanged.



## ECONOMIC AND TRADE SANCTIONS POLICYHOLDER NOTICE

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Hiscox is committed to complying with the U.S. Department of Treasury Office of Foreign Assets Control (OFAC) requirements. OFAC administers and enforces economic sanctions policy based on Presidential declarations of national emergency. OFAC has identified and listed numerous foreign agents, front organizations, terrorists, and narcotics traffickers as Specially Designated Nationals (SDN's) and Blocked Persons. OFAC has also identified Sanctioned Countries. A list of Specially Designated Nationals, Blocked Persons and Sanctioned Countries may be found on the United States Treasury's web site <http://www.treas.gov/offices/enforcement/ofac/>.

Economic sanctions prohibit all United States citizens (including corporations and other entities) and permanent resident aliens from engaging in transactions with Specially Designated Nationals, Blocked Persons and Sanctioned Countries. Hiscox may not accept premium from or issue a policy to insure property of or make a claim payment to a Specially Designated National or Blocked Person. Hiscox may not engage in business transactions with a Sanctioned Country.

A Specially Designated National or Blocked Person is any person who is determined as such by the Secretary of Treasury.

A Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States.

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy may be rendered void from its inception with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

- (1) Any insured under this Policy, or any person or entity claiming the benefits of such insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to US economic trade sanctions;
- (2) Any claim or suit that is brought in a Sanctioned Country or by a Sanctioned Country government, where any action in connection with such claim or suit is prohibited by US economic or trade sanctions;
- (3) Any claim or suit that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to US economic or trade sanctions;
- (4) Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country government, where any activities related to such property are prohibited by US economic or trade sanctions; or
- (5) Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to US economic or trade sanctions.

Please read your Policy carefully and discuss with your broker/agent or insurance professional. You may also visit the US Treasury's website at <http://www.treas.gov/offices/enforcement/ofac/>.