S A W P A
SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

SPECIAL NOTICE REGARDING
CORONAVIRUS DISEASE 2019 (COVID-19)
AND PARTICIPATION IN PUBLIC MEETINGS

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. Governor Newsom issued Executive Order N-25-20 (3-12-20) and Executive Order N-29-20 (3-17-20) which temporarily suspend portions of the Brown Act relative to conducting of public meetings. Accordingly, it has been determined that all Board and Committee meetings of the Santa Ana Watershed Project Authority held pursuant to the Brown Act will be conducted virtually, including meetings of the:

- SAWPA Commission
- PA 22, PA 23, and PA 24 Committees
- OWOW Steering Committee

REGULAR MEETING
OF THE COMMISSION
TUESDAY, NOVEMBER 3, 2020 – 9:30 A.M.

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the November 3, 2020 meeting of the SAWPA Commission by telephone* and virtually through the Zoom app as follows:

Meeting Access Via Computer (Zoom):
- [https://sawpa.zoom.us/j/96294388997](https://sawpa.zoom.us/j/96294388997)
- Meeting ID: 962 9438 8997

Meeting Access Via Telephone*:
- 1 (669) 900-6833
- Meeting ID: 962 9438 8997

If you are unable to participate by telephone* or virtually, you may also submit your comments and questions in writing for the Commission’s consideration by sending them to publiccomment@sawpa.org with the subject line “Public Comment Item #” (insert the agenda item number relevant to your comment) or “Public Comment Non-Agenda Item”. Submit your written comments by 6:00 p.m. on Monday, November 2, 2020. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record.

*IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your “identifier” during the meeting and available to all meeting participants. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.
PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 19, 2020, THIS MEETING WILL BE CONDUCTED VIRTUALLY. ALL VOTES TAKEN DURING THIS VIRTUAL MEETING WILL BE CONDUCTED BY ORAL ROLL CALL.

This meeting will be accessible as follows:

<table>
<thead>
<tr>
<th>Meeting Access Via Computer (Zoom)*:</th>
<th>Meeting Access Via Telephone*:</th>
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<tbody>
<tr>
<td>• <a href="https://sawpa.zoom.us/j/96294388997">https://sawpa.zoom.us/j/96294388997</a></td>
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REGULAR COMMISSION MEETING
TUESDAY, NOVEMBER 3, 2020 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (David J. Slawson, Chair)
2. ROLL CALL
3. PUBLIC COMMENTS
   Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).
4. ITEMS TO BE ADDED OR DELETED
   Pursuant to Government Code §54954.2(b), items may be added on which there is a need to take immediate action and the need for action came to the attention of the Santa Ana Watershed Project Authority subsequent to the posting of the agenda.
5. CONSENT CALENDAR
   All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.
   A. APPROVAL OF MEETING MINUTES: OCTOBER 6, 2020 ................................................................. 9
      Recommendation: Approve as posted.
   B. TREASURER’S REPORT – SEPTEMBER 2020 .............................................................................. 13
      Recommendation: Approve as posted.
6. **NEW BUSINESS**

   A. **SUMMARY OF SAWPA INSURANCE PROVIDERS & COVERAGE (CM#2020.69)**
      
      **Presenter:** Karen Williams
      
      **Recommendation:** Receive and file.

   B. **ASSESSING HOMELESSNESS IMPACTS ON WATER QUALITY, RIPARIAN AND AQUATIC HABITAT IN UPPER SANTA ANA RIVER WATERSHED | MONITORING PROGRAM PHASE 1A (CM#2020.68)**
      
      **[This item is subject to the provisions of Project Agreement 25]**
      
      **Presenter:** Mark Norton
      
      **Recommendation:** Support inclusion of initial Phase 1A Monitoring Program to Assess Homelessness Impact on Water Quality in the Upper Santa Ana River Watershed estimated to cost $88,800 in the future SAWPA FY 2021-2022 Budget, subject to local match commitments.

   C. **ADOPT RESOLUTION NO. 2020-08 | AMEND RETENTION AND DESTRUCTION OF AGENCY RECORDS POLICY (CM#2020.70)**
      
      **Presenter:** Rich Haller
      
      **Recommendation:** Adopt Resolution No. 2020-08 amending the Retention and Destruction of Agency Records Policy.

7. **INFORMATIONAL REPORTS**

   **Recommendation:** Receive for information.

   A. **CASH TRANSACTIONS REPORT – AUGUST 2020**
      
      **Presenter:** Karen Williams

   B. **INTER-FUND BORROWING – AUGUST 2020 (CM#2020.66)**
      
      **Presenter:** Karen Williams

   C. **PERFORMANCE INDICATORS/FINANCIAL REPORTING – AUGUST 2020 (CM#2020.67)**
      
      **Presenter:** Karen Williams

   D. **PROJECT AGREEMENT 25 – OOWFUND – FINANCIAL REPORT, JULY 2020**
      
      **Presenter:** Karen Williams

   E. **PROJECT AGREEMENT 25 – OOWFUND – FINANCIAL REPORT, AUGUST 2020**
      
      **Presenter:** Karen Williams

   F. **PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, JULY 2020**
      
      **Presenter:** Karen Williams

   G. **PROJECT AGREEMENT 26 – ROUNDTABLE FUND – FINANCIAL REPORT, AUGUST 2020**
      
      **Presenter:** Karen Williams

   H. **OOWF QUARTERLY STATUS REPORT: JULY 1, 2020 – SEPTEMBER 30, 2020**
      
      **Presenter:** Mark Norton

   I. **ROUNDTABLES QUARTERLY STATUS REPORT: JULY 1, 2020 – SEPTEMBER 30, 2020**
      
      **Presenter:** Mark Norton
J. **GENERAL MANAGER REPORT** .......................................................................................................................... 453
K. **STATE LEGISLATIVE REPORT** .......................................................................................................................... 463
   Presenter: Rich Haller
L. **CHAIR’S COMMENTS/REPORT**
M. **COMMISSIONERS’ COMMENTS**
N. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**

8. **CLOSED SESSION**

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. **ADJOURNMENT**

Americans with Disabilities Act: If you require any special disability related accommodations to participate in this meeting, call (951) 354-4220 or email kberr@sawpa.org. 48-hour notification prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff’s ability to post documents prior to the meeting.

**Declaration of Posting**

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on October 29, 2020, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at the SAWPA office, 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

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**2020 SAWPA Commission Meetings/Events**

First and Third Tuesday of the Month

(NOTE: Unless otherwise noticed, all Commission Workshops/Meetings begin at 9:30 a.m. and are held at SAWPA.)

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
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<tbody>
<tr>
<td>1/7/20</td>
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<tr>
<td>Commission Workshop [cancelled]</td>
<td>Commission Workshop</td>
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<tr>
<td>1/21/20</td>
<td>2/18/20</td>
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<tr>
<td>Regular Commission Meeting</td>
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<td>Commission Workshop</td>
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<td>Regular Commission Meeting</td>
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<tr>
<td>Commission Workshop</td>
<td>Commission Workshop [cancelled]</td>
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<tr>
<td>5/19/20</td>
<td>6/16/20</td>
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<tr>
<td>Regular Commission Meeting</td>
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<tr>
<td>Commission Workshop [cancelled]</td>
<td>Commission Workshop [cancelled]</td>
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<td>8/18/20</td>
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<tr>
<td>Regular Commission Meeting</td>
<td>Regular Commission Meeting [cancelled]</td>
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<tr>
<td>7/28 – 7/31/20 ACWA Spring Conference, Monterey</td>
<td>8/25 – 8/28/20 ACWA Fall Conference, Indian Wells</td>
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<tr>
<th>September</th>
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<td>10/6/20</td>
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<td>Commission Workshop</td>
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<td>9/15/20</td>
<td>10/20/20</td>
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<tr>
<td>Regular Commission Meeting</td>
<td>Regular Commission Meeting [cancelled]</td>
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<tbody>
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<td>12/1/20</td>
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<tr>
<td>Commission Workshop</td>
<td>Commission Workshop</td>
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<tr>
<td>11/17/20</td>
<td>12/1 – 12/4/20 ACWA Fall Conference, Indian Wells</td>
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<tr>
<td>Regular Commission Meeting</td>
<td>Regular Commission Meeting</td>
</tr>
</tbody>
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## 2021 SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

(NOTE: All meetings begin at 9:30 a.m., unless otherwise noticed, and are held at SAWPA.)

<table>
<thead>
<tr>
<th>January</th>
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<tbody>
<tr>
<td>1/5/21 Commission Workshop</td>
<td>2/2/21 Commission Workshop</td>
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<td>2/16/21 Regular Commission Meeting</td>
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</tr>
<tr>
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<td>4/6/21 Commission Workshop</td>
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<tr>
<td>3/16/21 Regular Commission Meeting</td>
<td>4/20/21 Regular Commission Meeting</td>
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<tr>
<td><strong>May</strong></td>
<td><strong>June</strong></td>
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<tr>
<td>5/4/21 Commission Workshop</td>
<td>6/1/21 Commission Workshop</td>
</tr>
<tr>
<td>5/18/21 Regular Commission Meeting</td>
<td>6/15/21 Regular Commission Meeting</td>
</tr>
<tr>
<td>5/4 – 5/7/21 ACWA Spring Conference, Monterey</td>
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<tr>
<td><strong>July</strong></td>
<td><strong>August</strong></td>
</tr>
<tr>
<td>7/6/21 Commission Workshop</td>
<td>8/3/21 Commission Workshop</td>
</tr>
<tr>
<td>7/20/21 Regular Commission Meeting</td>
<td>8/17/21 Regular Commission Meeting</td>
</tr>
<tr>
<td><strong>September</strong></td>
<td><strong>October</strong></td>
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<tr>
<td>9/7/21 Commission Workshop</td>
<td>10/5/21 Commission Workshop</td>
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<td>10/19/21 Regular Commission Meeting</td>
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<td><strong>December</strong></td>
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<tr>
<td>11/2/21 Commission Workshop</td>
<td>12/7/21 Commission Workshop</td>
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<tr>
<td>11/16/21 Regular Commission Meeting</td>
<td>12/21/21 Regular Commission Meeting</td>
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<tr>
<td></td>
<td>11/30 – 12/3/21 ACWA Fall Conference, Pasadena</td>
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</table>
SAWPA COMPENSABLE MEETINGS

IMPORTANT NOTE: Due to the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all upcoming meetings by teleconferencing. Participation information will be included on each posted agenda or meeting notice.

In addition to Commission meetings, Commissioners and Alternate Commissioners will receive compensation for attending the meetings listed below, pursuant to the Commission Compensation, Expense Reimbursement, and Ethics Training Policy. IMPORTANT NOTE: These meetings are subject to change. Prior to attending any meetings listed below, please confirm meeting details by viewing the website calendar using the following link:

https://sawpa.org/sawpa-calendar/

**MONTH OF: November 2020**

<table>
<thead>
<tr>
<th>DATE</th>
<th>TIME</th>
<th>MEETING DESCRIPTION</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/2/20</td>
<td>1:00 PM</td>
<td>SAR Weather Augmentation Feasibility Study Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
</tr>
<tr>
<td>11/3/20</td>
<td>10:00 AM</td>
<td>PA 24 Committee Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
</tr>
<tr>
<td>11/10/20</td>
<td>8:30 AM</td>
<td>PA 22 Committee Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
</tr>
<tr>
<td>11/10/20</td>
<td>3:00 PM</td>
<td>Emerging Constituents Program Task Force Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
</tr>
<tr>
<td>11/19/20</td>
<td>11:00 AM</td>
<td>OWOW Steering Committee Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
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**MONTH OF: December 2020**

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<thead>
<tr>
<th>DATE</th>
<th>TIME</th>
<th>MEETING DESCRIPTION</th>
<th>LOCATION</th>
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</thead>
<tbody>
<tr>
<td>12/1/20</td>
<td>8:30 AM</td>
<td>PA 23 Committee Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
</tr>
<tr>
<td>12/1/20</td>
<td>10:00 AM</td>
<td>PA 24 Committee Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
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<tr>
<td>12/2/20</td>
<td>1:30 PM</td>
<td>Basin Monitoring Program Task Force Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
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<tr>
<td>12/7/20</td>
<td>9:30 AM</td>
<td>MSAR TMDL Task Force Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
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<tr>
<td>12/7/20</td>
<td>1:30 PM</td>
<td>Lake Elsinore/Canyon Lake TMDL Task Force Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
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<tr>
<td>12/8/20</td>
<td>8:30 AM</td>
<td>PA 22 Committee Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
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<tr>
<td>12/17/20</td>
<td>4:00 PM</td>
<td>LESJWA Board of Directors Mtg</td>
<td>VIRTUAL/TELEPHONICALLY</td>
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</table>

*Please Note: We strive to ensure the list of Compensable Meetings set forth above is accurate and up-to-date; the list is compiled based on input from SAWPA staff and Department Managers regarding meeting purpose and content.*
COMMISSIONERS PRESENT

David J. Slawson, Chair, Eastern Municipal Water District
Kati Parker, Vice Chair, Inland Empire Utilities Agency
Kelly E. Rowe, Secretary-Treasurer, Orange County Water District
Brenda Dennstedt, Western Municipal Water District
T. Milford Harrison, San Bernardino Valley Municipal Water District

COMMISSIONERS ABSENT

None

ALTERNATE COMMISSIONERS

June D. Hayes, Alternate, San Bernardino Valley Municipal Water District

STAFF PRESENT

Rich Haller, Karen Williams, Carlos Quintero, David Ruhl, Mark Norton, Dean Unger, Kelly Berry

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP; Gary Phillips, Bob Murray & Associates

The Regular Commission meeting of the Santa Ana Watershed Project Authority was called to order at 9:36 a.m. by Chair Slawson on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California. The record will reflect this meeting was conducted virtually.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, this meeting was conducted virtually. Members of the public who were unable to participate by teleconference or virtually were invited to submit comments and questions in writing via email for the Commission’s consideration. All votes taken during this meeting were conducted via oral roll call.

2. ROLL CALL

A roll call was noted and recorded by the Clerk of the Board.

3. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

4. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

5. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: SEPTEMBER 15, 2020

Recommendation: Approve as posted.
B. TREASURER’S REPORT – AUGUST 2020
Recommendation: Approve as posted.

MOVED, approve the Consent Calendar.

Result: Adopted by Roll Call Vote (Unanimously)
Motion/Second: Harrison/Dennstedt
Ayes: Dennstedt, Harrison, Parker, Rowe, Slawson
Nays: None
Abstentions: None
Absent: None

6. NEW BUSINESS
A. EXECUTIVE RECRUITMENT | GENERAL MANAGER (CM#2020.65)
Rich Haller provided an oral report on the General Manager executive recruitment. Gary Phillips of
Bob Murray & Associates, who conducted the General Manager recruitment in 2017 and has been
retained for this recruitment, reviewed the scope of work and timeline. Phillips advised the recruitment
should be completed in 3-4 months; utilizing/updating materials from the 2017 recruitment should
shorten the timeline. Phillips will seek insight from Commissioners for the ideal candidate profile. The
recruitment timeline should result in presentation of all candidate submissions to the Commission by
mid-December with interviews toward the end of December 2020 or early January 2021. After
discussion, it was the consensus of the Commission not to appoint an Ad Hoc Committee.

MOVED, receive and file a report on the General Manager executive recruitment; direct staff to
work with Bob Murray & Associates to prepare a draft recruitment brochure and seek final input
on the brochure and ideal candidate profile.

Result: Adopted by Roll Call Vote (Unanimously)
Motion/Second: Dennstedt/Rowe
Ayes: Dennstedt, Harrison, Parker, Rowe, Slawson
Nays: None
Abstentions: None
Absent: None

B. CONTRACT AMENDMENT | RICH HALLER (CM#2020.64)
Rich Haller reviewed the Second Amendment to Employment Agreement on page 42 of the agenda
packet. There was no discussion.

MOVED, approve the Second Amendment to Employment Agreement between the Santa Ana
Watershed Project Authority and Rich Haller (Second Amendment) and authorize the Commission
Chair to execute the Second Amendment.

Result: Adopted by Roll Call Vote (Unanimously)
Motion/Second: Harrison/Dennstedt
Ayes: Dennstedt, Harrison, Parker, Rowe, Slawson
Nays: None
Abstentions: None
Absent: None
C. **2021 MEDICAL INSURANCE CAP (CM#2020.62)**
Rich Haller provided an oral report on the 2021 medical insurance rates and proposed 2021 medical insurance cap. There was no discussion.

**MOVED,** direct staff to adjust the medical insurance cap from $1,781.93 to $1,944.00 which reflects the ACWA/JPIA 2021 Kaiser Family Plan rate.

Result: **Adopted by Roll Call Vote (Unanimously)**

Motion/Second: Harrison/Parker
Ayes: Dennstedt, Harrison, Parker, Rowe, Slawson
Nays: None
Abstentions: None
Absent: None

D. **LEGAL SCOPE OF SERVICES, COSTS FOR FYS 2020 AND 2021 (CM#2020.63)**
Rich Haller provided an oral report noting the memorandum outlined task orders issued to consultant for FY 2020 with a projected savings for FY 2021.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.D.

7. **INFORMATIONAL REPORTS**
The following oral/written reports/uploads were received and filed.

A. **CHAIR’S COMMENTS/REPORT**
There were no comments/reports from the Chair.

B. **COMMISSIONERS’ COMMENTS**
There were no Commissioner comments.

C. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**
In response to past Commissioner requests. Rich Haller provided the following updates:
- A policy has been implemented and direction provided to staff ensuring no auxiliary meetings will be scheduled on Commission meeting days, other than Project Agreement committee meetings.
- Staff is working to develop a more comprehensive compensable meetings list utilizing the existing compensable meetings table format.
- An update on the Weather Modification Feasibility Study is anticipated in December.

8. **CLOSED SESSION**
There was no Closed Session.
9. **ADJOURNMENT**

There being no further business for review, Chair Slawson adjourned the meeting at 10:04 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, November 3, 2020.

David J. Slawson, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board
Finance Department
Santa Ana Watershed Project Authority
TREASURER’S REPORT

September 2020

During the month of September 2020, the Agency’s actively managed temporary idle cash earned a return of 1.886%, representing interest earnings of $16,465. Additionally, the Agency’s position in overnight funds L.A.I.F. generated $25,265 in interest, resulting in $41,730 of interest income from all sources. Please note that this data represents monthly earnings only, and does not indicate actual interest received. There were zero (0) investment positions purchased, zero (0) positions sold, one (1) position matured, and zero (0) positions were called.

This Treasurer’s Report is in compliance with SAWPA’s Statement of Investment Policy. Based upon the liquidity of the Agency’s investments, this report demonstrates the ability to meet customary expenditures during the next six months.

October 21, 2020

Prepared and Submitted by:

Karen L. Williams, Chief Financial Officer
### Investment Portfolio - MARKED TO MARKET - UNREALIZED GAINS & LOSSES

#### September 30, 2020

SAWPA primarily maintains a "Buy and Hold" investment philosophy, with all investments held by US Bank via a third-party safekeeping contract.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Security</th>
<th>CUSIP</th>
<th>Dealer</th>
<th>Date</th>
<th>Maturity</th>
<th>Call Date</th>
<th>Par Value</th>
<th>Maturity Yield</th>
<th>Investment Cost</th>
<th>Market Value</th>
<th>Unrealized Gain / (Loss)</th>
<th>Coupon Rate</th>
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<td>08-12-21</td>
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<td>WMS</td>
<td>12-14-17</td>
<td>06-10-22</td>
<td>No Call</td>
<td>1,000,000.00</td>
<td>2.150%</td>
<td>998,930.00</td>
<td>$1,033,186.00</td>
<td>$34,256</td>
<td>2.125%</td>
<td>1,767.21</td>
<td></td>
</tr>
<tr>
<td>Agency FHLMC</td>
<td>3130A3GE8</td>
<td>WMS</td>
<td>02-04-20</td>
<td>12-13-24</td>
<td>No Call</td>
<td>500,000.00</td>
<td>1.414%</td>
<td>531,250.00</td>
<td>$550,842.50</td>
<td>$19,593</td>
<td>2.750%</td>
<td>581.14</td>
<td></td>
</tr>
<tr>
<td>Agency FNMA</td>
<td>3135G0H5S</td>
<td>WMS</td>
<td>12-28-15</td>
<td>12-28-20</td>
<td>No Call</td>
<td>1,000,000.00</td>
<td>1.830%</td>
<td>1,002,140.00</td>
<td>$1,004,296.00</td>
<td>2,156</td>
<td>1.875%</td>
<td>1,504.12</td>
<td></td>
</tr>
<tr>
<td>Agency FNMA</td>
<td>3135G0F73</td>
<td>WMS</td>
<td>06-16-16</td>
<td>11-30-20</td>
<td>No Call</td>
<td>1,000,000.00</td>
<td>1.150%</td>
<td>1,015,157.00</td>
<td>$1,002,363.00</td>
<td>(12,794)</td>
<td>1.500%</td>
<td>945.21</td>
<td></td>
</tr>
<tr>
<td>Agency FNMA</td>
<td>3135G0X24</td>
<td>MBS</td>
<td>02-04-20</td>
<td>01-07-25</td>
<td>No Call</td>
<td>500,000.00</td>
<td>1.398%</td>
<td>505,380.00</td>
<td>$527,454.50</td>
<td>22,075</td>
<td>1.625%</td>
<td>574.56</td>
<td></td>
</tr>
<tr>
<td>Agency USTN</td>
<td>912828WC</td>
<td>WMS</td>
<td>11-17-15</td>
<td>10-31-20</td>
<td>No Call</td>
<td>1,000,000.00</td>
<td>1.638%</td>
<td>1,005,312.50</td>
<td>$1,001,344.00</td>
<td>(3,969)</td>
<td>1.750%</td>
<td>1,346.17</td>
<td></td>
</tr>
<tr>
<td>Agency USTN</td>
<td>912828L65</td>
<td>WMS</td>
<td>06-16-16</td>
<td>09-30-20</td>
<td>No Call</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agency USTN</td>
<td>912828L99</td>
<td>WMS</td>
<td>06-16-16</td>
<td>10-31-20</td>
<td>No Call</td>
<td>500,000.00</td>
<td>1.051%</td>
<td>506,914.06</td>
<td>$500,519.50</td>
<td>(6,395)</td>
<td>1.375%</td>
<td>431.71</td>
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<tr>
<td>Agency USTN</td>
<td>912828S76</td>
<td>WMS</td>
<td>12-14-17</td>
<td>07-31-21</td>
<td>No Call</td>
<td>1,000,000.00</td>
<td>2.013%</td>
<td>969,062.50</td>
<td>$1,008,359.00</td>
<td>39,297</td>
<td>1.125%</td>
<td>1,654.36</td>
<td></td>
</tr>
<tr>
<td>CORP Apple Inc</td>
<td>037833AK6</td>
<td>WMS</td>
<td>10-15-18</td>
<td>05-03-23</td>
<td>No Call</td>
<td>500,000.00</td>
<td>3.360%</td>
<td>479,898.50</td>
<td>$526,040.00</td>
<td>46,142</td>
<td>2.400%</td>
<td>1,380.83</td>
<td></td>
</tr>
<tr>
<td>CORP Toyota Motor Corp Credit</td>
<td>89236TFNO</td>
<td>WMS</td>
<td>10-15-18</td>
<td>09-20-23</td>
<td>No Call</td>
<td>500,000.00</td>
<td>3.550%</td>
<td>497,747.50</td>
<td>$543,070.50</td>
<td>45,323</td>
<td>3.450%</td>
<td>1,458.90</td>
<td></td>
</tr>
<tr>
<td>CD American Express</td>
<td>02587DP85</td>
<td>WMS</td>
<td>10-19-17</td>
<td>04-19-21</td>
<td>No Call</td>
<td>248,000.00</td>
<td>2.250%</td>
<td>248,000.00</td>
<td>$248,000.00</td>
<td>-</td>
<td>2.250%</td>
<td>458.63</td>
<td></td>
</tr>
<tr>
<td>CD American Express BK FSB</td>
<td>AN4199708</td>
<td>WMS</td>
<td>05-10-17</td>
<td>05-10-21</td>
<td>No Call</td>
<td>248,000.00</td>
<td>2.200%</td>
<td>248,000.00</td>
<td>$248,000.00</td>
<td>-</td>
<td>2.200%</td>
<td>448.44</td>
<td></td>
</tr>
<tr>
<td>CD Sallie Mae BK SLT Lake City</td>
<td>7954503Q6</td>
<td>MBS</td>
<td>07-01-19</td>
<td>06-27-22</td>
<td>No Call</td>
<td>247,000.00</td>
<td>2.250%</td>
<td>247,000.00</td>
<td>$247,000.00</td>
<td>-</td>
<td>2.250%</td>
<td>456.78</td>
<td></td>
</tr>
<tr>
<td>CD Morgan Stanley Bank NA</td>
<td>6169OUHP8</td>
<td>MBS</td>
<td>07-05-19</td>
<td>07-05-22</td>
<td>No Call</td>
<td>247,000.00</td>
<td>2.200%</td>
<td>247,000.00</td>
<td>$247,000.00</td>
<td>-</td>
<td>2.200%</td>
<td>446.63</td>
<td></td>
</tr>
<tr>
<td>CD Goldman Sachs Bank USA</td>
<td>38148PUV7</td>
<td>MBS</td>
<td>12-20-17</td>
<td>12-20-22</td>
<td>No Call</td>
<td>248,000.00</td>
<td>2.500%</td>
<td>248,000.00</td>
<td>$248,000.00</td>
<td>-</td>
<td>2.500%</td>
<td>509.59</td>
<td></td>
</tr>
</tbody>
</table>

**Total Actively Invested Funds**: $10,238,000.00

**Total Local Agency Investment Fund**: $44,874,498.20

**Total Invested Cash**: $10,238,000.00

**Key to Security Type**:
- FHLMC = Federal Home Loan Mortgage Corporation
- FNMA = Federal National Mortgage Association
- USTN = US Treasury Note
- CORP = Corporate Note
- CD = Certificate of Deposit
- GDB = Goldman Sachs Bank
- AEC = American Express Centurion

**Key to Dealers**:
- FCS = FinaCorp Securities
- MBS = Multi-Bank Securities
- MS = Mutual Securities
- RCB = RBC Dain Rauscher
- SA = Securities America
- TVI = Time Value Investments
- WMS = Wedbush Morgan Securities

**Key Security Cash**:
- $10,238,000.00

**Total Local Agency Investment Fund**:
- $44,874,498.20

**Total Invested Cash**:
- $10,238,000.00

**Key to Dealers**:
- FCS = FinaCorp Securities
- MBS = Multi-Bank Securities
- MS = Mutual Securities
- RCB = RBC Dain Rauscher
- SA = Securities America
- TVI = Time Value Investments
- WMS = Wedbush Morgan Securities

**Key Security Cash**:
- $10,238,000.00
Interest Rate Analysis

- Securities
- LAIF
- Avg Rate of Return
Investments
$55,127,117

Securities,
$10,252,619,
19%

LAIF,
$44,874,498,
81%
Interest
41,730

LAIF, $25,265, 61%

Securities, $16,465, 39%
COMMISION MEMORANDUM NO. 2020.69

DATE: November 3, 2020

TO: SAWPA Commission

SUBJECT: Summary of SAWPA Insurance Providers & Coverages

PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION
It is recommended that the Commission receive and file the summary of SAWPA insurance providers and coverages.

DISCUSSION
Public entities face far greater risks than ever before. From cyber threats that are increasing in complexity and intensity, threats to property and assets, budget cuts, and aging critical infrastructure, the threats facing public entities are intensifying, driving the need for enhanced insurance protection. Insurance is a common method of mitigating and transferring some of the risk public agencies face. Through a risk mitigation process, SAWPA has determined that the purchase of several insurance policies best protects the Agency from potential threats.

SAWPA uses Alliant Insurance Services, Inc. as our insurance broker. Alliant works with SAWPA and insurance providers to find the best coverage at the lowest price. In June 2018, SAWPA joined the California Association of Mutual Water Companies and the Joint Powers Risk and Insurance Management Authority. Property & Casualty coverage is provided through the JPRIMA. Environmental Legal Liability and Earth Movement Policies are shopped by Alliant Insurance Services at the end of the policy coverage period for best coverage and lowest price.

The table below shows the current insurance policies and coverages SAWPA has contracted for. Please refer to the policy documents for exclusions and conditions for each policy.

<table>
<thead>
<tr>
<th>Policy</th>
<th>Coverage</th>
<th>Provider</th>
<th>Policy Term</th>
<th>Annual Premium (FYE 2021)</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property &amp; Casualty</td>
<td>Property, Crime, General Liability, Public Officials &amp; Mgmt Liability, Business Auto, Excess Liability, Privacy Liability &amp; Network Risk</td>
<td>California Association of Mutual Water Companies – JPRIMA</td>
<td>04/01/2020 – 04/01/2021</td>
<td>$153,902.00</td>
<td>$500 auto $1,000 - $5,000 all other</td>
</tr>
<tr>
<td>Environmental Legal Liability</td>
<td>Pollution Coverage</td>
<td>Aspen Specialty Insurance Company</td>
<td>June 30, 2019 – June 30, 2022</td>
<td>$34,953.84</td>
<td>$25,000 per incident</td>
</tr>
<tr>
<td>Earth Movement</td>
<td>Earthquake</td>
<td>Aegis Security Insurance Company</td>
<td>July 17, 2020 – July 17, 2021</td>
<td>$18,650.00</td>
<td>5% of costs</td>
</tr>
</tbody>
</table>
Property & Casualty
Our Property & Casualty policy provides high quality and cost-effective insurance to protect and enhance assets and operations and reduce overall risk management costs. The coverages for this policy are listed below.

**Property** – Coverage for the replacement cost value of reported real property and business personal property including equipment breakdown and mobile equipment.

**Crime** - Coverage includes employee theft, forgery or alteration, theft of money and securities, robbery or safe burglary, computer fraud, funds transfer fraud, and money orders and counterfeit paper currency.

**General Liability** – Provides coverage for injury to persons (other than your employee) and damage to property of a third party for which the insured is legally liable.

**Business Auto** – Coverage includes auto liability and damage. Protects members from lawsuits for bodily injury and property damage to the public arising out of ownership, maintenance or use of a covered vehicle. Coverage includes owned vehicles, non-owned vehicles, and hired vehicles and uninsured/under insured motorists. Auto physical damage (Comprehensive and collision) provides protection for damage or loss to a member’s owned vehicle.

**Public Officials & Management Liability** – Coverage includes “wrongful acts”, alleged or actual negligence, errors or omissions, breach of duty, misfeasance, malfeasance, nonfeasance and defamation. Employment Practices covers claims and losses arising from “wrongful” employment practices. Coverages includes wrongful termination, harassment, hostile work environment and discrimination. Employment Benefits provides coverage for claims and settlements resulting from the negligent administration of employee benefit plans.

**Privacy Liability & Network Risk** – Provides coverage in the event of network security failure, which can include a data breach, malware infection, cyber extortion demand, ransomware, or business email compromise. Privacy liability coverage protects the agency from those liabilities arising out of a cyber incident or privacy law violation.

**Excess Liability** – Provides additional liability coverage limits for our general liability, public officials & management liability, business auto, and employers liability policies.

Environmental Legal Liability
Our environmental legal liability policy also known as pollution liability insurance, helps protect the agency from unexpected pollution exposures, or spills from the Brine Line. The policy covers losses and/or damages that might include claims for bodily injury, property damage and cleanup costs.

After having many spills totaling over $2.4 million on Reach V of the Brine Line, SAWPA decided to contract for Environmental Legal Liability Insurance in 2013. Since the policy has been in place, we have had one spill incident. On June 13, 2016, a spill occurred on the Brine Line Reach V at Baker Street. Total costs for the spill were $38,828.48. After the $25,000 deductible, SAWPA was reimbursed $6,828.48 from the insurance provider.
Earth Movement
SAWPA’s building was constructed in 1991 with glass exterior panels. These panels are likely to crack/shatter in an earthquake. Considerable costs would be incurred to restore the building to a serviceable condition after a major earthquake in close proximity. To mitigate the potential costs in the event of a major earthquake, SAWPA contracted for earthquake insurance for the building and its contents in July 2018.

Self Insurance Fund Reserve
This reserve was established to provide protection to the Brine Line system and the JPA for losses arising from property, general liability, and worker’s compensation claims. The reserve is used to cover out-of-pocket insurance losses experienced by SAWPA and to cover deductibles. Any reimbursements received from the insurance company as a result of submitted claims shall be deposited back into the reserve as replenishment for the loss. As of September 30, 2020, the balance in this reserve is $4,395,735.

RESOURCE IMPACTS
Amount included in the budget for Insurance for FYE 2021 is $204,250.

Attachments:
1. PowerPoint Presentation (Providers & Coverages) .......................................................... Page 22
2. Cal Mutuals – JPRIMA Package Policy ................................................................. Page 50
4. Environmental Legal Liability Policy .......................................................... Page 214
5. Earth Movement Policy .................................................................................. Page 249
SAWPA Insurance Policy Review

Presented by: Karen Williams – DGM/CFO – November 3, 2020

Item No. 6.A.
Risk is defined as the product of the probability that an outcome will occur (the frequency) and its consequences, given that it occurs (the severity)
What is Risk Management?

Risk management is an important business practice that helps businesses identify, evaluate, track, and mitigate the risks present in the business environment.

It is concerned with the minimization of uncertain negative consequences.
Risk Management Process

Risk Management

- Identify the Risk
- Analyze the Risk
- Evaluate the Risk
- Treat/Control the Risk
- Monitor and Review the Risk
Risk Control Options

Avoid
Mitigate
Prevent
Transfer
Assume
A transfer of risk is a business agreement in which one party pays another to take responsibility for mitigating specific losses that may or may not occur. This is an underlying tenet of the insurance industry.

SAWPA uses the listed insurance policies to transfers risk from the agency to an insurance company.

- Property & Casualty
- Environmental Legal Liability
- Earth Movement
## Insurance Policies

<table>
<thead>
<tr>
<th>Policy</th>
<th>Provider</th>
<th>Annual Premium</th>
<th>Policy Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property &amp; Casualty</td>
<td>JPRIMA</td>
<td>$153,902.00</td>
<td>04/01/2020 – 04/01/2021</td>
</tr>
<tr>
<td>Environmental Legal Liability</td>
<td>Aspen Specialty Insurance</td>
<td>$34,953.84</td>
<td>06/30/2019 – 06/30/2022</td>
</tr>
<tr>
<td>Earth Movement</td>
<td>Aegis Security Insurance</td>
<td>$18,650.00</td>
<td>07/17/2020 – 07/17/2021</td>
</tr>
</tbody>
</table>
Property & Casualty

• Property (including mobile equipment and equipment breakdown)
• Crime
• General Liability
• Business Auto
• Excess Liability
• Privacy Liability & Network Risk
Property Coverages

• Real Property
• Business Personal Property
  – Furniture & fixtures
  – Machinery & equipment
  – Computer equipment
  – Communication equipment
  – Tenant improvements and betterments
  – Leased personal property
• Additional Coverages
## Property Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property &amp; Business Personal Property Blanket*</td>
<td>$6,134,022</td>
<td>$5,000</td>
</tr>
<tr>
<td>Equipment Breakdown</td>
<td>Included</td>
<td>$5,000</td>
</tr>
<tr>
<td>Coverage Extension Blanket</td>
<td>$2,000,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Mobile Equipment (per schedule)</td>
<td>$54,185</td>
<td>$1,000</td>
</tr>
<tr>
<td>Mobile Equipment (unscheduled - $10,000 max item)</td>
<td>$25,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Special Deductible Equipment Breakdown (applicable to equipment &gt; 50 feet below ground)</td>
<td></td>
<td>$5,000</td>
</tr>
</tbody>
</table>

*Real Property includes building and air vacs. Below ground pipeline is not covered by any policy*
Crime Coverage

- Employee theft
- Forgery or alteration
- Inside Premises
  - Theft of money & securities
  - Robbery/safe burglary
- Outside Premises
  - Computer fraud & money orders
  - Funds transfer fraud
- Deductible per incident - $1,000
## Crime Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits *</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Theft (includes Faithful Performance)</td>
<td>$1,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Forgery or Alteration</td>
<td>$250,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Inside the Premises – Theft of Money &amp; Securities</td>
<td>$250,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Inside the Premises – Robbery/Safe Burglary</td>
<td>$250,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Outside the Premises</td>
<td>$250,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Computer Fraud &amp; Money Orders</td>
<td>$250,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Funds Transfer Fraud</td>
<td>$250,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

* per occurrence
General Liability Coverage

- General Aggregate (Bodily injury, property damage & medical expenses)
- Products & completed operations aggregate
- Personal and advertising injury
- Damage to premises rented to you
- Medical expense
## General Liability Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Aggregate (Bodily Injury, Property Damage &amp; Medical Expenses)</td>
<td>$10,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Products &amp; Completed Operations Aggregate</td>
<td>$10,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Each Occurrence</td>
<td>$1,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Personal and Advertising Injury</td>
<td>$1,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Damage to Premises Rent to You (any one premises)</td>
<td>$1,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Medical Expenses (any one person)</td>
<td>$10,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Public Officials & Management Liability

- Wrongful acts
- Employment practices
- Employee benefit plans
- Injunctive relief
### Public Officials & Management Liability

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits*</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wrongful Acts</td>
<td>$1,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Employment Practices</td>
<td>$1,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Employee Benefit Plans</td>
<td>$1,000,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Injunctive Relief</td>
<td>$5,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Aggregate Limit</td>
<td>$10,000,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

* each act or offense
## Business Auto Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit of Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined Single Limit for Bodily Injury &amp; Property Damage (each accident)</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Hired Auto Liability</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Non-Owned Auto Liability</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Medical Payments</td>
<td>$5,000</td>
</tr>
<tr>
<td>Uninsured / Underinsured Motorists</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Hired Physical Damage</td>
<td>$100,000</td>
</tr>
<tr>
<td>Owned Physical Damage – Comprehensive</td>
<td>ACV</td>
</tr>
<tr>
<td>Owned Physical Damage – Collision</td>
<td>ACV</td>
</tr>
<tr>
<td>Towing &amp; Rental Car Reimbursement</td>
<td>$75 per day / 30 days</td>
</tr>
<tr>
<td>Deductible</td>
<td>$500</td>
</tr>
</tbody>
</table>
Excess Liability Coverage

- General Liability
- Public Officials & Management Liability
- Business Auto
- Employers Liability
Excess Liability Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits*</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Liability</td>
<td>$5,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Public Official &amp; Management Liability</td>
<td>$5,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Auto</td>
<td>$5,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Employers Liability</td>
<td>$5,000,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* per occurrence ($5,000,000 aggregate)
Privacy Liability & Network Risk

• Privacy Wrongful Acts

any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty which results in:

– the misappropriation or disclosure of Personally Identifiable Information;
– a breach or violation of U.S. federal or state law or regulations associated with the control and use of Personally Identifiable Information, or similar or related laws or regulations of any foreign jurisdiction;
– identify theft; or
– the unauthorized release of a third party’s confidential and proprietary information.
• **Network Security Wrongful Acts**

Any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty committed by an Enrolled Named Member or Third Party Contractor, which results in a breach of the Enrolled Named Member’s Network Security, the consequences of which are:

- unauthorized access to, use of or tampering with a third party’s Network;
- the inability of an authorized third party to gain access to the Enrolled Named Member’s services;
- denial or disruption of Internet service to an authorized third party;
- identity theft;
- the transmission of Malicious Code; or
- the unauthorized release of a third party’s confidential and proprietary business information.
## Privacy Liability & Network Risk

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits*</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breach Consultation Services</td>
<td>$1,000,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Breach Response Services</td>
<td>$100,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Public Relations &amp; Data Forensics</td>
<td>$100,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* per occurrence ($2,000,000 aggregate)
Environmental Legal Liability

- Aspen Specialty Insurance
- 3-year policy
- Premium $104,861.52 ($34,953.80/year)
- Deductible per incident - $25,000
- Limit of Liability per incident - $5,000,000
# Environmental Legal Liability

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limits*</th>
<th>Deductible**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean-up</td>
<td>$5,000,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Emergency Response</td>
<td>$5,000,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Environmental Crisis</td>
<td>$250,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Insured Location</td>
<td>$5,000,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Non-Owned Site</td>
<td>$5,000,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Transportation</td>
<td>$5,000,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Covered Operations</td>
<td>$5,000,000</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

*Aggregate limit of liability per pollution incident

**Deductible per pollution incident
Earthquake – Earth Movement

- Aegis Security Insurance Company
- Annual premium $18,650 (FYE 2021)
- Deductible per incident 5% of costs
- Limit of Liability per incident $3,692,390
Self Insurance Reserve Fund

- Contribute $100,000 annually
- Used to cover claim deductibles
- Provides protection for losses arising from property, general liability, and worker’s comp claims
- Fund balance as of September 30, 2020 - $4,395,735
Questions?
PACKAGE POLICY
MEMORANDUM OF COVERAGE (MOC)  
COMMON COVERAGE CONDITIONS

This Memorandum of Coverage (MOC) is between all of enrolled named members of the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA), a California public entities risk pool operating under Sections 990.4 and 990.8 of the Government Code and other provisions of law. The purpose of this MOC is to set forth the terms on which the JPRIMA's members have agreed to pool certain first and third-party risks among their membership on a fully reinsured basis. None of the parties to the MOC are entitled to rely on any contract interpretation principle which would require the interpretation of ambiguous language against the drafter of an agreement. This MOC shall be applied according to the principles of contract law, giving full effect to the intent of the enrolled named members of the JPRIMA adopting this MOC. The enrolled named members participating in this pool understand and acknowledge that their fully-reinsured risk-pooling arrangement governed by this MOC is not insurance nor is it subject to regulation under the Insurance Code. As the JPRIMA is not an insurer, it has no obligation to issue reservation of rights letters, nor does it have any obligation to provide Cumis counsel to a Covered Party in a disputed coverage situation, as an insurer might have under Civil Code Section 2860.

Throughout this MOC, words and phrases shown in bold type or quotation marks have special meaning and are defined herein. Words that appear in capital letters have reference to the like titled section in the MOC.

In return for the payment of the contribution, and subject to all the terms and conditions of this MOC, we agree with you to provide the insurance as stated in this MOC. Member contributions may be subject to adjustment, if applicable.

<table>
<thead>
<tr>
<th><strong>DECLARATIONS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Item #1</strong> MOC #:</td>
</tr>
<tr>
<td><strong>Item #2</strong> First Enrolled Named Member:</td>
</tr>
<tr>
<td><strong>Item #3</strong> Enrolled Named Members:</td>
</tr>
<tr>
<td><strong>Item #4</strong> Mailing Address:</td>
</tr>
<tr>
<td><strong>Item #5</strong> Coverage Period:</td>
</tr>
<tr>
<td><strong>Item #6</strong> Coverages:</td>
</tr>
<tr>
<td><strong>Item #7</strong> Contribution:</td>
</tr>
<tr>
<td>Fees:</td>
</tr>
<tr>
<td>Grand Total:</td>
</tr>
</tbody>
</table>
These Declarations together with the Common Coverage Conditions, Coverage Form Supplemental Declarations, Coverage Forms, and Endorsements complete the above numbered MOC.

Authorized Representative:  
(Paul Fuller)  
5/5/2020  
Date
MEMORANDUM OF COVERAGE (MOC)
ENROLLED NAMED MEMBERS

THIS ENDORSEMENT MODIFIES THE FOLLOWING:
COMMON COVERAGE CONDITIONS

It is hereby understood and agreed that the MOC is amended to include the following Enrolled Named Members:

<table>
<thead>
<tr>
<th>ENROLLED NAMED MEMBER</th>
<th>EFFECTIVE DATE</th>
<th>COVERED FORM PARTICIPATION (YES / NO)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Property</td>
</tr>
<tr>
<td>Santa Ana Watershed Project Authority</td>
<td>4/1/2020</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
FORMS LIST

THIS ENDORSEMENT MODIFIES THE FOLLOWING: COMMON COVERAGE CONDITIONS

It is hereby understood and agreed that the MOC includes the following forms as applicable by the following descriptions:

<table>
<thead>
<tr>
<th>FORM NAME</th>
<th>FORM NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Declarations</td>
<td>JPRIMA - 001_MOC_Common_4.1.2016</td>
</tr>
<tr>
<td>Forms List</td>
<td>JPRIMA - 003_MOC_Common_4.1.2016</td>
</tr>
<tr>
<td>Anti-Stacking of Limits</td>
<td>JPRIMA - 005_MOC_Common_4.1.2016</td>
</tr>
<tr>
<td>Disclosure Pursuant to TRIA</td>
<td>JPRIMA - 007_MOC_Common_4.1.2016</td>
</tr>
<tr>
<td>Terrorism Affirmation</td>
<td>JPRIMA - 008_MOC_Common_4.1.2016</td>
</tr>
<tr>
<td>Coverage Form</td>
<td>JPRIMA - 002_MOC_Property_4.1.2016</td>
</tr>
<tr>
<td>Fellow Member</td>
<td>JPRIMA - 003_MOC_General_Liability_4.1.2016</td>
</tr>
<tr>
<td>Exclusion - Access to or Disclosure of Confidential or Personal Information, Data-Related Liability and Internet</td>
<td>JPRIMA - 019_MOC_General_Liability_1.1.2018</td>
</tr>
<tr>
<td>Coverage Form - Occurrence</td>
<td>JPRIMA - 002A_MOC_POML_Coverage_4.1.2016</td>
</tr>
<tr>
<td>Inverse Condemnation Exclusion</td>
<td>JPRIMA - 005_MOC_POML_4.1.2016</td>
</tr>
<tr>
<td>Privacy Liability and Network Risk</td>
<td>JPRIMA - 007_MOC_POML_1.1.2018</td>
</tr>
<tr>
<td>Privacy Liability and Network Risk Schedule of Services</td>
<td>JPRIMA - 009_MOC_POML_1.1.2018</td>
</tr>
<tr>
<td>Supplemental Declarations</td>
<td>JPRIMA - 001_MOC_Auto_4.1.2016</td>
</tr>
<tr>
<td>Coverage Form</td>
<td>JPRIMA - 002_MOC_Auto_1.1.2018</td>
</tr>
<tr>
<td>FORM NAME</td>
<td>FORM NUMBER</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>360 Extension</td>
<td>JPRIMA - 003_MOC_Auto_4.1.2016</td>
</tr>
<tr>
<td>Fleet Automatic</td>
<td>JPRIMA - 004_MOC_Auto_1.1.2018</td>
</tr>
<tr>
<td>Pollution</td>
<td>JPRIMA - 005_MOC_Auto_4.1.2016</td>
</tr>
<tr>
<td>Medical Payments</td>
<td>JPRIMA - 006_MOC_Auto_4.1.2016</td>
</tr>
<tr>
<td>Uninsured Motorists</td>
<td>JPRIMA - 007_MOC_Auto_4.1.2016</td>
</tr>
<tr>
<td>Leased Workers</td>
<td>JPRIMA - 010_MOC_Auto_4.1.2016</td>
</tr>
<tr>
<td>Supplemental Declarations</td>
<td>JPRIMA - 001_MOC_Excess_4.1.2016</td>
</tr>
<tr>
<td>Coverage Form</td>
<td>JPRIMA - 002_MOC_Excess_1.1.2018</td>
</tr>
<tr>
<td>Medical Expenses Exclusion</td>
<td>JPRIMA - 003_MOC_Excess_4.1.2016</td>
</tr>
<tr>
<td>Defense Expense Injunctive Relief Exclusion</td>
<td>JPRIMA - 005_MOC_Excess_4.1.2016</td>
</tr>
<tr>
<td>Exclusion-Access, Collection and Disclosure of Non-Public Information (Absolute)</td>
<td>JPRIMA - 009_MOC_Excess_1.1.2018</td>
</tr>
</tbody>
</table>

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
COMMON CONDITIONS

The following conditions are included under each coverage form which is part of the MOC, unless otherwise stated.

A. CANCELLATION
   1. An enrolled named member may cancel this MOC or any of its Coverage Forms per the terms of the JPRIMA member agreement.
   2. We may cancel this MOC or any of its Coverage Forms at any time by sending to the enrolled named member written notice of cancellation at least:
      a. Ten (10) days before the effective date of cancellation if we cancel for nonpayment of contribution; or
      b. Sixty (60) days before the effective date of cancellation if we cancel for any other reason.
   3. We will mail or deliver our notice to the enrolled named member’s last mailing address known to us.
   4. Notice of cancellation will state the effective date of the cancellation. The MOC will end on that date.
   5. If this MOC is cancelled, we will send the enrolled named member any contribution refund due. The earned contribution will be computed on a pro rata basis. Any unearned contribution will be returned as soon as practicable.
   6. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES
   This MOC can only be changed by a written endorsement that becomes part of this MOC. The endorsement must be signed by one of our authorized representatives.

C. COMPLIANCE BY ENROLLED NAMED MEMBERS
   We have no duty to provide coverage under this MOC unless you and any other involved enrolled named member have fully complied with all of the terms and conditions of the MOC.

D. COMPLIANCE WITH APPLICABLE TRADE SANCTIONS
   This MOC does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing MOC.

E. CONFORMANCE
   Any terms of this MOC which are in conflict with the applicable statutes of the State in which this MOC is issued are amended to conform to such statutes.

F. EXAMINATION OF YOUR BOOKS AND RECORDS
   We may examine and audit your books and records as they relate to this MOC at any time during the MOC period and up to three years afterwards.

G. FIRST ENROLLED NAMED MEMBER
   The person or organization first named in the Declarations is primarily responsible for payment of all contributions. The first enrolled named member will act on behalf of all other enrolled named members for the giving and receiving of notice of cancellation or non-renewal and the receiving of any return contributions that become payable under this MOC to the reinsurer.
H. INSPECTIONS AND SURVEYS
We may:
1. make inspections and surveys at any time;
2. give you reports on the conditions we find; and
3. recommend changes.
Any inspections, surveys, reports or recommendations relate only to insurability and the contributions to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for health or safety of workers or the public. And we do not warrant that conditions:
1. are safe or healthful; or
2. comply with laws, regulations, codes or standards.
This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes MOC inspections, surveys, reports or recommendations for us.

I. TITLES OF PARAGRAPHS
The titles of the various paragraphs of this MOC and endorsements, if any, attached to this MOC are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provisions to which they relate.

J. TRANSFER OF RIGHTS AND DUTIES
Your rights and duties under this MOC may not be transferred without our written consent.

K. WHEN WE DO NOT RENEW
If we decide not to renew this MOC, we will mail or deliver to the enrolled member stated in the Declarations written notice of the non-renewal not less than 60 days before the expiration date. If notice of non-renewal is mailed, proof of mailing will be sufficient proof of notice.

L. DEDUCTIBLE WAIVER
If a covered loss involves multiple Coverage Forms or coverages within a Coverage Form issued to you by us, only one deductible, the largest, will be applied. The deductible under the other Coverage Forms or coverages with a Coverage Form will be waived.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
ANTI-STACKING OF LIMITS

THIS ENDORSEMENT MODIFIES THE FOLLOWING:
COMMON COVERAGE CONDITIONS

If any claim and / or suit gives rise to coverage under this MOC, and / or any other Coverage Form(s) issued by the JPRIMA; the maximum limit of liability for all loss under this MOC and / or the other Coverage Form(s) combined shall not exceed the largest single applicable limit of liability under any of the Coverage Form(s). The limits of liability under this MOC shall be reduced, and may be exhausted, by payments under this MOC and / or payments under the other Coverage Form(s). It is understood that each enrolled named member has its own limits of liability that are not shared by other enrolled named members participating in this MOC.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
NUCLEAR ENERGY LIABILITY EXCLUSION (BROAD FORM)

THIS ENDORSEMENT MODIFIES THE FOLLOWING:
COMMON COVERAGE CONDITIONS

The following Exclusion is added:

A. Nuclear Energy
   The MOC does not apply:
   1. Under any Liability Coverage, to "bodily injury", "property damage", "injury" or "liability":
      a. With respect to which an "Enrolled Named Member" under the MOC is also deemed an
         insured under a nuclear energy liability policy issued by Nuclear Energy Liability
         Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance
         Association of Canada or any of their successors, or would be an insured under any such
         policy but for its termination upon exhaustion of its limit of liability; or
      b. Resulting from the "hazardous properties" of "nuclear material" and 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 "Enrolled Named
         Member" is, or had this MOC 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.
   2. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury"
      resulting from the "hazardous properties" of "nuclear material" and arising out of the operation
      of a "nuclear facility" by any person or organization.
   3. Under any Liability Coverage, to "bodily injury", "property damage", "injury" or "liability"
      resulting from "hazardous properties" of "nuclear material", if:
      a. The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on
         behalf of, an "Enrolled Named Member" or (b) has been discharged or dispersed
         therefrom;
      b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed,
         handled, used, processed, stored, transported or disposed of, by or on behalf of an
         "Enrolled Named Member"; or
      c. The "bodily injury" or "property damage" arises out of the furnishing by an "Enrolled
         Named Member" of services, materials, parts or equipment in connection with the
         planning, construction, maintenance, operation or use of any "nuclear facility", but if such
         facility is located within the United States of America, its territories or possessions or
         Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and
         any property thereat.

As used in this endorsement:
1. "Hazardous properties" includes radioactive, toxic or explosive properties.
2. "Nuclear material" means "source material", "special nuclear material" or "by-product
   material".
3. "Source material", "special nuclear material", and "by-product material" have the meanings
   given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
4. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used
   or exposed to radiation in a "nuclear reactor".
5. "Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

6. "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 packaging "waste";
   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 "Enrolled Member" 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;
   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.

7. "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.

8. "Property damage" includes all forms of radioactive contamination of property.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
TERRORISM

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORMS:
PROPERTY
GENERAL LIABILITY

Your MOC contains coverage for certain losses caused by terrorism. We are required to notify you of the portion of the contribution, if any, attributable to the coverage for terrorist acts certified under the Terrorism Risk Insurance Act (hereinafter “The Act”). The Act also requires us to provide disclosure of federal participation in payment of terrorism losses resulting from an “act of terrorism” as defined by Section 102(1) of the Act.

Section 102(1) of the Terrorism Risk Insurance Act defines the term “act of terrorism” as any act that is certified by the Secretary of the Treasury of the United States – in concurrence with the Secretary of State of the United States, 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 an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, 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.

Please be advised that the actual coverage provided by your MOC for acts of terrorism, as is true for all coverages, is limited by terms, conditions, exclusions, limits, other provisions of your MOC, any endorsements to the MOC and generally applicable rules of law.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS MOC 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. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY PAYS 90% (85% COMMENCING IN 2007) OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE ISSUER PROVIDING THE COVERAGE. THE CONTRIBUTION 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.

The Additional Contribution for coverage for Terrorist Acts certified under the Act is automatically included.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

THIS ENDORSEMENT MODIFIES THE FOLLOWING:
COMMON COVERAGE CONDITIONS

Terrorism Contribution (Certified Acts): Included.
This contribution is the total Certified Acts contribution attributable to the following Coverage Forms: property; and general liability.

Additional information, if any, concerning the terrorism contribution:

Information required to complete this Schedule, if not shown above, will be shown in the MOC Declarations.

A. Disclosure Of Contribution
In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your contribution, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your contribution attributable to such coverage is shown in the Schedule of this endorsement or in the MOC 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. The portion of the amount of insured losses that exceeds the applicable reinsurer 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.

C. Cap On Reinsurer Participation In Payment Of Terrorism Losses
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) and our reinsurer has met their deductible under the Terrorism Risk Insurance Act, we nor our reinsurer 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 pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
PROPERTY SUPPLEMENTAL DECLARATIONS

Item #1  First Enrolled Named Member:
California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)

Item #2  Enrolled Named Member:
Santa Ana Watershed Project Authority

Item #3  Participation Certificate #:
JPAPKG-00233-02

Item #4  Mailing Address:
Allied Community Insurance Services, LLC
11452 El Camino Real Suite 250
San Diego, CA 92130

Item #5  Coverage Period:
4/1/2020 to 4/1/2021
12:01 A.M. Pacific Standard Time

Item #6  Description Limit  Deductible
Real Property & Business Personal Property Blanket $6,134,022  $5,000
Equipment Breakdown Included  $5,000
Coverage Extension Blanket $2,000,000  $5,000
Mobile Equipment (scheduled - Per SOV on File with Company) $54,185  $1,000
Mobile Equipment (unscheduled – $10,000 Max Item) $25,000  $1,000
Mobile Equipment (borrowed, rented & leased) N/A  N/A
Flood (Zone x) N/A  N/A
Earth Movement (excludes seismic activity) N/A  N/A
Special Deductible Equipment Breakdown (applicable to equipment > 50 feet belowground) $5,000

Item #7  Contribution:  $8,246

DESCRIPTION OF ENROLLED NAMED MEMBER'S DESCRIBED PREMISES AND COVERAGES ARE PROVIDED BELOW. THE REAL PROPERTY & BUSINESS PERSONAL PROPERTY BLANKET LIMIT REFERENCED ABOVE ONLY APPLIES AT THE DESCRIBED PREMISES FOR WHICH AN ENTRY IS MADE BELOW. THIS BLANKET LIMIT HAS BEEN DETERMINED FROM A SCHEDULE ON FILE WITH THE ADMINISTRATOR. SPECIAL CAUSES OF LOSS APPLIES.

Item #8  Premise Number*  Building Number*  Designated Premises* (Address, City, State, Zip Code)
*On file with administrator

The following coverages are included and limited to the Coverage Extension Blanket Limit listed above
- “Business Income”
- Extended “Business Income”
- “Extra Expense”
- Civil Authority
- “Tenants Leasehold Interest Loss”
- “Electronic Data”
- Preservation of Property
- “Commandeered Property”
ADDITIONAL COVERAGES:
The following is only a summary of the limits of insurance and additional coverages provided by the property Coverage Form attached to this MOC. It is provided only for your reference and convenience. For the limits of insurance and the additional coverages provided by the property Coverage Form, read the provisions and the Coverage Forms.

<table>
<thead>
<tr>
<th>Property Coverages</th>
<th>Limit of Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Locations or Newly Constructed Property</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Business Personal Property at New Locations</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>“Valuable Papers and Records”</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>Backup/Overflow of Water from Sewer, Drain, Sump</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Utility Services – “Business Income” and “Extra Expense”</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Utility Services – Direct Damage</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Unintentional Errors</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Property at Other Locations</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Pollution “Remediation Expenses” (specified causes of loss)</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Debris Removal (25% of scheduled limit plus $250,000)</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>“Dependent Business Premises”</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>“Outdoor Property” (unscheduled)</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Pollution “Remediation Expenses” (covered causes of loss)</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Property in Transit</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Contract Penalties</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>“SCADA” Upgrades</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Indoor and Outdoor Signs</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Limited Coverage for “Fungus”, Wet Rot or Dry Rot</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Trees, Shrubs, and Plants (maximum $1,000 any one item)</td>
<td>$ 25,000</td>
</tr>
<tr>
<td>Lock and Key Replacement</td>
<td>$ 25,000</td>
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<tr>
<td>Fire Protection Devices</td>
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<tr>
<td>Fire Department Service Charge</td>
<td>$ 25,000</td>
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<tr>
<td>“Fine Arts”</td>
<td>$ 25,000</td>
</tr>
<tr>
<td>Rental Reimbursement – “Mobile Equipment”</td>
<td>$ 10,000</td>
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<tr>
<td>Arson Reward</td>
<td>$ 10,000</td>
</tr>
<tr>
<td>Water Contamination Notification Expense</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Tools and Equipment Owned by Your Employees</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Non-owned Detached Trailers</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Cost of Inventory or Adjustment</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>“Personal Effects” and Property of Others</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Patterns, Dies, Molds, Forms</td>
<td>$ 2,500</td>
</tr>
<tr>
<td>Ordinance or Law Provision (100% of scheduled limit plus 25%)</td>
<td>25%</td>
</tr>
</tbody>
</table>

THE COVERAGES LISTED IN THE SUMMARY ABOVE ARE PROVIDED AS EXTENSIONS OR ADDITIONS TO YOUR COVERAGE FORM. OUR PAYMENT FOR LOSS OR DAMAGE UNDER THESE EXTENSIONS AND ADDITIONS IS SUBJECT TO THE DEDUCTIBLE STATED ABOVE UNLESS OTHERWISE STATED IN THE PROPERTY COVERAGE FORM.

FORMS AND ENDORSEMENTS APPLICABLE TO THIS COVERAGE FORM:
JPRIMA - 002_MOC_Property_4.1.2016

Authorized Representative: (Paul Fuller) 5/5/2020

California Association of Mutual Water Companies
Joint Powers Risk and Insurance Management Authority (JPRIMA)
Administrator Office:
Allied Community Insurance Services, LLC
11452 El Camino Real Suite 250
San Diego, CA 92130
Phone Number: 415-205-8648

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MEMORANDUM OF COVERAGE (MOC)
PROPERTY

PLEASE READ THIS COVERAGE FORM CAREFULLY.

Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties and what is and is not covered. Throughout this Coverage Form, the words “you” and “your” refer to the Enrolled Named Member shown in the Supplemental Declarations. The words “we,” “us”, and “our” refer to the JPRIMA stated in the Supplemental Declarations as providing this insurance. Other words and phrases that appear in quotation marks have special meanings. Refer to SECTION VIII – DEFINITIONS and other provisions of this Coverage Form for such meanings.

SECTION I – COVERAGES

A. PROPERTY COVERED
We will pay for direct physical loss of or damage to “real property” and “business personal property” caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Blanket Limit of Insurance for “real property” and “business personal property” described in the Supplemental Declarations caused by or resulting from any Covered Cause of Loss. The loss or damage to “real property” or “business personal property” must occur at, or within 100 feet of, the premises shown in the Supplemental Declarations, unless otherwise stated. This coverage applies only at those premises shown in the Supplemental Declarations.

B. PROPERTY NOT COVERED
1. Accounts, bills, currency, food stamps or evidences of debt, “money”, notes or “securities” (lottery tickets held for sale are not “securities”);
2. Aircraft;
3. Animals;
4. Automobiles;
5. Bridges greater than 50 feet in length;
6. Canals, ditches, flumes or aqueducts;
7. Contraband or property in the course of illegal transportation or trade;
8. Cost of excavations, grading, backfilling or filling;
9. Cost to replace or restore the information on “valuable papers and records”, including those which exist as “electronic data”, except as provided for in the Coverage Extensions in SECTION III of this Coverage Form;
10. Dams, locks, levees, or reservoirs;
11. Electric utility power transmission and distribution lines, poles and related equipment;
12. “Electronic data”, except as provided for in the Coverage Extensions in SECTION III of this Coverage Form;
13. Land (including land on which the property is located);
14. Lawns;
15. Property that is covered under another Coverage Form of this or any other Coverage Form in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
16. Pump motors and engines exceeding 1000 horsepower capacity;
17. Retaining walls that are not part of a building except as provided for in the Additional Coverages in SECTION III of this Coverage Form;
18. Radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers while outside of buildings all except as provided for in the Additional Coverages in SECTION III of this Coverage Form;
19. Roadways;
20. Saltwater piers, docks, and wharves;
21. Trees, shrubs, and plants except as described in the Additional Coverages in SECTION III of this Coverage Form;
22. Underground flues, drains or well structures;
23. Underground piping located more than 100 feet from premises described in the Supplemental Declarations;
24. "Watercraft" greater than 50 feet in length;
25. Water

C. COVERED CAUSES OF LOSS
1. When Special is shown in the Supplemental Declarations, Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by this Coverage Form.
2. "Equipment Breakdown" is added as an additional Covered Cause of Loss for direct physical loss to covered property.

SECTION II – EXCLUSIONS AND LIMITATIONS
Unless otherwise stated, these Exclusions and Limitations apply to all coverages provided in this Coverage Form, including those listed in SECTION III – COVERAGE SPECIFIC TO WATER RELATED ENTITIES, COVERAGE EXTENSIONS, AND ADDITIONAL COVERAGES, and to Endorsements attached to this Coverage Form.

A. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
1. Earth Movement
   a. Earthquake, including any earth sinking, rising or shifting related to such event; and
   b. Landslide, including any earth sinking, rising or shifting related to such event;
   c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
   d. Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface. But if Earth Movement, as described in A.1.a. through A.1.d. above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.
   e. Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or "volcanic action", we will pay for the loss or damage caused by that fire, building glass breakage or "volcanic action".
2. Governmental Action
   Seizure or destruction of property by order of governmental authority. But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.
3. Nuclear Hazard
   Nuclear reaction or radiation, or radioactive contaminations, however caused. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.
4. War and Military Action
   a. War, including undeclared or civil war;
   b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
   c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

5. Water
   a. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
   b. Mudslide or mudflow;
   c. Water under the ground surface pressing on, or flowing or seeping through:
      (1) Foundations, walls, ceilings, floors or paved surfaces;
      (2) Basements, whether paved or not; or
      (3) Doors, windows or other openings.

5.a. through 5.c.

But if water, as described in 5.a. through 5.c. above, results in fire, explosion, sprinkler leakage, or “equipment breakdown”, we will pay for the loss or damage caused by that fire, explosion, sprinkler leakage, or “equipment breakdown”.

B. We will not pay for loss or damage caused by or resulting from any of the following:
   1. Delay, loss of use or loss of market;
   2. Smoke, vapor or gas from agricultural smudging or industrial operations;
   3. Wear and tear;
   4. Rust, corrosion, fungus, decay, deterioration, hidden or latent defect of any quality in property that causes it to damage or destroy itself;
   5. Smog;
   6. Settling, cracking, shrinking or expansion;
   7. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
   8. The following causes of loss:
      a. Dampness or dryness of atmosphere;
      b. Changes in or extremes of temperature; or
      c. Marring or scratching.

But if an excluded cause of loss that is listed in B.1. through B.8. above results from a “specified cause of loss” or building glass breakage, we will pay for the loss or damage caused by that “specified cause of loss” or building glass breakage.

9. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
   a. You do your best to maintain heat in the building or structure; or
   b. You drain the equipment and shut off the supply if heat is not maintained.

10. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

11. Rain, snow, ice or sleet to “business personal property” in the open.

12. Collapse, except as provided for in Additional Coverages under SECTION III of this Coverage Form. But if collapse results from a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

13. “Pollution Conditions”, except as provided for in Coverages Specific to Water Related Entities under SECTION III. This exclusion does not apply to damage to glass caused by chemicals applied to the glass.

14. “Remediation Expenses”, except as provided for in Coverages Specific to Water Related Entities under SECTION III.
15. Neglect of an Enrolled Named Member to use all reasonable means to save and preserve property from further damage at and after the time of loss.

16. Virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. However, this exclusion does not apply to loss or damage caused by or resulting from “fungus”, wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Form.

17. The presence, growth, proliferation, spread or any activity of “fungus” or wet rot or dry rot including loss, damage or “remediation expenses” resulting from any of these. But if “fungus”, wet rot, or dry rot results in a “specified cause of loss”, we will pay for the loss or damage caused by that “specified cause of loss”. This exclusion does not apply:
   a. When “fungus”, wet rot or dry rot results from fire or lightning; or
   b. To the extent coverage is provided for in Coverages Specific to Water Related Entities under SECTION III.

C. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage results from a Covered Cause of Loss, we will pay for the resulting loss or damage.
1. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded above to produce the loss or damage.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
   a. Planning, zoning, development, surveying, siting;
   b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
   c. Materials used in repair, construction, renovation or remodeling; or
   d. Maintenance;
   of part or all of any property on or off the described premises.

D. “BUSINESS INCOME” AND “EXTRA EXPENSE” EXCLUSIONS
We will not pay for:
1. Any increase of loss caused by or resulting from:
   a. Delay in rebuilding, repairing or replacing the property or resuming “operations”, due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
   b. “Suspension”, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the “suspension” of “operations”, we will cover such loss that affects your “business income” during the “period of restoration” in accordance with the terms of the Coverage Extensions in SECTION III of this Coverage Form.
2. Any “extra expense” caused by or resulting from “suspension”, lapse or cancellation of any license, lease or contract beyond the “period of restoration”.
3. Any other consequential loss.

E. LIMITATIONS
1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
   a. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
   b. Property that has been transferred to a person or place outside the described premises on the basis of unauthorized instructions.
c. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
   (1) Glass;
   (2) Containers or property held for sale; or
   (3) Photographic or scientific instrument lenses.

2. We will pay for loss or damage due to theft of the following types of property:
   a. $2,500 for furs, fur garments and garments trimmed with fur.
   b. $2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.
   c. $2,500 for patterns, dies, molds and forms.

3. We will pay no more than $250,000 in any one occurrence for loss or damage caused directly or indirectly by water that backs up or overflows from a sewer, drain or sump.

4. We will pay no more than $250,000 in any one occurrence for loss or damage to “real property” or “business personal property” because of “contamination” as a result of a Covered Cause of Loss.

SECTION III – COVERAGES SPECIFIC TO WATER RELATED ENTITIES, COVERAGE EXTENSIONS AND ADDITIONAL COVERAGES

A. COVERAGES SPECIFIC TO WATER RELATED ENTITIES

1. Property in Transit
   a. You may extend the insurance provided by this Coverage Form to apply to the direct physical loss or damage to “business personal property” while in transit more than 1000 feet from the described premises. The direct physical loss or damage must result from a Covered Cause of Loss.
   b. We will not pay for loss or damage:
      (1) When you are acting as a carrier for hire;
      (2) If you have purchased separate ocean marine insurance that covers any property in transit;
      (3) To shipment by mail, unless registered;
      (4) To electronic data processing property; or
      (5) To “fine arts”.
   c. The most we will pay for direct loss or damage caused by this Coverage Specific to Water Related Entities is $100,000.

2. “Mobile Equipment”
   a. We will pay for direct physical loss or damage to owned, borrowed, rented or leased “mobile equipment” while at any premises or in transit, caused by or resulting from a Covered Cause of Loss.
   b. In addition to the exclusions in this Coverage Form, the following exclusions apply to “mobile equipment”:
      (1) Collapse or collision of booms or jibs
      (2) Electrical breakdown
      (3) Mechanical breakdown
      (4) Weight load
   c. The following Exclusions under SECTION II – EXCLUSIONS AND LIMITATIONS do not apply to this Coverage Specific to Water Related Entities:
      (1) A.1. Earth Movement
      (2) A.5. Water
d. The most we will pay for direct loss or damage caused by this Coverage Specific to Water Related Entities is $100,000 for borrowed, rented, or leased “mobile equipment as well as the limit shown on the Supplemental Declarations for scheduled and unscheduled “mobile equipment.”

3. Pollution “Remediation Expenses”
   a. We will pay “remediation expenses” you incur as a result of the actual, alleged, or threatened presence of “pollution conditions” at a premise described in the Supplemental Declarations, but only if the “pollution conditions” result from a Covered Cause of Loss occurring during the coverage period. However, we will not pay for any expense related to the removal of “fungus”, wet rot, dry rot, virus, bacteria or asbestos.
      (1) You must notify us within 180 days after the date of the Covered Cause of Loss.
      (2) The most we will pay under paragraph a. of this extension in any coverage period is $100,000.
   b. We will pay “remediation expenses” you incur as a result of the actual, alleged, or threatened presence of “pollution conditions” at a premise described in the Supplemental Declarations, but only if the “pollution conditions” result from a “specified cause of loss” occurring during the coverage period. However, we will not pay for any expense related to the removal of “fungus”, wet rot, dry rot, virus, bacteria or asbestos.
      (1) You must notify us within 180 days after the date of the “specified cause of loss”.
      (2) Subject to paragraph a. (2) the most we will pay under paragraph a. and paragraph b. of this extension in any coverage period is $250,000.

4. Limited Coverage for “Fungus”, Wet Rot or Dry Rot
   a. The coverage described in 4.b. and 4.e. of this extension applies only when the “fungus”, wet rot or dry rot is the result of one or more of the following causes that occurs during the coverage period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:
      (1) A “specified cause of loss” other than fire or lightning; or
      (2) Flood, but only if the optional Flood Coverage endorsement is attached.
   b. We will pay for loss or damage by “fungus”, wet rot or dry rot. As used in this extension, the term loss or damage means:
      (1) Direct physical loss or damage to covered “real property” or covered “business personal property” caused by “fungus”, wet rot or dry rot including the cost of removal of the “fungus”, wet rot or dry rot;
      (2) The cost to tear out and replace any part of the “real property” or other property as needed to gain access to the “fungus”, wet rot or dry rot; and
      (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is reason to believe that “fungus”, wet rot or dry rot are present.
   c. The coverage described under 4.b. of this extension is limited to $50,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of “specified causes of loss” (other than fire or lightning) and flood (if the optional Flood Coverage endorsement is attached) which take place in a 12-month period (starting with the beginning of the present annual coverage period). With respect to a particular occurrence of loss which results in “fungus”, wet rot or dry rot, we will not pay more than a total of $50,000 even if the “fungus”, wet rot or dry rot continues to be present or active, or recurs, in a later coverage period.
   d. The coverage provided under this extension does not increase the applicable Blanket Limit of Insurance on any covered “real property” or covered “business personal property”. If a particular occurrence results in loss or damage by “fungus”, wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Blanket Limit of Insurance on the affected covered “real property” or covered “business personal property”.
If there is covered loss or damage to covered “real property” or covered “business personal property” not caused by “fungus”, wet rot or dry rot, loss payment will not be limited by the terms of this extension, except to the extent that “fungus”, wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this extension.

e. “Business Income” or “Extra Expense”:
   (1) If the loss which resulted in “fungus”, wet rot or dry rot does not in itself necessitate an interruption of “operations”, but such interruption is necessary due to loss or damage to property caused by “fungus”, wet rot or dry rot, then our payment under “business income” and / or “extra expense” is limited to the amount of “business income” and / or “extra expense” sustained in a period of not more than 30 days. The days need not be consecutive.
   (2) If a covered interruption of “operations” was caused by loss or damage other than “fungus”, wet rot or dry rot but remediation of “fungus”, wet rot or dry rot prolongs the “period of restoration”, we will pay for “business income” and / or “extra expense” sustained during the delay (regardless of when such a delay occurs during the “period of restoration”), but such coverage is limited to 30 days. The days need not be consecutive.

5. “SCADA” Upgrades
   We will determine the amount payable for the total of all costs attributable to “SCADA” Upgrades as follows:
   (1) Determine the amount otherwise payable for scheduled “SCADA” system due to direct physical loss from a Covered Cause of Loss, excluding any increased cost attributable to the coverage that would be provided under this extension.
   (2) Add the amount of the applicable deductible to the amount determined in Paragraph (1), and multiply the sum by the 25%;
   (3) We will pay the least of the following amounts for the total of all costs attributable to “SCADA” Upgrades:
      (a) The actual cost of covered “SCADA” Upgrades as determined in accordance with all applicable provisions of this extension;
      (b) The amount determined in Paragraph (2); or
      (c) $100,000

Covered “SCADA” upgrades under this extension include:
   (1) The cost to upgrade to wireless systems;
   (2) The cost to upgrade to ENERGY STAR certified systems;
   (3) The cost to replace undamaged telemetry units with units compatible with new control system.

The following costs are excluded under this extension:
   (1) Security cameras;
   (2) Replacement of undamaged sensors;
   (3) The cost to move permanently installed undamaged equipment;
   (4) Any property or cost covered elsewhere in this COVERAGE.

"SCADA" means the Supervisory Control And Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.

B. COVERAGE EXTENSIONS
1. “Business Income”
   a. We will pay for the actual loss of “business income” you sustain due to the necessary “suspension” of your “operations” during the “period of restoration”.

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The “suspension” must be caused by direct physical loss of or damage to covered property at the described premises in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the buildings which you rent, lease, or occupy, including all routes within the building to gain access to the described premises; and your covered property in the open (or in a vehicle) within 100 feet.

b. We will only pay for loss of “business income” that occurs within twelve (12) consecutive months after the date of direct physical loss or damage.

c. We will pay “ordinary payroll expenses” for up to 60 days following the date of direct physical damage or loss.

d. The most we will pay for loss under this Coverage Extension is the Coverage Extension Blanket Limit listed in the Supplemental Declarations.

No Deductible applies to this Coverage Extension.

2. Extended “Business Income”
   a. If the necessary “suspension” of your “operations” produces a "business income" loss payable by this Coverage Form, we will also pay for the actual loss of “business income” you incur during the period that:
      (1) begins on the date property except finished “stock” held in storage or for sale is actually repaired, rebuilt or replaced and “operations” are resumed; and
      (2) ends the earlier of the date you could restore your “operations” with reasonable speed, to the level which would generate the “business income” amount that would have existed if no direct physical loss or damage had occurred; or three hundred sixty (360) consecutive days after the date determined in (1) above.
   b. However, Extended “Business Income” does not apply to loss of “business income” incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located. Loss of “business income” must be caused by direct physical loss or damage at the described premises caused by and resulting from any Covered Cause of Loss.
   c. The most we will pay for loss under this Coverage Extension is the Coverage Extension Blanket Limit listed in the Supplemental Declarations.

No Deductible applies to this Coverage Extension.

3. “Extra Expense”
   a. We will pay necessary “extra expense” you incur during the “period of restoration” that you would not have incurred if there had been no direct physical loss or damage to property at the described premises, including covered property in the open (or in a vehicle) within 100 feet, caused by or resulting from a Covered Cause of Loss.
   b. We will only pay for “extra expense” that occurs within twelve (12) consecutive months after the date of direct physical loss or damage.
   c. The most we will pay for loss under this Coverage Extension is the Coverage Extension Blanket Limit listed in the Supplemental Declarations.

No Deductible applies to this Coverage Extension.

4. Civil Authority
   a. We will pay for the necessary “extra expense” caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. The coverage for necessary "extra expense" will begin immediately after the time of that action and ends on the date access is returned or no later than 3 weeks after the denial of access.
   b. The most we will pay for loss under this Coverage Extension is the Coverage Extension Blanket Limit listed in the Supplemental Declarations.

No Deductible applies to this Coverage Extension.
5. “Tenants Leasehold Interest Loss”
   a. If you are a tenant under lease at the described premises, we will pay for the “Tenants Leasehold Interest Loss” you sustain due to the cancellation of your lease. The cancellation must result from direct physical loss of or damage to property at the premises described in the Supplemental Declarations caused by or resulting from any Covered Cause of Loss.
   b. The most we will pay for loss under this Coverage Extension is the Coverage Extension Blanket Limit listed in the Supplemental Declarations.

6. “Electronic Data”
   a. Subject to the provisions of this Coverage Extension, we will pay for the cost to replace or restore “electronic data” which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that “electronic data” is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the “electronic data” was stored, with blank media of substantially identical type.
   b. The Covered Causes of Loss applicable to your “business personal property” apply to this Coverage Extension, subject to the following:
      (1) Coverage provided for this Coverage Extension, “Electronic Data”, includes collapse.
      (2) A virus, harmful code or similar instruction introduced into or enacted on a computer system (including “electronic data”) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation is included as a Covered Cause of Loss, but only with respect to the coverage provided by this Coverage Extension. There is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including “electronic data”) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
      (3) The most we will pay for this Coverage Extension is the Coverage Extension Blanket Limit listed in the Supplemental Declarations for loss or damage sustained in any one coverage period, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that coverage period. With respect to an occurrence which begins in one coverage period and continues or results in additional loss or damage in a subsequent coverage period, all loss or damage is deemed to be sustained in the coverage period in which the occurrence began.

7. Preservation of Property
   a. If it is necessary to move covered property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any Covered Cause of Loss or damage to that property while it is being moved or while temporarily stored at another location but only if the loss or damage occurs within 90 days after the property is first moved.
   b. The most we will pay for loss or damage under this Coverage Extension is the Coverage Extension Blanket Limit listed in the Supplemental Declarations.

8. “Commandeered Property”
   a. At your request, we will pay for direct physical loss or damage to “commandeered property” caused by or resulting from any Covered Cause of Loss. “Commandeered property” means property belonging to someone else that you commandeer, seize, borrow or take over for official use to manage an “emergency situation”.
   b. Coverage for direct physical loss or damage to commandeered property applies only for the time you officially use the “commandeered property” to manage an emergency situation plus the reasonable time necessary to return the property. This extension will not apply to direct physical loss or damage occurring after the coverage period.
c. The most we will pay under this extension in any one occurrence is the least of “replacement cost” of the “commandeered property”, plus loss of use covered by this extension, or the Coverage Extension Blanket Limit listed in the Supplemental Declarations. “Emergency situation” means an unexpected situation demanding an immediate official action by your entity during an emergency response.

C. ADDITIONAL COVERAGES

1. New Locations or Newly Constructed Property
   We will pay for direct physical loss or damage caused by a Covered Cause of Loss to:
   a. “Real Property”
      (1) Your new “real property” while being built on or off described premises and intended for use in your operations; and
      (2) “Real property” you acquire, lease or operate at locations other than the described premises, intended for:
         (a) Similar use as the “real property” described in the Supplemental Declarations
      (3) The most we will pay for direct physical loss or damage under this Additional Coverage is $1,000,000 at each premise.
   b. “Business Personal Property”
      (1) Located at a new premise as defined in C.1.a. above.
      (2) The most we will pay for direct physical loss or damage under this Additional Coverage is $1,000,000 at each premise.
   c. Insurance provided for under this Additional Coverage will end when any of the following first occurs:
      (1) This Coverage Form expires;
      (2) One-hundred and eighty (180) days expire after you acquire or begin construction at the new premise; or
      (3) You report the values to us.
   d. We will charge you additional premium for values reported from the date you acquire the premises or begin construction.

2. Debris Removal
   a. We will pay your expense to remove debris of covered property caused by or resulting from a Covered Cause of Loss that occurs during the Coverage Period. The expenses will be paid only if they are reported to us in writing within one-hundred and eighty (180) days of the date of direct physical loss or damage.
   b. Debris Removal does not apply to costs to extract “pollutants” from land or water, or remove, restore or replace polluted land or water.
   c. Subject to the exceptions in Paragraph d. below, the following provisions apply:
      (1) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the covered property that has sustained loss or damage.
      (2) Subject to a. above, the amount we will pay for debris removal expense is limited to twenty-five percent (25%) of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
   d. We will pay up to an additional $250,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to covered property, if one or both of the following circumstances apply:
      (1) The total of the actual debris removal expenses plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the covered property that has sustained loss or damage.
(2) The actual debris removal expense exceeds twenty five percent (25%) of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the covered property that has sustained loss or damage. Therefore, if d.(1) and / or d.(2) apply our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the covered property that has sustained loss or damage, plus $250,000.

3. **Fire Department Service Charge**
   a. When the fire department is called to save or protect covered property from a Covered Cause of Loss, we will pay up to $25,000 for your liability for fire department service charges assumed by contract or agreement prior to the loss or required by local ordinance.
   b. No Deductible applies to this Additional Coverage.

4. **Collapse**
   The coverage provided under this provision applies only to an abrupt collapse as described and limited below:
   a. For the purpose of this Additional Coverage – **Collapse**, abrupt collapse means an abrupt falling down or caving in of “real property” or any part of “real property” with the result that the “real property” or part of the “real property” cannot be occupied for its intended purpose.
   b. We will pay for loss or damage caused by or resulting from direct physical loss caused by abrupt collapse of “real property” or any part of “real property” that is covered by this Coverage Form or that contains covered property by this Coverage Form, if such collapse is caused by one or more of the following:
      (1) The “specified causes of loss” or breakage of building glass, all only as covered against in this Coverage Form;
      (2) Hidden “real property” decay; except with respect to collapse of a well-housing caused by hidden decay.
      (3) Hidden insect or vermin damage.
      (4) Weight of people or “business personal property”;
      (5) Weight of rain that collects on a roof;
      (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation.
   c. We will not pay for loss of or damage to the following types of property otherwise covered in this Coverage Form, under items 4.b.(2) through 4.b.(6) unless the loss or damage is a direct result of the collapse of “real property”:
      (1) Awnings;
      (2) Gutters and down spouts;
      (3) Yard fixtures;
      (4) Outdoor swimming pools;
      (5) Piers, wharves and docks;
      (6) Beach or diving platforms or appurtenances;
      (7) Retaining walls; and
      (8) Walks, roadways, and other paved surfaces.
   d. This Additional Coverage does not apply to settling, cracking, shrinkage, bulging or expansion.
   e. This Additional Coverage does not increase the Blanket Limit of Insurance applying to the damaged property.

5. **“Water Damage”, Other Liquids, Powder or Molten Material Damage**
   We will not pay for loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
   a. You do your best to maintain heat in the buildings or structure; or
b. You drain the equipment and shut off the supply if heat is not maintained. However, we will pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which water, liquid, or other substance escapes. We will not cover the cost to repair the system or appliance that caused the damage, but we will pay the cost to repair or replace damage of extinguishing equipment if the damage:
   (1) results in discharge of any substance from an automatic fire protection system; or
   (2) is directly caused by freezing.

   c. This Additional Coverage does not increase the Blanket Limit of Insurance applying to the damaged property.

6. “Dependent Business Premises”
   a. We will pay for the actual “business income” loss you incur due to the actual impairment of your “operations”; and the “extra expense” you incur due to the actual or potential impairment of your “operations” during the “period of restoration”.

   b. This actual or potential impairment of “operations” must be caused by or result from direct physical loss or damage from a Covered Cause of Loss to “real property” or “business personal property” of a “dependent business premises” at a “dependent business premises.”

   c. The most we will pay for loss under this Additional Coverage is $250,000.

7. Property at Other Locations
   a. “Real Property”
      (1) Coverage provided applies to property included in the definition of “real property” in this Coverage Form while it is off premises to be cleaned, repaired, rebuilt or restored.
      (2) The most we will pay for loss or damage under this Additional Coverage is $250,000.

   b. “Business Personal Property”
      (1) Coverage provided applies to “business personal property” at any location you do not own, lease or operate, including but not limited to, while at exhibitions, fairs, trade shows, and conferences.
      (2) The most we will pay for direct physical damage or loss under this Additional Coverage is $250,000.

8. Tools and Equipment Owned by Your Employees
   a. At your request, we will pay for direct physical loss or damage to tools and equipment owned by your employees or volunteers while at any premises or in transit, caused by or resulting from a Covered Cause of Loss provided the loss or damage occurs during the course of your “operations”. If other insurance coverage is available to the owner of the tools and equipment, then this coverage will only apply to the deductible of such other coverage.

   b. The most we will pay for loss or damage under this Additional Coverage is $5,000.

   c. No deductible will apply under this extension.

9. “Personal Effects” and Property of Others
   a. At your request, this insurance that applies to “business personal property” is extended to apply to:
      (1) “Personal effects” owned by your officers, your partners, members, managers or employees; and
      (2) Personal property of others in your care, custody or control;

   b. The most we will pay for loss or damage under this Additional Coverage is $5,000.

   c. No deductible will apply under this extension.

10. “Outdoor Property”
    a. The insurance provided by this Coverage Form applies to your “outdoor property” that are outside covered “real property” when the loss is caused by or results from any of the following Covered Causes of Loss:
       (1) Fire;
b. The most we will pay for direct physical loss or damage under this Additional Coverage is $100,000. This limit applies to any one occurrence, regardless of the types or number of items damaged in that occurrence.

11. Trees, Shrubs, and Plants
   a. The insurance provided by this Coverage Form applies to your trees, shrubs, and plants that are outside covered “real property” when the loss is caused by or results from any of the following:
      (1) Fire;
      (2) Lightning;
      (3) Explosion;
      (4) Riot or Civil Commotion;
      (5) Aircraft;
      (6) Smoke;
      (7) Vehicles;
      (8) Vandalism or Malicious Mischief.
   b. The most we will pay for direct physical loss or damage under this Additional Coverage is $25,000, but not to exceed more than $1,000 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items damaged in that occurrence.

12. Non-Owned Detached Trailers
   a. The insurance provided by this Coverage Form applies to loss or damage to trailers that you do not own, provided that:
      (1) The trailer is used in your business;
      (2) The trailer is in your care, custody or control at the premises described in the Supplemental Declarations; and
      (3) You have the contractual responsibility to pay for loss or damage to the trailer.
   b. We will not pay for any loss or damage that occurs:
      (1) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion.
      (2) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
   c. The most we will pay for direct physical loss or damage under this Additional Coverage is $5,000.

13. Ordinance or Law Provision
   a. If a Covered Cause of Loss occurs to “real property” described in the Supplemental Declarations we will pay:
      (1) For loss or damage to the undamaged portion of such “real property” caused by enforcement of any ordinance or law that:
         (a) Requires the demolition of parts of the same property not damaged by the Covered Cause of Loss;
         (b) Regulates the construction or repair of “real property”, or establishes zoning or land use requirements at the described premises; and
         (c) Is in force at the time of the loss.
Coverage extended under (1) above shall not increase any Limits of Insurance provided by this Coverage Form for the “real property” damaged by a Covered Cause of Loss.

(2) The cost to demolish and clear the site of undamaged parts of the property caused by the enforcement of the building, zoning and land use law.

(3) The increased costs to repair, rebuild or construct the property caused by the enforcement of building, zoning or land use law. When the “real property” is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use law.

b. We will not pay for the increased construction costs until the property is actually repaired or replaced, at the same premises or elsewhere; and unless the repairs are made as soon as reasonably possible after the loss or damage, not to exceed two (2) years. We may extend this period in writing during the two (2) years.

c. We will not pay under this provision for the costs associated with the enforcement of any ordinance or law which requires any Enrolled Named Member or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants” unless the presence of the “pollutants” is due to “specified causes of loss” and the spill originated during our Coverage Period from a loss originating on the Enrolled Named Member premises.

d. The most we will pay in any one loss for the Additional Coverage in (2) and (3) above for demolition and/or increased cost of construction is twenty-five percent (25%) of the Limit of Insurance shown in the Statement of Values for the scheduled “real property”. Coverage provided by this provision is additional insurance and is not part of the “real property” coverage Limit of Insurance shown in the Statement of Values.

14. Accounts Receivable

a. The insurance provided by this Coverage Form applies to your records of accounts receivable, if:
   (1) The records are at a described premises, at a safe place away from your described premises, or in or on a vehicle in transit between described premises; and
   (2) The records are removed from described premises to protect them from the threat of a Covered Cause of Loss.

b. The most we will pay for direct physical loss or damage under this Additional Coverage is $500,000.

c. The amount of your accounts receivable loss includes the following as long as they are the result of a Covered Cause of Loss:
   (1) All amounts due from your customers, clients, tenants, or a funding source that you are unable to collect;
   (2) Interest charges on any loan required to offset amounts you are unable to collect pending payment of these amounts;
   (3) Collection expenses in excess of your normal collection expenses that are made necessary by the loss;
   (4) Other reasonable expenses that you incur to establish your records of accounts receivable.

15. “Valuable Papers and Records”

a. The insurance provided by this Coverage Form applies to direct physical loss or damage to “valuable papers and records” due to a Covered Cause of Loss if it is:
   (1) Your property or property of others that is in your care, custody or control; or
   (2) At a described premises, at a safe place away from your described premises, or in or on a vehicle in transit between described premises.

b. The most we will pay for direct physical loss or damage under this Additional Coverage is $500,000.
16. Fire Protection Devices  
   a. You may extend the insurance provided under this Coverage Form to apply to the reasonable cost to recharge or refill any fire protection devices when they have been discharged as a result of a fire or explosion.  
   b. The most we will pay for loss under this Additional Coverage is **$25,000** for all such devices discharged in any one fire or explosion.  
   c. No Deductible applies to this Additional Coverage.

17. Cost of Inventory or Adjustment  
   a. At our discretion, you may extend the insurance provided under this Coverage Form to apply to the costs you incur to make an inventory or adjustment in order to prepare your proof of loss after a Covered Cause of Loss occurs.  
   b. The most we will pay for loss under this Additional Coverage is **$5,000** per occurrence.

18. Utility Services – Direct Damage  
   a. We will pay for loss of or damage to "real property" and "business personal property" covered by this Coverage Form caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph b. below.  
   b. Utility Services Property covered:  
      (1) Water Supply Services meaning pumping stations and water mains supplying water to the described premises;  
      (2) "Communication Supply Services" including communication transmission lines (not including overhead transmission lines), fiber optic transmission lines, coaxial cables and microwave radio relays (not including satellites).  
      (3) "Power Supply Services" including utility generating plants, switching stations, substations, transformers and transmission lines (not including overhead transmission lines).  
   c. Coverage provided by this provision does not apply to loss or damage to "electronic data", including destruction or corruption of "electronic data".  
   d. The most we will pay for direct physical loss or damage under this Additional Coverage is **$250,000**.

   a. Your coverage for “business income” and / or “extra expense”, as provided by this Coverage Form applies to a "suspension" of "operations" at covered "real property" and "business personal property" caused by an interruption in utility service to covered premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph b. below.  
   b. Utility Services Property covered:  
      (1) Water Supply Services meaning pumping stations and water mains supplying water to the described premises;  
      (2) "Communication Supply Services" including communication transmission lines (not including overhead transmission lines), fiber optic transmission lines, coaxial cables and microwave radio relays (not including satellites).  
      (3) "Power Supply Services" including utility generating plants, switching stations, substations, transformers and transmission lines (not including overhead transmission lines).  
   c. Coverage provided by this provision does not apply to “business income" loss or “extra expense” related to interruption in utility service which causes loss or damage to "electronic data", including destruction or corruption of "electronic data".  
   d. The most we will pay for loss or damage under this Additional Coverage is **$250,000**. We will only pay for loss you sustain after the first twelve (12) hours following the direct physical loss or damage to the property described above.
20. Contract Penalties
   a. The insurance provided by this Coverage Form applies to the contract penalties you are
      required to pay due to your failure to deliver your product according to contract terms
      solely as a result of direct physical loss or damage by a Covered Cause of Loss to
      Covered Property.
   b. The most we will pay for loss under this Additional Coverage is $100,000 per occurrence.

21. Arson Reward
   a. The insurance provided by this Coverage Form will provide a reward for information
      leading to the arrest and conviction of persons responsible for the crime of arson being
      committed against the Enrolled Named Member.
   b. This Additional Coverage only applies when a covered fire is deemed suspicious or to be
      arson by the fire department, and only when the person responsible is convicted of the
      crime.
   c. The most we will pay for loss or damage under this Additional Coverage is $10,000.

22. Indoor and Outdoor Signs
   a. The insurance provided by this Coverage Form applies to loss or damage to signs, inside
      or outside a covered building or structure.
   b. The most we will pay for direct physical loss or damage under this Additional Coverage is
      $50,000.

23. “Fine Arts”
   a. You may extend the insurance provided under this Coverage Form to apply to “fine arts”.
   b. The most we will pay for loss or damage in any one occurrence under this Additional
      Coverage is the Limit of Insurance listed in the Supplemental Declarations under
      Additional Coverages. We will not pay more than $25,000 per item.
   c. The following exclusions are added in addition to those exclusions and limitations found
      in SECTION II of this Coverage Form, but only with respects to this Additional Coverage:
      (1) Any repair, restoration, or retouching of the “fine arts”; 
      (2) Dishonest or criminal acts by you, your employees, volunteers, agents, authorized
          representatives, directors, officers, or trustees, or by anyone else to whom you
          entrust the “fine arts” for any purpose (except a carrier or other bailee for hire);
      (3) Delay, loss of use, loss of market, or any other consequential loss;
      (4) Rust, corrosion, fungus, decay, deterioration, hidden or latent defects, or any quality
          in the “fine art” that causes it to damage or destroy itself; 
      (5) Voluntarily parting with any “fine art” and entrusting it to another, if induced to do so
          by any fraudulent scheme, trick, device, or false pretense; 
      (6) “Fine arts” on exhibition at any premises other than those listed in the “Schedule of
          Locations”.
   d. The most we will pay for direct physical loss or damage under this Additional Coverage is
      $25,000 for any one item.

24. Water Contamination Notification Expense
   a. The insurance provided by this Coverage Form applies to reimbursement for printing,
      mailing, and other expenses related to customer notification of a state-issued boil water
      notice or any state-issued water contamination event.
   b. The most we will pay for loss under this Additional Coverage is $5,000 for all such
      printing, mailing, and other notification expenses.
   c. No Deductible applies to this Additional Coverage.

25. Rental Reimbursement – “Mobile Equipment”
   a. The insurance provided by this Coverage Form applies to the cost of renting substitute
      “Mobile Equipment” that was damaged by a covered direct physical loss. We will only pay
      rental costs that you necessarily incur while your “Mobile Equipment” is being repaired or
      replaced.
b. The most we will pay for loss under this Additional Coverage is $5,000 for all such rental reimbursement expenses.

c. No Deductible applies to this Additional Coverage.

26. Lock and Key Replacement

a. We will pay those expenses you incur to replace locks, lock cylinders and keys in the event of covered theft of your covered property.

b. We will cover such expenses only if:
   (1) You notify us and appropriate law enforcement authorities of the theft as soon as reasonably practicable; and
   (2) locks, lock cylinders and keys are replaced within 72 hours of the discovery of the theft, or as soon as reasonably practicable; and
   (3) Coverage provided under this Additional Coverage applies to the disappearance of keys only if theft of other covered property also takes place.

c. We will only pay to replace the locks, lock cylinders and keys with property of the same kind and quality, without deduction for deterioration or depreciation.

d. This Coverage Extension applies only to locks, lock cylinders and keys located at the described Premises.

e. The most we will pay for loss or damage under this Additional Coverage is $25,000.

f. No Deductible applies to this Additional Coverage.

27. Unintentional Errors

a. At our discretion, any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered location shall not void or impair coverage provided by this Coverage Form.

b. You must, however, report such errors or omissions to us in writing as soon as you discover them.

c. You also agree to pay such additional premiums as may be appropriate.

d. This provision does not apply to loss or damage caused directly or indirectly by flood, earth movement or property which is otherwise Enrolled Named Member.

e. The most we will pay in any one occurrence is $250,000 regardless of the number of errors or omissions involved.

f. This Limit is in addition to the Limit of Insurance stated in the Declarations.

SECTION IV – LIMITS OF INSURANCE

A. The most we will pay for direct physical loss to “Real Property” and “Business Personal Property” is the Blanket Limit of Insurance shown in the Supplemental Declarations.

B. The Coverage Extension Blanket Limit of Insurance shown in the Supplemental Declarations is the most we will pay for all loss arising from:
   1. “Business Income”
   2. Extended “Business Income”;
   3. “Extra Expense”;
   4. Civil Authority;
   5. “Tenants Leasehold Interest”;
   6. “Electronic Data;
   7. Preservation of Property; and / or
   8. “Commandeered Property”
C. The most we will pay for direct physical loss to “Mobile Equipment” under coverage provided by A.2. of SECTION III – COVERAGE EXTENSIONS AND ADDITIONAL COVERAGE of the Property Coverage Form, is the Limit of Insurance shown in the Supplemental Declarations.

D. The most we will pay for the Additional Coverages provided by the Property Coverage Form is the Limit of Insurance shown for each coverage specified in the ADDITIONAL COVERAGES Section of the Supplemental Declarations.

SECTION V – DEDUCTIBLE

A. We will not pay for loss or damage in any one occurrence until the amount of the loss exceeds the Deductible shown in the Supplemental Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limits of Insurance.

B. No Deductible applies to the following Additional Coverages:
   1. Fire Department Service Charge;
   2. “Business Income”;
   3. Extended “Business Income”;
   4. “Extra Expense”;
   5. Civil Authority;
   6. Fire Protection Devices;
   7. Tools and Equipment Owned by Your Employees;
   8. “Personal Effects” and Property of Others;
   9. Water Contamination Notification Expense;
   10. Rental Reimbursement – “Mobile Equipment”; and
   11. Lock and Key Replacement

C. DEDUCTIBLE WAIVER
   If a loss covered under this Coverage Form also involves a loss under Business Auto coverage issued to you by us, only one deductible, the largest, will be applied. The deductible under the other policies or Coverage Forms will be waived.

SECTION VI – LOSS CONDITIONS

The following conditions apply in addition to the Common Coverage Conditions:

A. ABANDONMENT
   There can be no abandonment of any property to us.

B. APPRAISAL
   If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
   1. Pay its chosen appraiser; and
   2. Bear the other expenses of the appraisal and umpire equally.
   If there is an appraisal, we will still retain our right to deny the claim.
C. DUTIES IN THE EVENT OF LOSS OR DAMAGE
   1. You must see that the following are done in the event of loss or damage to covered property:
      a. Notify the police if a law may have been broken.
      b. Give us prompt notice of the loss or damage. Include a description of the property involved.
      c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
      d. Take all reasonable steps to protect the covered property from further damage, and keep a record of your expenses necessary to protect the covered property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
      e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
      f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
      g. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within sixty (60) days after our request. We will supply you with the necessary forms.
      h. Cooperate with us in the investigation or settlement of the claim.
   2. We may examine any Enrolled Named Member under oath, while not in the presence of any other Enrolled Named Member and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an Enrolled Named Member’s books and records. In the event of an examination, an Enrolled Named Member’s answers must be signed.

D. LOSS PAYMENT
   1. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
      a. Pay the value of lost or damaged property;
      b. Pay the cost of repairing or replacing the lost or damaged property;
      c. Take all or any part of the property with other property at an agreed or appraised value; or
      d. Repair, rebuild or replace the property with other property of like kind and quality.
   2. We will give notice of our intentions within thirty (30) days after we receive the sworn proof of loss.
   3. We will not pay you more than your financial interest in the covered property.
   4. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable Coverage Form provisions including Limits of Insurance, the Valuation Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition.
E. VALUATION

1. We will pay the value of covered property in the event of loss or damage as follows:

   a. At replacement cost (without deduction for depreciation) except as provided under b. through g. below.

      (1) You may make a claim for loss or damage covered by this insurance on an actual cash value basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within one-hundred and eighty (180) days after the loss or damage.

      (2) We will not pay on a replacement cost basis for any loss or damage:

         (a) Until the lost or damaged property is actually repaired or replaced; and

         (b) Unless the repairs or replacement are made within two (2) years after the loss or damage.

      (3) We will not pay more for loss or damage on a replacement cost basis than the least of:

         (a) The cost to replace, on the same premises, the lost or damaged property with other property:

            1) Of comparable material and quality; and

            2) Used for the same purpose.

         (4) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

         (5) The Limit of Insurance shown in the Supplemental Declarations for such property.

   b. “Actual Cash Value” for the following property:

      (1) “Mobile Equipment” other than tools;

      (2) Used or second-hand merchandise held in storage or for sale.

      (3) Household contents, except personal property in apartments or rooms furnished by you as landlord.

   c. Glass at the cost of replacement with safety glazing material if required by law.

   d. Tenant’s Improvements and Betterments at:

      (1) Replacement cost if you make repairs within two (2) years after the loss or damage.

      (2) A proportion of your original cost if you do not make repairs within two (2) years after the loss or damage. We will determine the proportionate value as follows:

         (a) Multiply the original cost by the number of days from the loss to the expiration of the lease; and

         (b) Divide the amount determined in (a) above by the number of days from the original installation of improvements to the expiration of the lease.

         If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

      (3) Nothing if others pay for repairs or replacement.

   e. “Valuable Papers and Records”, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

      (1) Blank materials for reproducing the records; and

      (2) Labor to transcribe or copy the records.

   f. Accounts Receivable:

      (1) If you can not accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

         (a) Determine the total of the average monthly amounts of accounts receivable for the twelve (12) months immediately preceding the month in which the loss or damage occurs; and

         (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

      (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
(a) The amount of the accounts for which there is no loss or damage;
(b) The amount of the accounts that you are able to reestablish or collect;
(c) An amount to allow for probable bad debts that you are normally unable to collect; and
(d) All unearned interest and service charges.

g. “Stock” you have sold but not delivered will be valued at no more than the selling price less discounts and expenses you otherwise would have had.

h. “Business Personal Property” of Others
We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners’ property. We will not pay the owners more than their financial interest in the covered property.

i. Recovered Property
If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

j. Resumption of Operations
We will reduce the amount of your:
(1) “Business Income” loss, other than “extra expense”, to the extent you can resume your “operations”, in whole or in part, by using damaged or undamaged property (including merchandise or “stock”) at the described premises or elsewhere.
(2) “Extra Expense” loss to the extent you can return “operations” to normal and discontinue such “extra expense”.

k. Vacancy
If the building where loss or damage occurs has been vacant for more than sixty (60) consecutive days before that loss or damage, we will:
(1) Not pay for any loss or damage caused by:
   (a) Vandalism;
   (b) Sprinkler leakage, unless you have protected the system against freezing;
   (c) Building glass breakage;
   (d) “Water damage”;
   (e) Theft; or
   (f) Attempted theft.
A building is vacant when it does not contain enough “business personal property” to conduct customary “operations”. Buildings under construction are not considered vacant.

l. “Fine Art”
The value will be the least of:
(1) The market value of the “fine art”;
(2) The amount for which you are liable, if the “fine art” is the property of another;
(3) The cost of reasonable restoration of the “fine art” to its condition immediately before the loss;
(4) The cost of replacing the “fine art” with substantially identical “fine art”; or
(5) The Limits of Insurance stated in SECTION III, C.23.d. of this Coverage Form.

F. LOSS PAYMENT
We will pay for covered loss or damage within thirty (30) days after we receive the sworn proof of loss, if:
1. You have complied with all of the terms of this Coverage Form; and
2. We have reached agreement with you on the amount of the loss or an appraisal award has been made.
G. SALVAGED PROPERTY
“Stock” will only be salvaged and re-introduced into the market with permission of the Named Enrolled Named Member.

SECTION VII – PROPERTY GENERAL CONDITIONS

A. CONCEALMENT, MISREPRESENTATION OR FRAUD
This Coverage Form is void in any case of fraud by you as it relates to this Coverage Form at any time. It is also void if you or any other Enrolled Named Member, at any time, intentionally conceal or misrepresent a material fact concerning:
1. This Coverage Form;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Form.

B. CONTROL OF PROPERTY
Any act or neglect of any person other than you beyond your direction or control will not affect this insurance. The breach of any condition of this Coverage Form at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach or condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES
If two or more of this Memorandum of Coverage’s coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US
No one may bring a legal action against us under this Coverage Form unless:
1. There has been full compliance with all of the terms of this Coverage Form; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION
If we adopt any revision that would broaden the coverage under this Coverage Form without additional contribution within forty five (45) days prior to or during the coverage period, the broadened coverage will immediately apply to this Coverage Form.

F. MORTGAGE HOLDERS
1. The term mortgage holder includes trustee.
2. We will pay for covered loss of or damage to “real property” or structures to each mortgage holder shown in the Supplemental Declarations in their order of precedence, as interests may appear.
3. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the “buildings” or structure.
4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Form, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
   a. Pays any premium due under this Coverage Form at our request if you have failed to do so;
   b. Submits a signed, sworn proof of loss within sixty (60) days after receiving notice from us of your failure to do so; and
   c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.
d. All of the terms of this Coverage Form will then apply directly to the mortgage holder.

5. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Form:
   a. The mortgage holder’s rights under the mortgage will be transferred to us to the extent of the amount we pay; and
   b. The mortgage holder’s right to recover the full amount of the mortgage holder’s claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this coverage, we will give written notice to the mortgage holder at least:
   a. Ten (10) days before the effective date of cancellation if we cancel for your nonpayment of contribution; or
   b. Thirty (30) days before the effective date of cancellation if we cancel for any other reason.

7. If we elect not to renew this coverage, we will give written notice to the mortgage holder at least ten (10) days before the expiration date of this Coverage Form.

G. NO BENEFIT TO BAILEE
No person or organization, other than you, having custody of covered property will benefit from this insurance.

H. OTHER INSURANCE
1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Form. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

I. COVERAGE PERIOD
Under this form, we cover loss or damage commencing:
1. During the Coverage Period shown in the Supplemental Declarations; and
2. Within the “coverage territory” or, with respect to property in transit, while it is between points in the “coverage territory”.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US
If any person or organization to or for whom we make payment under this Coverage Section has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after a loss to impair them. But you may waive your rights against another party in writing:
1. Prior to a loss to your Covered Property or Covered Income
2. After a loss to your Covered Property or Covered Income only if, at the time of loss, that party is one of the following:
   a. Someone Enrolled Named Member by this insurance;
   b. A business firm owned or controlled by you or that owns or controls you; or
   c. Your tenant
SECTION VIII – DEFINITIONS

A. “ACTUAL CASH VALUE” means the cost to repair or replace lost or damaged property at the time of loss or damage with material of like kind and quality, less allowance for each of the following:
   1. Physical deterioration;
   2. Physical depreciation;
   3. Obsolescence; and
   4. Depletion

B. “BUSINESS INCOME” means the:
   1. Net Income (net Profit or Loss before income taxes) that would have been earned or incurred; and
   2. Continuing normal operating expenses incurred, including “ordinary payroll”.

C. “BUSINESS PERSONAL PROPERTY” means:
   1. Property you own that is used in your business;
   2. Furniture and fixtures;
   3. Machinery and equipment;
   4. Computer equipment;
   5. Communication equipment;
   6. Labor materials or services furnished or arranged by you on personal property of others;
   7. “Stock”;
   8. Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions made a part of the “real property” or structure you occupy but do not own or you acquired or made at your expense, but cannot legally remove.
   9. Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

D. “COMMUNICATION SUPPLY SERVICES” means property supplying communication services, including telephone, radio, microwave or television services, to the described premises;

E. “CONTAMINATION” means direct damage to “real property” and “business personal property” caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.

F. “COVERAGE TERRITORY” means The United States of America (including its territories and possessions), Puerto Rico, and Canada.

G. “DEPENDENT BUSINESS PREMISES” means premises operated by others on whom you depend to:
   1. Deliver materials or services to you or to others for your account;
   2. Accept your products or services;
   3. Manufacture products for delivery to your customers under contract of sale; or
   4. Attract customers to your business.
   “Dependent Business Premises” does not mean premises operating by others on whom you depend to:
   5. Deliver utility services to you; or
   6. Accept utility services from you.
H. **“ELECTRONIC DATA”** means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of “electronic data”, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

I. **“EQUIPMENT BREAKDOWN”** means direct damage to mechanical, electrical or pressure systems as follows:
   1. Mechanical breakdown including rupture or bursting caused by centrifugal force;
   2. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
   3. Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
   4. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
   5. Loss or damage to hot water boilers or other water heating equipment;
   6. If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
   7. None of the following are covered objects as respects to “equipment breakdown”:
      a. Insulating or refractory material;
      b. Buried vessel or piping;
      c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
         (1) Feed water piping between any boiler and its feed pump or injector;
         (2) Boiler condensate return piping; or
         (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
         (a) Structure, foundation, cabinet or compartment containing the object;
         (b) Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
         (c) Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
         (d) Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.

J. **“EXTRA EXPENSE”** means expense (other than the expenses to repair or replace property) which are incurred:
   1. To avoid or minimize the “suspension” of business and continue “operations” at the described premises or at replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations,
   2. To minimize the “suspension” of business if you cannot continue” operations”.
   3. To repair or replace any property; or to research, replace or restore the lost information on damaged “valuable papers and records” if such action will reduce any loss we would pay under this insurance.

K. **“FINE ARTS”** means paintings, rare books, manuscripts, pictures, prints, etchings, drawings, tapestries, bronzes, statuary potteries, porcelains, marble and other bona fide works of art; or items of rarity or historical value.
L. “FUNGUS” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

M. “MOBILE EQUIPMENT” means machinery or equipment, including accessories and spare parts for machinery or equipment, usual to your business. These items include, but are not limited to:
1. Forklifts;
2. Tractors;
3. Backhoes;
4. Draglines;
5. Excavators;
6. ATVs;
7. Tools; and
8. Watercraft less than 50 feet in length

N. “MONEY” means currency, coins, and banknotes in current use and having a face value, bullion, and travelers’ checks, registered checks and money orders held for sale to the public.

O. “OPERATIONS” means your business activities occurring at the described premises; and the tenantability of the described premises, if coverage for “business income” includes rents.

P. “ORDINARY PAYROLL EXPENSES” means payroll expenses for all of your employees except:
1. Officers;
2. Executives;
3. Department Managers; and
4. Employees under contract
“ORDINARY PAYROLL EXPENSES” include:
5. Payroll;
6. Employee Benefits, if directly related to payroll;
7. FICA payments you pay;
8. Union Dues you pay; and
9. Workers Compensation premiums

Q. “OUTDOOR PROPERTY” means fixed or permanent structures including but not limited to:
1. Historical markers or flagpoles;
2. Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment or structures;
3. Exterior signs not located at a premises;
4. Fences or retaining walls;
5. Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
6. Dumpsters, concrete trash containers, or permanent recycling bins; or

R. “PENSTOCK” means a conduit constructed of manmade materials built for the purpose of conveying water to a hydroturbine. “Penstock” does not include tunnels, canals, aqueducts or similar excavations, or the cost of these excavations, which are excavated from or consist of natural materials.

S. “PERIOD OF RESTORATION” means the time period that:
1. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
2. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of Restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss that regulates the construction or repair, or requires the tearing down of any property.

"Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that requires any Enrolled Named Member or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of "pollutants". The expiration date of this Coverage Form will not cut short the "period of restoration".

T. "PERSONAL EFFECTS" means property that belongs to an individual and is devoted primarily to that individual's personal use; for example, clothing, eyeglasses, or individually owned portable equipment used in your "operations".

"Personal effects" does not include:
1. "Money" and "securities";
2. "Fine arts" or property that is rare or that has historic or artistic value, including antiques or rare articles;
3. Jewelry, (except watches);
4. Animals;
5. Aircraft or its parts, accessories and equipment;
6. "Watercraft"; or
7. Vehicles

U. "POLLUTION CONDITIONS" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

V. "POWER SUPPLY SERVICES" means property supplying electric, steam or gas to the described premises.

W. "REAL PROPERTY" means items at a described premises including:
1. Aboveground piping;
2. Aboveground and belowground "penstock";
3. Additions under construction;
4. All appurtenant buildings or structures including restrooms;
5. Alterations and repairs to the buildings or structures;
6. Buildings;
7. Completed additions;
8. Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
9. Fixtures, including outdoor fixtures;
10. Glass which is part of a building or structure;
11. Light standards;
12. Paved surfaces such as sidewalks, patios or parking lots;
13. Permanently installed machinery and equipment;
14. Permanent storage tanks;
15. Solar panels;
16. Submersible pumps, pump motors and engines;
17. Underground piping located on or within 100 feet of premises described in the Supplemental Declarations;
18. Underground vaults and machinery;
19. “Business personal property” owned by you that is used to maintain or service the “real property” or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

20. If not covered by other insurance: Additions under construction, alterations and repairs to the “real property” or structure, Material, equipment supplies and temporary structures on or within 100 feet of the described premises, used for making additions, alterations or repairs to the “real property” or structure.

X. “REMITIATION EXPENSES” are expenses incurred for or in connection with the investigation, monitoring,
1. removal, disposal, treatment, or neutralization of “pollution conditions” to the extent required by:
   a. Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof,
2. enacted to address “pollution conditions”; or
   a. A legally executed state voluntary program governing the cleanup of “pollution conditions”.

Y. “RENTAL VALUE” means rental income less all costs that would have been incurred during the period of delay had there been no loss or damage.

Z. “SECURITIES” means negotiable or non-negotiable instruments or contracts representing money or other property. It includes tokens, tickets, revenue stamps, other stamps in current use, and evidences of debt issued in connection with credit or charge cards, which cards are not issued by you. It does not include “money”.

AA. “SPECIFIED CAUSE OF LOSS” means the following:
Fire; Lightning; Explosion; Windstorm or Hail; Smoke; Aircraft or Vehicles; Riot or Civil Commotion; Vandalism; Leakage from Fire Extinguishing Equipment; Sinkhole Collapse; “Volcanic Action”; Falling Objects; Weight of Snow; Ice or Sleet; “Water Damage”; and “Equipment Breakdown”
1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
   a. The cost of filling sinkholes; or
   b. Sinking or collapse of land into man-made underground cavities other than underground wine caves.
2. Falling objects does not include loss or damage to:
   a. “Business Personal Property” in the open; or
   b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. “Water Damage” means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

BB. “STOCK” means finished goods held in storage or for sale;

CC. “SUSPENSION” means:
1. The slowdown or cessation of your business activities; or
2. That a part or all of the described premises is rendered untenantable, if coverage for “business income” including "rental value" applies.
DD. “TENANTS LEASEHOLD INTEREST LOSS” means the increase in your monthly rent including taxes, insurance, janitorial or other services that you pay for as part of the rent, as a result of this cancellation for the number of months left in your lease subject to the maximum of twelve (12) months.

EE. “VALUABLE PAPERS AND RECORDS” means:
   1. Inscribed, printed, or written documents; manuscripts; and records: including abstracts, books, deeds, drawings, films, maps, or mortgages.
   2. “Valuable Papers and Records” does not mean “money” or “securities”; converted data; programs or instructions used in your data processing operations, including the materials on which the data is recorded.

FF. “VOLCANIC ACTION” means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
   1. Airborne volcanic blast or airborne shock waves;
   2. Ash, dust or particulate matter; or
   3. Lava flow.
   All volcanic eruptions that occur within any one-hundred sixty-eight (168) hour period will constitute a single occurrence. “Volcanic Action” does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

GG. “WATERCRAFT” means any watercraft used in your “operations”, including its motor, parts, accessories and equipment.
**MEMORANDUM OF COVERAGE (MOC)**

**CRIME SUPPLEMENTAL DECLARATIONS**

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<thead>
<tr>
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<th>Description</th>
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<td>Item #1</td>
<td>First Enrolled Named Member:</td>
<td>California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA)</td>
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<td>Item #2</td>
<td>Enrolled Named Member:</td>
<td>Santa Ana Watershed Project Authority</td>
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<td>Participation Certificate #:</td>
<td>JPAPKG-00233-02</td>
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<td>Item #4</td>
<td>Mailing Address:</td>
<td>Allied Community Insurance Services, LLC 11452 El Camino Real Suite 250 San Diego, CA 92130</td>
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<td>Forgery or Alteration</td>
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<td>Inside the Premises – Theft of Money &amp; Securities</td>
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<td>Inside the Premises – Robbery/Safe Burglary</td>
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<td>Item #9</td>
<td>Employee Benefit Plan(s) Included as Enrolled Named Members:</td>
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Authorized Representative: (Paul Fuller)

Date: 5/5/2020
MEMORANDUM OF COVERAGE (MOC)
CRIME (LOSS SUSTAINED)

Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties and what is or is not covered. Throughout this Coverage Form the words “you” and “your” refer to the Enrolled Named Member shown in the Supplemental Declarations. The words “we,” “us” and “our” refer to the issuer providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. INSURING AGREEMENTS
Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Supplemental Declarations and applies to loss that you sustain resulting directly from an “occurrence” taking place during the Coverage Period shown in the Supplemental Declarations, except as provided in Condition E.1.k. or E.1.l., which is “discovered” by you during the Coverage Period shown in the Supplemental Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.g.:

1. Employee Theft
We will pay for loss of or damage to “money”, “securities” and “other property” resulting directly from “theft” committed by an “employee”, whether identified or not, acting alone or in collusion with other persons.
For the purposes of this Insuring Agreement, “theft” shall also include “forgery”.

2. Forgery or Alteration
   a. We will pay for loss resulting directly from “forgery” or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in “money” that are:
      (1) Made or drawn by or drawn upon you; or
      (2) Made or drawn by one acting as your agent; or that are purported to have been so made or drawn.
For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.
   b. If you are sued for refusing to pay any instrument covered in Paragraph 2a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

3. Inside the Premises – Theft of Money and Securities
   a. We will pay for loss of “money” and “securities” inside the “premises” or “banking premises”:
      (1) Resulting directly from “theft” committed by a person present inside such “premises” or “banking premises”; or
      (2) Resulting directly from disappearance or destruction.
   b. We will pay for loss of or damage to the “premises” or its exterior resulting directly from an actual or attempted “theft” of “money” and “securities” if you are the owner of the “premises” or are liable for damage to it.
   c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the “premises” resulting directly from an actual or attempted “theft” of or unlawful entry into those containers.

4. Inside the Premises – Robbery or Safe Burglary of Other Property
   a. We will pay for loss of or damage to “other property”:
      (1) Inside the “premises” resulting directly from an actual or attempted “robbery” of a “custodian”; or
(2) Inside the “premises” in a safe or vault resulting directly from an actual or attempted “safe burglary”.

b. We will pay for loss from damage to the “premises” or its exterior resulting directly from an actual or attempted “robbery” or “safe burglary” of “other property” if you are the owner of the “premises” or are liable for damage to it.

c. We will pay for loss of or damage to a locked safe or vault located inside the “premises” resulting directly from an actual or attempted “robbery” or “safe burglary”.

5. Outside the Premises

a. We will pay for loss of “money” and “securities” outside the “premises” in the care and custody of a “messenger” or an armored motor vehicle company resulting directly from “theft”, disappearance or destruction.

b. We will pay for loss of or damage to “other property” outside the “premises” in the care and custody of a “messenger” or an armored motor vehicle company resulting directly from an actual or attempted “robbery”.

6. Computer Fraud

We will pay for loss of or damage to “money”, “securities” and “other property” resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the “premises” or “banking premises”:

a. To a person (other than a “messenger”) outside those “premises”; or

b. To a place outside those “premises”.

7. Funds Transfer Fraud

We will pay for loss of “funds” resulting directly from a “fraudulent instruction” directing a financial institution to transfer, pay or deliver “funds” from your “transfer account”.

8. Money Orders and Counterfeit Money

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, “money” or services:

a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or

b. “Counterfeit money” that is acquired during the regular course of business.

B. LIMIT OF INSURANCE

The most we will pay for all loss resulting directly from an “occurrence” is the applicable Limit of Insurance shown in the Supplemental Declarations. If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

C. DEDUCTIBLE

We will not pay for loss resulting directly from an “occurrence” unless the amount of loss exceeds the Deductible Amount shown in the Supplemental Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

D. EXCLUSIONS

1. This insurance does not cover:

a. Acts Committed by You, Your Partners or Your Members

   Loss resulting from “theft” or any other dishonest act committed by:

   (1) You; or

   (2) Any of your partners or “members”; whether acting alone or in collusion with other persons.

b. Acts of Employees Learned of by You Prior to the Coverage Period

   Loss caused by an “employee” if the “employee” had also committed “theft” or any other dishonest act prior to the effective date of this insurance and you or any of your partners, “members”, “managers”, officers, directors or trustees, not in collusion with the
"employee", learned of that “theft” or dishonest act prior to the Coverage Period shown in the Supplemental Declarations.

c. Acts of Employees, Managers, Directors, Trustees or Representatives
Loss resulting from “theft” or any other dishonest act committed by any of your “employees”, “managers”, directors, trustees or authorized representatives:
(1) Whether acting alone or in collusion with other persons; or
(2) While performing services for you or otherwise; except when covered under Insuring Agreement A.1.

d. Confidential Information
Loss resulting from:
(1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or
(2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

e. Governmental Action
Loss resulting from seizure or destruction of property by order of governmental authority.

f. Indirect Loss
Loss that is an indirect result of an “occurrence” covered by this insurance including, but not limited to, loss resulting from:
(1) Your inability to realize income that you would have realized had there been no loss of or damage to “money”, “securities” or “other property”.
(2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
(3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

g. Legal Fees, Costs and Expenses
Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement A.2.

h. Nuclear Hazard
Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

i. Pollution
Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

j. War and Military Actions
Loss or damage resulting from:
(1) War, including undeclared or civil war;
(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. Insuring Agreement A.1. does not cover:

a. Inventory Shortages
Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
(1) An inventory computation; or
(2) A profit and loss computation.
However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

b. Trading
Loss resulting from trading, whether in your name or in a genuine or fictitious account.

c. Warehouse Receipts
Loss resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

3. Insuring Agreements A.3., A.4. and A.5. do not cover:

a. Accounting or Arithmetical Errors or Omissions
Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges or Purchases
Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire
Loss or damage resulting from fire, however caused, except:

(1) Loss of or damage to “money” and “securities”; and
(2) Loss from damage to a safe or vault.

d. Money Operated Devices
Loss of property contained in any money operated device unless the amount of “money” deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles or Equipment And Accessories
Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f. Transfer or Surrender of Property

(1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the “premises” or “banking premises”:

(a) On the basis of unauthorized instructions;
(b) As a result of a threat to do bodily harm to any person;
(c) As a result of a threat to do damage to any property;
(d) As a result of a threat to introduce a denial of service attack into your computer system;
(e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;
(f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or
(g) As a result of a threat to disseminate, divulge or utilize:

1) Your confidential information; or
2) Weaknesses in the source code within your computer system.

(2) But, this Exclusion does not apply under Insuring Agreement A.5. to loss of “money”, “securities” or “other property” while outside the “premises” in the care and custody of a “messenger” if you:

(a) Had no knowledge of any threat at the time the conveyance began; or
(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism
Loss from damage to the “premises” or its exterior, or to any safe, vault, cash register, cash box, cash drawer or “other property” by vandalism or malicious mischief.

h. Voluntary Parting of Title to or Possession of Property
Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.
4. **Insuring Agreement A.6.** does not cover:
   
   a. **Credit Card Transactions**  
      Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.
   
   b. **Funds Transfer Fraud**  
      Loss resulting from a “fraudulent instruction” directing a financial institution to transfer, pay or deliver “funds” from your “transfer account”.
   
   c. **Inventory Shortages**  
      Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
      
      1. An inventory computation; or
      2. A profit and loss computation.

5. **Insuring Agreement A.7.** does not cover:
   
   **Computer Fraud**  
   Loss resulting from the use of any computer to fraudulently cause a transfer of “money”, “securities” or “other property”.

E. **CONDITIONS**

The following Conditions apply in addition to the Common Coverage Conditions:

1. **Conditions Applicable to All Insuring Agreements**
   
   a. **Additional Premises or Employees**  
      If, while this insurance is in force, you establish any additional “premises” or hire additional “employees”, other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such “premises” and “employees” shall automatically be covered under this insurance. Notice to us of an increase in the number of “premises” or “employees” need not be given and no additional premium need be paid for the remainder of the Coverage Period shown in the Supplemental Declarations.

   b. **Concealment, Misrepresentation or Fraud**  
      This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Enrolled Named Member, at any time, intentionally conceal or misrepresent a material fact concerning:
      
      1. This insurance;
      2. The property covered under this insurance;
      3. Your interest in the property covered under this insurance; or
      4. A claim under this insurance.

   c. **Consolidation – Merger or Acquisition**  
      If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:
      
      1. You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional contribution; but
      2. For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all “occurrences” causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.
d. Cooperation
You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

e. Duties in the Event of Loss
After you discover a loss or a situation that may result in loss of or damage to “money”, “securities” or “other property” you must:

   (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement A.1. or A.2.) involves a violation of law, you must also notify the local law enforcement authorities.
   (2) Submit to examination under oath at our request and give us a signed statement of your answers.
   (3) Produce for our examination all pertinent records.
   (4) Give us a detailed, sworn proof of loss within 120 days.
   (5) Cooperate with us in the investigation and settlement of any claim.

f. Employee Benefit Plan

   (1) The “employee benefit plan(s)” shown in the Supplemental Declarations (hereinafter referred to as Plan) are included as Enrolled Named Members under Insuring Agreement A.1.
   (2) If any Plan is covered jointly with any other entity under this Coverage Form, you or the Plan Administrator must select a Limit of Insurance for Insuring Agreement A.1. that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately covered.
   (3) With respect to losses sustained or “discovered” by any such Plan, Insuring Agreement A.1. is replaced by the following:
      We will pay for loss of or damage to “funds” and “other property” resulting directly from fraudulent or dishonest acts committed by an “employee”, whether identified or not, acting alone or in collusion with other persons.
   (4) If the First Enrolled Named Member is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
   (5) If two or more Plans are Enrolled Named Member under this Coverage Form, any payment we make for loss sustained by two or more Plans; or Of commingled “funds” or “other property” of two or more Plans; resulting directly from an “occurrence”, will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.
   (6) The Deductible Amount applicable to Insuring Agreement A.1. does not apply to loss sustained by any Plan.

g. Extended Period to Discover Loss
We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is “discovered” by you;

   (1) No later than one (1) year from the date of that cancellation. However, this extended period to “discover” loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded, under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
   (2) No later than one (1) year from the date of that cancellation with regard to any “employee benefit plans”.

h. Joint Enrolled Named Member

   (1) If more than one Enrolled Named Member is named in the Supplemental Declarations, the First Enrolled Named Member will act for itself and for every other Enrolled Named Member for all purposes of this insurance. If the First Enrolled
Named Member ceases to be covered, then the next Enrolled Named Member will become the First Enrolled Named Member.

(2) If any Enrolled Named Member, or partner, “member” or officer of that Enrolled Named Member has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Enrolled Named Member.

(3) An “employee” of any Enrolled Named Member is considered to be an “employee” of every Enrolled Named Member.

(4) If this insurance or any of its coverages is cancelled as to any Enrolled Named Member, loss sustained by that Enrolled Named Member is covered only if it is “discovered” by you:
   (a) No later than 1 year from the date of that cancellation. However, this extended period to “discover” loss terminates immediately upon the effective date of any other insurance obtained by that Enrolled Named Member, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
   (b) No later than 1 year from the date of that cancellation with regard to any “employee benefit plans”.

(5) We will not pay more for loss sustained by more than one Enrolled Named Member than the amount we would pay if all such loss had been sustained by one Enrolled Named Member.

(6) Payment by us to the first Named Enrolled Named Member for loss sustained by any Enrolled Named Member, other than an “employee benefit plan”, shall fully release us on account of such loss.

i. Legal Action Against Us
You may not bring any legal action against us involving loss:
   (1) Unless you have complied with all the terms of this insurance;
   (2) Until ninety (90) days after you have filed proof of loss with us; and
   (3) Unless brought within two (2) years from the date you “discovered” the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

j. Liberalization
If we adopt any revision that would broaden the coverage under this insurance without additional contribution within forty five (45) days prior to or during the Coverage Period shown in the Supplemental Declarations, the broadened coverage will immediately apply to this insurance.

k. Loss Sustained During Prior Insurance Issued by Us or Any Affiliate
(1) Loss Sustained Partly During this Insurance and Partly During Prior Insurance
   If you “discover” loss during the Coverage Period shown in the Supplemental Declarations, resulting directly from an “occurrence” taking place:
   (a) Partly during the Coverage Period shown in the Supplemental Declarations; and
   (b) Partly during the Coverage Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;
   and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this Coverage Period. We will then settle the remaining amount of loss that you sustained during the Coverage Period(s) of the prior insurance.

(2) Loss Sustained Entirely During Prior Insurance
   If you “discover” loss during the Coverage Period shown in the Supplemental Declarations, resulting directly from an “occurrence” taking place entirely during the Coverage Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:
(a) This insurance became effective at the time of cancellation of the prior insurance; and
(b) The loss would have been covered under this insurance had it been in effect at the time of the “occurrence”.

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the Coverage Period(s) of any other prior insurance.

(3) In settling loss subject to this Condition:
(a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.
(b) We will apply the applicable Deductible Amount shown in the Supplemental Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Supplemental Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance. We will not apply any other Deductible Amount that may have been applicable to the loss.

(4) The following examples demonstrate how we will settle losses subject to this Condition E.1.k.:

**Example No. 1:**
The Enrolled Named Member sustained a covered loss of $10,000 resulting directly from an “occurrence” taking place during the terms of Coverage Form A and Coverage Form B.

**COVERAGE FORM A.** The current Coverage Form. Written at a Limit of Insurance of $50,000 and a Deductible Amount of $5,000.

**COVERAGE FORM B.** Issued prior to Coverage Form A. Written at a Limit of Insurance of $50,000 and a Deductible Amount of $5,000.

The amount of loss sustained under Coverage Form A. is $2,500 and under Coverage Form B. is $7,500. The highest single Limit of Insurance applicable to this entire loss is $50,000 written under Coverage Form A.

The Coverage Form A. Deductible Amount of $5,000 applies. The loss is settled as follows:

(1) The amount of loss sustained under Coverage Form A. ($2,500) is settled first. The amount we will pay is nil ($0.00) because the amount of loss is less than the Deductible Amount (i.e., $2,500 loss - $5,000 deductible = $0.00).

(2) The remaining amount of loss sustained under Coverage Form B. ($7,500) is settled next. The amount recoverable is $5,000 after the remaining Deductible Amount from Coverage Form A. of $2,500 is applied to the loss (i.e., $7,500 loss - $2,500 deductible = $5,000). The most we will pay for this loss is $5,000.

**Example No. 2:**
The Enrolled Named Member sustained a covered loss of $250,000 resulting directly from an “occurrence” taking place during the terms of Coverage Form A. and Coverage Form B.

**COVERAGE FORM A.** The current coverage form. Written at a Limit of Insurance of $125,000 and a Deductible Amount of $10,000.

**COVERAGE FORM B.** Issued prior to Coverage Form A. Written at a Limit of Insurance of $150,000 and a Deductible Amount of $25,000.

The amount of loss sustained under Coverage Form A. is $175,000 and under Coverage Form B. is $75,000. The highest single Limit of Insurance applicable to
this entire loss is $150,000 written under Coverage Form B. The Coverage Form A. Deductible Amount of $10,000 applies.

The loss is settled as follows:

(1) The amount of loss sustained under Coverage Form A. ($175,000) is settled first. The amount we will pay is the Coverage Form A. Limit of $125,000 because $175,000 loss - $10,000 deductible = $165,000 which is greater than the $125,000 coverage form limit.

(2) The remaining amount of loss sustained under Coverage Form B. ($75,000) is settled next. The amount we will pay is $25,000 (i.e., $150,000 Coverage Form B. limit - $125,000 paid under Coverage Form A. = $25,000). The most we will pay for this loss is $150,000.

Example No. 3:
The Enrolled Named Member sustained a covered loss of $2,000,000 resulting directly from an “occurrence” taking place during the terms of Coverage Forms A, B, C and D.

COVERAGE FORM A. The current coverage form. Written at a Limit of Insurance of $1,000,000 and a Deductible Amount of $100,000.

COVERAGE FORM B. Issued prior to Coverage Form A. Written at a Limit of Insurance of $750,000 and a Deductible Amount of $75,000.

COVERAGE FORM C. Issued prior to Coverage Form B. Written at a Limit of Insurance of $500,000 and a Deductible Amount of $50,000.

COVERAGE FORM D. Issued prior to Coverage Form C. Written at a Limit of Insurance of $500,000 and a Deductible Amount of $50,000.

The amount of loss sustained under Coverage Form A. is $350,000, under Coverage Form B. is $250,000, under Coverage Form C. is $600,000 and under Coverage Form D. is $800,000.

The highest single Limit of Insurance applicable to this entire loss is $1,000,000 written under Coverage Form A. The Coverage Form A. Deductible Amount of $100,000 applies.

The loss is settled as follows:

(1) The amount of loss sustained under Coverage Form A. ($350,000) is settled first. The amount we will pay is $250,000 (i.e., $350,000 loss - $100,000 deductible = $250,000).

(2) The amount of loss sustained under Coverage Form B. ($250,000) is settled next. The amount we will pay is $250,000 (no deductible is applied).

(3) The amount of loss sustained under Coverage Form C. ($600,000) is settled next. The amount we will pay is $500,000, the Coverage Form limit (no deductible is applied).

(4) We will not make any further payment under Coverage Form D. as the maximum amount payable under the highest single Limit of Insurance applying to the loss of $1,000,000 under Coverage Form A. has been satisfied.

The most we will pay for this loss is $1,000,000.

I. Loss Sustained During Prior Insurance Not Issued by Us or Any Affiliate

(1) If you “discover” loss during the Coverage Period shown in the Supplemental Declarations, resulting directly from an "occurrence" taking place during the Coverage Period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:

(a) This insurance became effective at the time of cancellation of the prior insurance; and

(b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".
(2) In settling loss subject to this Condition:
   (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.
   (b) We will apply the applicable Deductible Amount shown in the Supplemental Declarations to the amount of loss sustained under the prior cancelled insurance.

(3) The insurance provided under this Condition is subject to the following:
   (a) If loss covered under this Condition is also partially covered under Condition E.1.k., the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition E.1.k.
   (b) For loss covered under this Condition that is not subject to Paragraph (3)(a), the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:
      i) This insurance as of its effective date; or
      ii) The prior cancelled insurance had it remained in effect.

m. Other Insurance
If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

(1) Primary Insurance
   When this insurance is written as primary insurance, and:
   (a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Supplemental Declarations bears to the total limit of all insurance covering the same loss.
   (b) You have other insurance covering the same loss other than that described in Paragraph (1)(a), we will only pay for the amount of loss that exceeds:
      1) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or
      2) The Deductible Amount shown in the Supplemental Declarations; whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

(2) Excess Insurance
   (a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.
   (b) However, if loss covered under this insurance is subject to a Deductible, we will reduce the Deductible Amount shown in the Supplemental Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

n. Ownership of Property; Interests Covered
The property covered under this insurance is limited to property:
(1) That you own or lease; or
(2) That you hold for others whether or not you are legally liable for the loss of such property. However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

o. Records
You must keep records of all property covered under this insurance so we can verify the amount of any loss.
p. **Recoveries**

(1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or you, shall be applied net of the expense of such recovery:

(a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;
(b) Second, to us in satisfaction of amounts paid in settlement of your claim;
(c) Third, to you in satisfaction of any Deductible Amount; and
(d) Fourth, to you in satisfaction of any loss not covered under this insurance.

(2) Recoveries do not include any recovery:

(a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
(b) Of original “securities” after duplicates of them have been issued.

q. ** Territory**

This insurance covers loss that you sustain resulting directly from an “occurrence” taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.

r. **Transfer of Your Rights of Recovery Against Others to Us**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

s. **Valuation – Settlement**

(1) The value of any loss for purposes of coverage under this Coverage Form shall be determined as follows:

(a) Loss of “money” but only up to and including its face value. We will, at your option, pay for loss of “money” issued by any country other than the United States of America:

1) At face value in the “money” issued by that country; or
2) In the United States of America dollar equivalent determined by the rate of exchange published in The Wall Street Journal on the day the loss was “discovered”.

(b) Loss of “securities” but only up to and including their value at the close of business on the day the loss was “discovered”. We may, at our option:

1) Pay the market value of such “securities” or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those “securities”; or
2) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the “securities”. However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

3) Market value of the “securities” at the close of business on the day the loss was “discovered”; or
4) The Limit of Insurance applicable to the “securities”.

(c) Loss of or damage to “other property” or loss from damage to the “premises” or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

1) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;
2) The amount you actually spend that is necessary to repair or replace the lost or damaged property; or
3) The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs s.(1)(c)(i) through s.(1)(c)(iii), we will not pay on a replacement cost basis for any loss or damage:
1) Until the lost or damaged property is actually repaired or replaced; and
2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) We will, at your option, settle loss or damage to property other than “money”:
   (a) In the “money” of the country in which the loss or damage occurred; or
   (b) In the United States of America dollar equivalent of the “money” of the country in which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was “discovered”.

(3) Any property that we pay for or replace becomes our property.

2. Conditions Applicable to Insuring Agreement A.1.
   a. Indemnification
      We will indemnify any of your “employees” who are required by law to give individual bonds for the faithful performance of their duties against loss through “theft” committed by “employees” who serve under them, subject to the applicable Limit of Insurance.
   b. Termination as to Any Employee
      This Insuring Agreement terminates as to any “employee”:
      (1) As soon as:
          (a) You; or
          (b) Any of your partners, “members”, “managers”, officers, directors, or trustees not in collusion with the “employee”; learn of “theft” or any other dishonest act committed by the “employee” whether before or after becoming employed by you.
      (2) On the date specified in a notice mailed to the First Enrolled Named Member. That date will be at least 30 days after the date of mailing. We will mail or deliver our notice to the first Named Enrolled Named Member’s last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
   c. Territory
      We will pay for loss caused by any “employee” while temporarily outside the territory specified in the Territory Condition E.1.q. for a period of not more than ninety (90) consecutive days.

   a. Deductible Amount
      The Deductible Amount does not apply to legal expenses paid under Insuring Agreement A.2.
   b. Electronic and Mechanical Signatures
      We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.
   c. Proof of Loss
      You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
   d. Territory
      We will cover loss you sustain resulting directly from an “occurrence” taking place anywhere in the world. Territory Condition E.1.q. does not apply to Insuring Agreement A.2.

   a. Armored Motor Vehicle Companies
      Under Insuring Agreement A.5., we will only pay for the amount of loss you cannot recover:
      (1) Under your contract with the armored motor vehicle company; and
      (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.
   b. Special Limit of Insurance for Specified Property
      We will only pay up to $5,000 for any one “occurrence” of loss of or damage to:
(1) Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
(2) Manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

   a. Special Limit of Insurance for Specified Property
      We will only pay up to $5,000 for any one “occurrence” of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.
   b. Territory
      We will cover loss you sustain resulting directly from an “occurrence” taking place anywhere in the world. Territory Condition E.1.q. does not apply to Insuring Agreement A.6.

F. DEFINITIONS
   1. “Banking premises” means the interior of that portion of any building occupied by a banking institution or similar safe depository.
   2. “Counterfeit money” means an imitation of “money” that is intended to deceive and to be taken as genuine.
   3. “Custodian” means you, or any of your partners or “members”, or any “employee” while having care and custody of property inside the “premises”, excluding any person while acting as a “watchperson” or janitor.
   4. “Discover” or “discovered” means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known. “Discover” or “discovered” also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.
   5. “Employee”:
      a. “Employee” means:
         (1) Any natural person:
            (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to “theft” or any dishonest act committed by the “employee”;
            (b) Who you compensate directly by salary, wages or commissions; and
            (c) Who you have the right to direct and control while performing services for you;
         (2) Any natural person who is furnished temporarily to you:
            (a) To substitute for a permanent “employee” as defined in Paragraph a.(1), who is on leave; or
            (b) To meet seasonal or short-term work load conditions; while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the “premises”;
         (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary “employee” as defined in Paragraph a.(2);
         (4) Any natural person who is:
            (a) A trustee, officer, “employee”, administrator or “manager”, except an administrator or “manager” who is an independent contractor, of any “employee benefit plan”; and
(b) A director or trustee of yours while that person is engaged in handling “funds” or “other property” of any “employee benefit plan”;

(5) Any natural person who is a former “employee”, partner, “member”, “manager”, director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the “premises”;

(7) Any “employee” of an entity merged or consolidated with you prior to the effective date of this Coverage Form; or

(8) Any of your “managers”, directors or trustees while:
   (a) Performing acts within the scope of the usual duties of an “employee”; or
   (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

(9) Any non-compensated natural person:
   (a) Other than one who is a fund solicitor, while performing services for you that are usual to the duties of an “employee”; or
   (b) While acting as a fund solicitor during fund raising campaigns.

b. “Employee” does not mean:
   Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 5.a.

6. “Employee benefit plan” means any welfare or pension benefit plan shown in the Supplemental Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

7. “Forgery” means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

8. “Fraudulent instruction” means:
   a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
   b. A written instruction (other than those described in Insuring Agreement A.2.) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
   c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an “employee” but which was in fact fraudulently transmitted by someone else without your or the “employee's” knowledge or consent.

9. “Funds” means “money” and “securities”.

10. “Manager” means a person serving in a directorial capacity for a limited liability company.

11. “Member” means an owner of a limited liability company represented by its membership interest, who also may serve as a “manager”.

12. “Messenger” means you, or a relative of yours, or any of your partners or “members”, or any “employee” while having care and custody of property outside the “premises”.

13. “Money” means:
   a. Currency, coins and bank notes in current use and having a face value; and
   b. Travelers checks, register checks and money orders held for sale to the public.

14. “Occurrence” means:
   a. Under Insuring Agreement A.1.:
      (1) An individual act;
      (2) The combined total of all separate acts whether or not related; or
(3) A series of acts whether or not related; committed by an “employee” acting alone or in collusion with other persons, during the Coverage Period shown in the Supplemental Declarations, except as provided under Condition E.1.k. or E.1.l.

b. Under Insuring Agreement A.2.:
   (1) An individual act;
   (2) The combined total of all separate acts whether or not related; or
   (3) A series of acts whether or not related; committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Coverage Period shown in the Supplemental Declarations, except as provided under Condition E.1.k. or E.1.l.

c. Under All Other Insuring Agreements:
   (1) An individual act or event
   (2) The combined total of all separate acts or events whether or not related; or
   (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Coverage Period shown in the Supplemental Declarations, except as provided under Condition E.1.k. or E.1.l.

15. “Other property” means any tangible property other than “money” and “securities” that has intrinsic value. “Other property” does not include computer programs, electronic data or any property specifically excluded under this insurance.

16. “Premises” means the interior of that portion of any building you occupy in conducting your business.

17. “Robbery” means the unlawful taking of property from the care and custody of a person by one who has:
   a. Caused or threatened to cause that person bodily harm; or
   b. Committed an obviously unlawful act witnessed by that person.

18. “Safe burglary” means the unlawful taking of:
   a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
   b. A safe or vault from inside the “premises”.

19. “Securities” means negotiable and nonnegotiable instruments or contracts representing either “money” or property and includes:
   a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
   b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include “money”.

20. “Theft” means the unlawful taking of property to the deprivation of the Enrolled Named Member.

21. “Transfer account” means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of “funds”:
   a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
   b. By means of written instructions (other than those described in Insuring Agreement A.2.) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

22. “Watchperson” means any person you retain specifically to have care and custody of property inside the “premises” and who has no other duties.
MEMORANDUM OF COVERAGE (MOC)
FAITHFUL PERFORMANCE OF DUTY FOR EMPLOYEES

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
CRIME (LOSS SUSTAINED)

A. Provisions

1. The following is added to the Employee Theft Insuring Agreement designated above: We will pay for loss or damage to “money”, “securities” and “other property” resulting directly from the failure of any “employee” to faithfully perform his or her duties as prescribed by law, when such failure has as its direct and immediate result a loss of your covered property.

2. As respects the coverage provided by this endorsement, the following exclusions are added to Section D.2. Exclusions:
   d Loss resulting from the failure of any entity acting as a depository for your property or property for which you are responsible.
   e Damages for which you are legally liable as a result of:
      (1) The deprivation or violation of the civil rights of any person by an "employee"; or
      (2) The tortious conduct of an "employee", except the conversion of property of other parties held by you in any capacity.

3. As respects the coverage provided by this endorsement, Paragraph 2.b.(1) of the Termination As To Any Employee Condition is replaced by the following:
   (1) As soon as:
      (a) You; or
      (b) Any "employee" authorized to manage, govern or control your "employees" learn of any act committed by the "employee" whether before or after becoming employed by you, which would constitute a loss covered under the terms of the Employee Theft Insuring Agreement, as amended by this endorsement.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
## MEMORANDUM OF COVERAGE (MOC)  
### GENERAL LIABILITY SUPPLEMENTAL DECLARATIONS

This Coverage Form and endorsements provide coverage on an occurrence basis. Please read the entire carefully. In return for the payment of the contribution, and subject to all the terms of this Coverage Form, we agree with you to provide the insurance as stated in this Coverage Form.

| Item #1 | First Enrolled Named Member: | California Association of Mutual Water Companies  
Joint Powers Risk and Insurance Management Authority (JPRIMA) |
<table>
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<tr>
<td>Item #2</td>
<td>Enrolled Named Member:</td>
<td>Santa Ana Watershed Project Authority</td>
</tr>
<tr>
<td>Item #3</td>
<td>Participation Certificate #:</td>
<td>JPAPKG-00233-02</td>
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| Item #4 | Mailing Address:             | Allied Community Insurance Services, LLC  
11452 El Camino Real Suite 250  
San Diego, CA 92130 |
| Item #5 | Coverage Period:             | 4/1/2020 to 4/1/2021  
12:01 A.M. Pacific Standard Time |

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<tr>
<th>Item #6</th>
<th>Description</th>
<th>Limit</th>
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| General Aggregate  
(Bodily Injury, Property Damage & Medical Expenses) | $10,000,000 |
| Products & Completed Operations Aggregate | $10,000,000 |
| Personal and Advertising Injury | $1,000,000 |
| Each Occurrence | $1,000,000 |
| Damage to Premises Rent to You | $1,000,000 Any One Premises |
| Medical Expenses | $10,000 Any One Person |

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<th>Item #7</th>
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<th>Form / Limit</th>
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<td>Employee Benefit Plans</td>
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<td>Each Employee Aggregate Limit</td>
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<tr>
<td>Retroactive Date</td>
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<td>Hired And Non-Owned Auto Liability</td>
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<td>Aggregate Limit</td>
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<th>Item #8</th>
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<td>Item #9</td>
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JPRIMA - 005_MOC_General_Liability_4.1.2016  
JPRIMA - 019_MOC_General_Liability_1.1.2018 |
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<tr>
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<th>Dam, Reservoir or Levee</th>
<th>Location</th>
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Authorized Representative: (Paul Fuller)  
Date: 5/5/2020
MEMORANDUM OF COVERAGE (MOC)
GENERAL LIABILITY

Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties and what is and is not covered. Throughout this Coverage Form the words “you” and “your” refer to the Enrolled Named Member shown in the Supplemental Declarations, and any other person or organization qualifying as an Enrolled Named Member under this Coverage Form. The words “we,” “us” and “our” refer to the company providing this insurance. The words “coverage period” mean the term of duration of the Coverage Form shown in the Supplemental Declarations. The word “Enrolled Named Member” means any person or organization qualifying as such under Section II. – Who Is An Enrolled Named Member. Other words and phrases that appear in quotation marks have special meaning. Refer to Section V. – Definitions.

SECTION I. – COVERAGES

A. COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY
   1. Insuring Agreement
      a. We will pay those sums that the Enrolled Named Member becomes legally obligated to pay as damages because of “bodily injury” or “property damage” to which this insurance applies. We will have the right and duty to defend the Enrolled Named Member against any “suit” seeking those damages. However, we will have no duty to defend the Enrolled Named Member against any “suit” seeking damages for “bodily injury” or “property damage” to which this insurance does not apply. We may, at our discretion, investigate any “occurrence” and settle any claim or “suit” that may result. But:
         (1) The amount we will pay for damages is limited as described in SECTION III – LIMITS OF INSURANCE; and
         (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A, B or medical expenses under Coverage C.
         No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.
      b. This insurance applies to “bodily injury” or “property damage” only if:
         (1) The “bodily injury” or “property damage” is caused by an “occurrence” arising out of your operations that takes place in the “coverage territory”; and
         (2) The “bodily injury” or “property damage” occurs during the Coverage period; and
         (3) Prior to the coverage period, no Enrolled Named Member listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of SECTION II. – WHO IS AN ENROLLED NAMED MEMBER and no “employee” authorized by you to give or receive notice of an “occurrence” or claim, knew or had reason to know that the “bodily injury” or “property damage” had occurred in whole or in part. If such a listed Enrolled Named Member or authorized “employee” knew or had reason to know, prior to the coverage period, that the “bodily injury” or “property damage” occurred in whole or part, then any continuation, change or resumption of such “bodily injury” or “property damage” during or after the coverage period will be deemed to have been known to have occurred prior to the coverage period.
      c. “Bodily injury” or “property damage” which occurs during the coverage period and was not, prior to the coverage period, known to have occurred by any Enrolled Named Member listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of SECTION II. – WHO IS AN ENROLLED NAMED MEMBER or any “employee” authorized by you to give or receive notice of an “occurrence”, or claim, includes any continuation, change or resumption of that “bodily injury” or “property damage” after the end of the coverage period.
d. “Bodily injury” or “property damage” will be deemed to have been known to have occurred when any Enrolled Named Member listed under Paragraph 1., Paragraph 2.a., or Paragraph 2.f. of **SECTION II – WHO IS AN ENROLLED NAMED MEMBER** or any Enrolled Named Member authorized by you to give or receive notice of an “occurrence” or claim:
(1) Reports all, or any part, of the “bodily injury” or “property damage” to us or any other insurer;
(2) Receives a written or verbal demand or claim for damages because of the “bodily injury” or “property damage”; or
(3) Becomes aware by any other means that “bodily injury” or “property damage” has occurred or has begun to occur.

e. Damages because of “bodily injury” include damages claimed by any person or organization for care, loss of services or death resulting at any time from the “bodily injury”.

f. The insurance provided under **COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is extended to apply to “bodily injury” or “property damage” arising out of your “water or wastewater professional activity”. An act, error or omission arising out of your “water or wastewater professional activity” shall be considered one “occurrence”.

2. **Exclusions Applicable to Coverage A**

This insurance does not apply to:

a. **Aircraft, Auto or Watercraft**

“Bodily injury” or “property damage” arising out of the ownership, maintenance, use or entrustment to others of any aircraft, “auto”, or watercraft owned or operated by, or rented or loaned to any Enrolled Named Member. Use includes operation and “loading or unloading”. This exclusion applies even if the claims against any Enrolled Named Member allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Enrolled Named Member, if the “occurrence” which caused the “bodily injury” or “property damage” involved the ownership, maintenance, use or entrustment to others of any aircraft, “auto” or watercraft that is owned or operated by or rented or loaned to any Enrolled Named Member. This exclusion does not apply to:

(1) An aircraft with a maximum passenger capacity of twenty (20) persons (including crew) that you do not own used solely for business travel of employees.

(2) A watercraft while ashore on premises you own or rent;

(3) A watercraft you do not own that is:
   (a) Less than 26 feet long
   (b) Not being used to carry persons or property for a charge
   (4) Liability assumed under any “Enrolled Named Member contract” for the ownership, maintenance or use of aircraft or watercraft;

(5) A watercraft you own that is:
   (a) Powered by a motor or combination of motors of 250 horsepower or less;
   (b) Not powered by a motor; or
   (c) A “personal watercraft”;

(6) Parking an “auto” on, or on the ways next to, premises you own or rent, provided the “auto” is not owned by or rented or loaned to you or the Enrolled Named Member; or

(7) “Bodily injury” or “property damage” arising out of:
   (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of “mobile equipment” if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it licensed or principally garaged; or
   (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of “mobile equipment”.

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b. Asbestos
Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials, or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them. This exclusion does not apply to “bodily injury” or “property damage” arising out of “potable water” which you supply to others.

c. Contractual Liability
“Bodily injury” or “property damage” for which the Enrolled Named Member is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
(1) That the Enrolled Named Member would have in the absence of the contract or agreement; or
(2) Assumed in a contract or agreement that is an “Enrolled Named Member contract”, provided the “bodily injury” or “property damage” occurs or takes place subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in a “Enrolled Named Member contract”, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than a Enrolled Named Member are deemed to be damages because of “bodily injury” or “property damage” provided:
(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same “Enrolled Named Member contract”; and
(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

d. Dam, Reservoir or Levee Structural Failure or Collapse
“Bodily injury” or “property damage”, loss, costs or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, seepage, under seepage, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee, or dike owned, operated, maintained, constructed or controlled by any Enrolled Named Member. This exclusion does not apply to “bodily injury” or property damage", loss, costs or expense arising directly or indirectly out of the structural failure, collapse, bursting, flooding, cracking, settling, spillage, subsidence, landslide or other earth movement of any dam, reservoir, levee or dike which is scheduled in the coverage Supplemental Declarations.

e. Damage to Impaired Property or Property Not Physically Injured
“Property damage” to “impaired property” or property that has not been physically injured, arising out of:
(1) A defect, deficiency, inadequacy or dangerous condition in “your product” or “your work”; or
(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.
This exclusion does not apply to your potable water, nonpotable water, or wastewater as well as any loss of use of other property arising out of sudden and accidental physical injury to “your product” or “your work” after it has been put to its intended use.

f. Damage to Property
“Property damage” to:
(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
(2) Premises you sell, give away or abandon, if the “property damage” arises out of any part of those premises;
(3) Property loaned to you;
(4) Personal property in the care, custody or control of the Enrolled Named Member;
(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the “property damage” arises out of those operations; or
(6) That particular part of any property that must be restored, repaired or replaced because “your work” was incorrectly performed on it.
Paragraphs (1), (3) and (4) of this exclusion do not apply to “property damage” (other than damage by fire) to premises, including the contents of such premises, rented or loaned to you for a period of thirty (30) or fewer consecutive days. A separate limit of insurance applies to Damage to Premises Rented to You as described in SECTION III. – LIMITS OF INSURANCE. Paragraph (2) of this exclusion does not apply if the premises are “your work” and were never occupied, rented or held for rental by you. Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement. Paragraph (6) of this exclusion does not apply to “property damage” included in the “products-completed operations hazard”.

g. Damage to Your Product
“Property damage” to “your product” arising out of it or any part of it.

h. Damage to Your Work
“Property damage” to “your work” arising out of it or any part of it and included in the “products-completed operations hazard”. This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

i. Distribution of Material in Violation of Statutes
“Bodily injury” or “property damage” arising directly or indirectly out of any action or omission that violates or is alleged to violate:
(1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
(2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
(3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

j. Electronic Data
Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data. As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

k. Employer’s Liability
“Bodily injury” to:
(1) An “employee” of the Enrolled Named Member arising out of or in the course of:
   (a) Employment by the Enrolled Named Member; or
   (b) Performing duties related to the conduct of the Enrolled Named Member’s operations;
(2) A “volunteer worker”, if you provide or are required to provide benefits for such “volunteer worker” under any workers’ compensation, disability benefits, or unemployment compensation law, or any similar law; or
(3) The spouse, child, parent, brother or sister of that “employee” or “volunteer worker” as a consequence of (1) or (2) above.
This exclusion applies whether the Enrolled Named Member may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.
This exclusion does not apply to liability assumed by the Enrolled Named Member under an “Enrolled Named Member contract”.

l. Employment Practices and Employee Benefit Plans
“Bodily injury” or “property damage” arising out of your “employment practices” or “administration” of your “employee benefit plans”.

m. Expected or Intended Injury
“Bodily injury” or “property damage” expected or intended from the standpoint of the Enrolled Named Member. This exclusion does not apply to “bodily injury” or “property damage” resulting from reasonable force to protect persons or property.

n. Fungi or Bacteria
(1) Any injury or damage which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any “fungi” or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

(2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, “fungi” or bacteria, by any Enrolled Named Member or by any other person or entity.

(3) This exclusion does not apply:
(a) To any “fungi” or bacteria that are, are on, or are contained in a good or product intended for consumption; or
(b) To any injury or damage arising out of or caused by your water, irrigation, or wastewater intake, outtake, reclamation, treatment and distribution processes.

o. Lead, Electromagnetic Radiation, Nuclear
(1) Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to:
(a) The toxic properties of lead, or any material or substance containing lead with the exception of “potable water” which you supply to others; or
(b) Electromagnetic radiation; or exposure thereto, or for the costs of abatement, mitigation, removal, elimination, or disposal of any of them.

(2) Any loss, cost or expense arising out of any actual, alleged or threatened injury or damage to any person or property from any radioactive matter or nuclear material.

p. Mobile Equipment
“Bodily injury” or “property damage” arising out of:
(1) The transportation of “mobile equipment” by an “auto” owned or operated by or rented or loaned to any Enrolled Named Member; or
(2) The use of “mobile equipment” in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

q. Personal and Advertising Injury
“Bodily injury” arising out of “personal and advertising injury”.

r. Pollution
Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous.

Environment includes any air, land, structure (or the air within), watercourse or other body of water, including underground water.
(1) This exclusion does not apply:

(a) To "bodily injury" if sustained within a building which is or was at any time owned or occupied by, or rented or loaned to, any Enrolled Named Member and is caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests.

(b) To "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire" unless that "hostile fire" occurred or originated:

(i) At any premises, site or location which is or was at any time used by any Enrolled Named Member or others for the handling, storage, disposal, processing or treatment of waste; or

(ii) At any premises, site or location on which any Enrolled Named Member or other contractors or subcontractors working directly or indirectly on any Enrolled Named Member's behalf are performing operations to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of, "pollutants" except to the extent coverage is provided in Paragraph (c) below.

(c) To "bodily injury" or "property damage" which occurs or takes place as a result of your operations provided the "bodily injury" or "property damage" is not otherwise excluded in whole or in part and arises out of the following:

(i) "Potable water" which you supply to others;

(ii) Chemicals you use in your water or wastewater treatment process;

(iii) Natural gas or propane gas you use in your water or wastewater treatment process;

(iv) Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;

(v) Your application of pesticide or herbicide if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;

(vi) Smoke drift from controlled or prescribed burning that has been authorized and permitted by the respective regulatory agency.

(vii) Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, but only if:

a) The fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them; and

b) The fuels, lubricants or other operating fluids are not:

   i) Intentionally discharged; or

   ii) Brought on or to a premises, site or location with the intent to be discharged as part of the operations being performed by an Enrolled Named Member, contractor or subcontractor.

(d) "Bodily Injury" and "property damage" arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" if such "bodily injury" or "property damage" is sudden and accidental and neither expected nor intended by an Enrolled Named Member. However, no coverage is provided under this exclusion for petroleum underground storage tanks; or Paragraph (1)(c) and (1)(d) of this exclusion only apply if the discharge is accidental, unintended and stopped as soon as possible. The entirety of any discharge or series of related discharges will be deemed a single discharge regardless of the length of time over which the "pollutants" are released. The
entirety of any discharge or series of related discharges will be deemed to have only occurred at the date the earliest discharge commenced.

(e) To “bodily injury” or to “property damage” if such “bodily injury” or “property damage” is caused by the escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if “property damage” occurs away from land you own or lease.

(2) This insurance does not apply to any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any Enrolled Named Member or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, “pollutants”; or

(b) Claim or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, “pollutants”. However, this paragraph does not apply to liability for damages because of “property damage” that the Enrolled Named Member would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or “suit” by or on behalf of a governmental authority. Discharge as used in this exclusion includes dispersal, seepage, migration, release or escape.

s. Professional Services
Any liability arising out of any act, error, omission, malpractice or mistake of a professional nature committed by the Enrolled Named Member or any person for whom the Enrolled Named Member is legally responsible. It is understood this exclusion applies even if the claims against any Enrolled Named Member allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Enrolled Named Member. However, this exclusion does not apply to “bodily injury” or “property damage” arising out of your “water or wastewater professional activities”.

t. Public Use of Property
“Bodily injury” or “property damage” arising out of the principles of eminent domain, condemnation, inverse condemnation or adverse possession.

u. Recall of Products, Work or Impaired Property
Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) “Your product”; (2) “Your work”; (3) “Impaired property”; if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it. This exclusion does not apply to any injury or damage arising out of or caused by your potable water, nonpotable water, or wastewater.

v. Riot, Civil Commotion or Mob Action
“Bodily injury” or “property damage” arising out of:

(1) Riot, civil commotion or mob action; or (2) Any act or omission in connection with the prevention or suppression of a riot, civil commotion or mob action.

w. Sexual Abuse
“Bodily injury” arising out of the “sexual abuse” of any person. However, this exclusion shall not apply to the Named Enrolled Named Member if no elected or appointed official, “executive officer”, officer, director, or trustee of the Named Enrolled Named Member knew or had reason to know of the “sexual abuse”.
Also, we will defend an Enrolled Named Member for covered civil action subject to the other terms of this Coverage Form until either a judgment or final adjudication establishes such an act, or the Enrolled Named Member confirms such act.

x. Specific Operations
“Bodily injury” or “property damage” arising from the ownership, operation, maintenance, entrustment to others, or use of any:
(1) Gas or electric generation facility; or
(2) Sanitary landfill, dump, or other permanent waste disposal facility.

y. War
(1) “Bodily injury” or “property damage”, however caused, arising, directly or indirectly, out of:
(2) War, including undeclared or civil war;
(3) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
(4) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

z. Workers' Compensation and Similar Laws
Any obligation of the Enrolled Named Member under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

aa. Liquor Liability
“Bodily injury” or “property damage” for which any Enrolled Named Member may be held liable by reason of:
(1) Causing or contributing to the intoxication of any person;
(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages. This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

Exclusions a. through c., e. through m., and o. through z., do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in SECTION III. – LIMITS OF INSURANCE.

B. COVERAGE B. PERSONAL AND ADVERTISING INJURY
1. Insuring Agreement
a. We will pay those sums that the Enrolled Named Member becomes legally obligated to pay as damages because of “personal and advertising injury” to which this insurance applies. We will have the right and duty to defend the Enrolled Named Member against any “suit” seeking those damages. However, we will have no duty to defend the Enrolled Named Member against any “suit” seeking damages for “personal and advertising injury” to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or “suit” that may result. But:
(1) The amount we will pay for damages is limited as described in SECTION III. – LIMITS OF INSURANCE; and
(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.

b. This coverage applies to “personal and advertising injury” only if:
2. Exclusions Applicable to Coverage B
This insurance does not apply to:

a. Asbestos
   Any injury, damage, expense, cost, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials, or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

b. Breach of Contract
   “Personal and advertising injury” arising out of a breach of contract, except an implied contract to use another's advertising idea in your “advertisement”.

c. Contractual Liability
   “Personal and advertising injury” for which the Enrolled Named Member has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the Enrolled Named Member would have in the absence of the contract or agreement.

d. Criminal Acts
   “Personal and advertising injury” arising out of a criminal act committed by or at the direction of the Enrolled Named Member.

e. Distribution of Material in Violation of Statutes
   (1) “Personal and advertising injury” arising directly or indirectly out of any action or omission that violates or is alleged to violate:
   (2) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
   (3) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
   (4) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communication or distribution of material or information.

f. Electronic Chatrooms or Bulletin Boards
   “Personal and advertising injury” arising out of an electronic chatroom or bulletin board the Enrolled Named Member hosts, owns, or over which the Enrolled Named Member exercises control.

g. Employment Practices and Employee Benefit Plans
   “Personal and advertising injury” arising out of your “employment practices” or “administration” of your “employee benefit plans”.

h. Fungi or Bacteria
   (1) Any injury which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any “fungi” or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
   (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, “fungi”.

i. Infringement of Copyright, Patent, Trademark or Trade Secret
   “Personal and advertising injury” arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your “advertisement”. However, this exclusion does not apply to infringement, in your “advertisement”, of copyright, trade dress or slogan.
j. **Enrolled Named Members in Media and Internet Type Businesses**

"Personal and advertising injury" committed by an Enrolled Named Member whose business is:

1. Advertising, broadcasting, publishing or telecasting;
2. Designing or determining content of web-sites for others; or
3. An Internet search, access, content or service provider. However, this exclusion does not apply to Paragraphs 18.a, b., and c. of "personal and advertising injury" under the Definitions section. For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. **Knowing Violation of the Rights of Another**

"Personal and advertising injury" caused by or at the direction of the Enrolled Named Member with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

l. **Lead, Electromagnetic Radiation, Nuclear**

1. Any injury, expense, cost, loss, liability or legal obligation arising out of or in any way related to:
   a. The toxic properties of lead, or any material or substance containing lead; or
   b. Electromagnetic radiation; or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.
2. Any loss, cost or expense arising out of any actual, alleged or threatened injury to any person or property from any radioactive matter or nuclear material.

m. **Material Published Prior to Coverage Form Period**

"Personal and advertising injury" arising out of the oral or written publication of material whose first publication took place before the beginning of the COVERAGE FORM period.

n. **Material Published with Knowledge of Falsity**

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the Enrolled Named Member with knowledge of its falsity.

o. **Pollution**

"Personal and advertising injury" arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air therein), watercourse or other body of water, including underground water.

p. **Pollution Related**

Any loss, cost or expense arising out of any:

1. Request, demand, order or statutory or regulatory requirement that any Enrolled Named Member or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
2. Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

q. **Professional Services**

Any liability arising out of any act, error, omission, malpractice or mistake of a professional nature committed by the Enrolled Named Member or any person for whom the Enrolled Named Member is legally responsible. It is understood this exclusion applies even if the claims against any Enrolled Named Member allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Enrolled Named Member.
r. **Public Use of Property**  
“Personal and advertising injury” arising out of the principles of eminent domain, condemnation, inverse condemnation or adverse possession.

s. **Quality or Performance of Goods – Failure to Conform To Statements**  
“Personal and advertising injury” arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your “advertisement”.

t. **Sexual Abuse**  
“Personal and advertising injury” arising out of the “sexual abuse” of any person.

u. **Specific Operations**  
“Personal and advertising injury” arising from the ownership, operation, maintenance, entrustment to others, or use of any:  
(1) Gas or electric generation facility; or  
(2) Sanitary landfill, dump, or other permanent waste disposal facility.

v. **Unauthorized Use of Another’s Name or Product**  
“Personal and advertising injury” arising out of the unauthorized use of another’s name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another’s potential customers.

w. **War**  
“Personal and advertising injury”, however caused, arising, directly or indirectly, out of:  
(1) War, including undeclared or civil war;  
(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or  
(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

x. **Wrong Description of Prices**  
“Personal and advertising injury” arising out of the wrong description of the price of goods, products or services stated in your “advertisement”.

C. **COVERAGE C. MEDICAL EXPENSE**

1. **Insuring Agreement**
   a. At your written request, we will pay medical expenses as described below for “bodily injury” caused by an accident:  
      (1) On premises you own or rent;  
      (2) On ways next to premises you own or rent;  
      (3) On that portion of a right-of-way, easement, or similar interest in property, which you do not own or rent, upon which water, sewer, or other utility fixtures are installed as part of your operations, including any surface feature which directly results from the presence of such water, sewer or other utility fixture, but does not include any other portion of a right of-way, easement or similar interest in property; or  
      (4) Because of your operations;  
      provided that:  
      (a) The accident takes place in the “coverage territory” and during the coverage period;  
      (b) The expenses are incurred and reported to us within one year of the date of the accident; and  
      (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

   b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:  
      (1) First aid administered at the time of an accident;  
      (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and  
      (3) Necessary ambulance, hospital, professional nursing and funeral services.
2. Exclusions Applicable to Coverage C
   We will not pay medical expenses for "bodily injury":
   a. Any Enrolled Named Member
      To any Enrolled Named Member, except “volunteer workers” not performing an
      “emergency service activity” or a “law enforcement activity”.
   b. Athletic Activities
      To a person injured while practicing, instructing or participating in any physical exercises
      or games, sports, or athletic contests.
   c. Coverage A Exclusions
      Excluded under COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE
      LIABILITY.
   d. Hired Person
      To a person hired to do work for or on behalf of any Enrolled Named Member or a tenant
      of any Enrolled Named Member.
   e. Injury on Normally Occupied Premises
      To a person injured on that part of premises you own or rent that the person normally
      occupies.
   f. Products – Completed Operations Hazard
      Included within the “products-completed operations hazard”.
   g. Workers’ Compensation and Similar Laws
      To a person, whether or not an “employee” of any Enrolled Named Member, if benefits
      for the “bodily injury” are payable or must be provided under a workers’ compensation or
      disability benefits law or a similar law.

D. SUPPLEMENTARY PAYMENTS – COVERAGES A AND B
   1. We will pay, with respect to any claim we investigate or settle, or any “suit” against an
      Enrolled Named Member we defend:
      a. All expenses we incur.
      b. Up to $1,000 for the cost of bail bonds required because of accidents or traffic law
         violations arising out of the use of any vehicle to which the Bodily Injury Liability
         Coverage applies. We do not have to furnish these bonds.
      c. The cost of bonds to release attachments, but only for bond amounts within the
         applicable limit of insurance. We do not have to furnish these bonds.
      d. All reasonable expenses incurred by the Enrolled Named Member at our request to assist
         us in the investigation or defense of the claim or "suit", including actual loss of earnings
         up to $500 a day because of time off from work.
      e. All court costs taxed against the Enrolled Named Member in the “suit”. However, these
         payments do not include attorneys’ fees or attorneys’ expenses taxed against the
         Enrolled Named Member.
      f. Prejudgment interest awarded against the Enrolled Named Member on that part of the
         judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not
         pay any prejudgment interest based on that period of time after the offer.
      g. All interest on the full amount of any judgment that accrues after entry of the judgment
         and before we have paid, offered to pay, or deposited in court the part of the judgment
         that is within the applicable limit of insurance.
      These payments will not reduce the limits of insurance.
   2. If we defend an Enrolled Named Member against a “suit” and an indemnitee of the Enrolled
      Named Member is also named as a party to the “suit”, we will defend that indemnitee if all of
      the following conditions are met:
      a. The “suit” against the indemnitee seeks damages for which the Enrolled Named Member
         has assumed the liability of the indemnitee in a contract or agreement that is an "Enrolled
         Named Member contract”;
      b. This insurance applies to such liability assumed by the Enrolled Named Member;
c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the Enrolled Named Member in the same "Enrolled Named Member contract";
d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the Enrolled Named Member and the interests of the indemnitee;
e. The indemnitee and the Enrolled Named Member ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the Enrolled Named Member and the indemnitee; and
f. The indemnitee:
   (1) Agrees in writing to:
      (a) Cooperate with us in the investigation, settlement or defense of the "suit";
      (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      (c) Notify any other insurer whose coverage is available to the indemnitee; and
      (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
   (2) Provides us with written authorization to:
      (a) Obtain records and other information related to the "suit"; and
      (b) Conduct and control the defense of the indemnitee in such "suit".
So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as SUPPLEMENTARY PAYMENTS. Notwithstanding the provisions of Paragraph 2.c.(2) of COVERAGE A, such payments will not be deemed to be damages and will not reduce the limits of insurance. Our obligation to defend an Enrolled Named Member's indemnitee and to pay for attorneys' fees and necessary litigation expenses as SUPPLEMENTARY PAYMENTS ends when:
   (1) We have used up the applicable limit of insurance in the payment of judgments or settlements; or
   (2) The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II. – WHO IS AN ENROLLED NAMED MEMBER

1. If you are designated in the Supplemental Declarations as:
   a. An individual, you and your spouse are Enrolled Named Members, but only with respect to the conduct of a business of which you are the sole owner.
   b. A partnership or joint venture, you are an Enrolled Named Member. Your members, your partners, and their spouses are also Enrolled Named Members, but only with respect to the conduct of your business. However, if you are a public entity, you are Enrolled Named Member as a partner in a partnership or as a joint venturer in a joint venture, but only if the partnership or joint venture is between you and another governmental organization or non-profit entity. Coverage does not extend to a partnership or joint venture that operates, controls, or funds a gas or electric generation facility.
   c. A limited liability company, you are an Enrolled Named Member. Your members are also Enrolled Named Members, but only with respect to the conduct of your business. Your managers are Enrolled Named Members, but only with respect to their duties as your managers.
   d. An organization other than a partnership, joint venture or limited liability company, you are an Enrolled Named Member. Your "executive officers" and directors are Enrolled Named Members, but only with respect to their duties as your officers or directors. Your
stockholders are also Enrolled Named Members, but only with respect to their liability as stockholders.

e. A public entity, you are an Enrolled Named Member. Your operating authorities, boards, commissions, districts or any other governmental units are Enrolled Named Members, provided that you operate, control and fund the authority, board, commission, district or other governmental unit. Coverage does not extend to an authority, board, commission, district or other governmental unit that operates, controls, or funds a gas or electric generation facility.

f. A trust, you are an Enrolled Named Member. Your trustees are also Enrolled Named Members, but only with respect to their liability as trustees.

2. Each of the following is also a Enrolled Named Member:

a. Elected or Appointed Officials. Your elected and appointed officials, including elected and appointed officials of your operating authorities, boards, commissions, districts, or other governmental units but only for acts within the course and scope of their duties for the Enrolled Named Member public entity or its operating authorities, boards, commissions, districts or other governmental units.

b. “Volunteer Workers” or “Employees”. Your “volunteer workers” only while performing duties related to the conduct of your operations, or your “employees”, other than either your “executive officers” (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your operations. However, none of these “employees” or “volunteer workers” are Enrolled Named Members for:

(1) “Bodily injury” or “personal and advertising injury”:
(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-“employee” while in the course of his or her employment or performing duties related to the conduct of your operations, or to your other “volunteer workers” while performing duties related to the conduct of your operations;
(b) To the spouse, child, parent, brother or sister of that co-“employee” or “volunteer worker” as a consequence of Paragraph (1)(a) above; or
(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (1)(b) above.

(2) “Property damage” to property:
(a) Owned, occupied or used by,
(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your “employees”, “volunteer workers”, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

c. Real Estate Managers. Any person (other than your “employee” or “volunteer worker”), or any organization while acting as your real estate manager.

d. Temporary Custodians. Any person or organization having proper temporary custody of your property if you die, but only:
(1) With respect to liability arising out of the maintenance or use of that property; and
(2) Until your legal representative has been appointed.

e. Legal Representatives. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Form.

f. Mutual Aid Agreements. Any persons or organizations providing service to you under any mutual aid or similar agreement, but only for acts within the scope of that mutual aid or similar agreement.
g. **Good Samaritans.** “Employees” and “volunteer workers” while acting as a Good Samaritan independently of his or her activities on your behalf, but only when he or she encounters the scene of an emergency requiring sudden action. In no event will such person who responds to the scene of an emergency with or for any other emergency service organization be an Enrolled Named Member.

h. **Owners of Commandeered Equipment.** The owner of commandeered equipment other than an “auto” is an Enrolled Named Member while the equipment is in your temporary care, custody or control.

i. **Lessors of Equipment**
   - (1) Persons or organizations from whom you lease equipment are Enrolled Named Members; but they are Enrolled Named Members only with respect to the maintenance or use by you of such equipment and only if you are contractually obligated to provide them with such insurance as is afforded by this contract. However, no such person or organization is an Enrolled Named Member with respect to any:
     - (a) damages resulting from their sole negligence; or
     - (b) “occurrence” that occurs, or offense that is committed, after the equipment lease ends.

j. **Blanket Additional Enrolled Named Members.** Any person or organization required to be an additional Enrolled Named Member under an “Enrolled Named Member contract”, if agreed to by you prior to the “bodily injury”, “property damage”, or “personal and advertising injury”, caused in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
   - (1) In the performance of your operations; or
   - (2) In connection with premises owned or rented by you.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as an Enrolled Named Member if there is no other similar insurance available to that organization. However:
   - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the coverage period, whichever is earlier;
   - b. **COVERAGE A** does not apply to “bodily injury” or “property damage” that occurred before you acquired or formed the organization; and
   - c. **COVERAGE B** does not apply to “personal and advertising injury” arising out of an offense committed before you acquired or formed the organization.

No person or organization is an Enrolled Named Member with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Enrolled Named Member in the Supplemental Declarations.

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**SECTION III. – LIMITS OF INSURANCE**

1. The Limits of Insurance shown in the Supplemental Declarations and the rules below fix the most we will pay regardless of the number of:
   - a. Enrolled Named Members;
   - b. Claims made or “suits” brought; or
   - c. Persons or organizations making claims or bringing “suits”.

2. The General Aggregate Limit is the most we will pay for the sum of:
   - a. Medical expenses under **COVERAGE C**;
   - b. Damages under **COVERAGE A**, except damages because of “bodily injury” or “property damage” included in the “products-completed operations hazard”; and
   - c. Damages under **COVERAGE B**.
3. The Products – Completed Operations Aggregate Limit is the most we will pay under **COVERAGE A** for damages because of “bodily injury” and “property damage” included in the “products-completed operations hazard”.

4. Subject to Paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under **COVERAGE B** for the sum of all damages because of all “personal and advertising injury” sustained by any one person or organization.

5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
   a. Damages under **COVERAGES A** and
   b. Medical expenses under **COVERAGE C**;
   because of all “bodily injury” or “property damage” arising out any one “occurrence”.

6. Subject to Paragraph 5. above, the Damage to Premises Rented to You Limit is the most we will pay under **COVERAGE A** for damages because of “property damage” to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under **COVERAGE C** for all medical expenses because of “bodily injury” sustained by any one person.

The Limits of Insurance of this Coverage Form apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the coverage period shown in the Supplemental Declarations, unless the coverage period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**SECTION IV. – CONDITIONS**

The following conditions apply in addition to the Common Coverage Conditions.

1. **Bankruptcy**
   Bankruptcy or insolvency of the Enrolled Named Member or of the Enrolled Named Member's estate will not relieve us of our obligations under this Coverage Form.

2. **Duties in the Event of an Occurrence, Offense, Claim or Suit**
   a. You must see to it that we are notified as soon as practicable of an “occurrence”, or an offense which may result in a claim or “suit”. To the extent possible, notice should include:
      (1) How, when and where the “occurrence” or offense took place;
      (2) The names and addresses of any injured persons and witnesses; and
      (3) The nature and location of any injury or damage arising out of the “occurrence” or offense.
   b. If a claim is made or “suit” is brought against any Enrolled Named Member, you must:
      (1) Immediately record the specifics of the claim or “suit” and the date received; and
      (2) Notify us as soon as practicable
      You must see to it that we receive written notice of the claim or “suit” as soon as practicable.
   c. You and any other involved Enrolled Named Member must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or “suit”;
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the “suit”; and
      (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the Enrolled Named Member because of injury or damage to which this insurance may also apply.
d. No Enrolled Named Member will, except at that Enrolled Named Member's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

e. If you report an "occurrence" or offense, to an insurer providing other than General Liability insurance, which later develops into a General Liability claim covered under this Coverage Form, failure to report such "occurrence" or offense to us at the time of the "occurrence" or offense shall not be deemed in violation of these conditions. However, you shall give notification to us, as soon as is reasonably possible, that the "occurrence" or offense is a General Liability claim.

f. Knowledge of an "occurrence" or offense by any of your agents, "volunteer workers" or "employees" shall not constitute knowledge by you unless one of your officers or anyone responsible for administering your insurance program has received a notification from the agent, "volunteer worker" or "employee".

3. Legal Action Against Us
No person or organization has a right under this Coverage Form:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an Enrolled Named Member; or

b. To sue us on this Coverage Form unless all of its terms have been fully complied with. A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Enrolled Named Member; but we will not be liable for damages that are not payable under the terms of this Coverage Form or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the Enrolled Named Member and the claimant or the claimant's legal representative.

4. Other Insurance
If other valid and collectible insurance is available to the Enrolled Named Member, other than "volunteer workers", "employees", elected or appointed officers, directors, commissioners, trustees, or owners of commandeered equipment, for a loss we cover under COVERAGES A or B of this form, our obligations are limited as follows:

a. Primary Insurance
   This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

b. Excess Insurance
   (1) This insurance is excess over:
      (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
         (i) That is fire, extended coverage, builder's risk, installation risk or similar coverage for "your work";
         (ii) That is fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
         (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;
         (iv) That is insurance covering your liability for "bodily injury" or "property damage" arising out of the igniting or discharging of fireworks, including but not limited to firecrackers, aerial or ground displays, in conjunction with any demonstration or show conducted or sponsored by you. However, this coverage shall not be excess should the "bodily injury" or "property damage" result from an emergency response you provide in response to an emergency arising out of fireworks.
(v) If the loss arises out of the maintenance or use of aircraft or watercraft to the extent not subject to exclusion a. of COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY;

(vi) That is liability insurance available to an independent commission, board, or authority or to an individual serving on such independent commission, board, or authority at your request;

(vii) That is liability insurance available to participants in a mutual aid or similar agreement; or

(viii) That is liability insurance available to a partnership or joint venture.

(b) Any other primary insurance, including pools or self-insurance, covering your liability for damages arising out of the premises or operations or the products completed operations, for which you have been added as an additional Enrolled Named Member.

(2) When this insurance is excess, we will have no duty under COVERAGES A or B to defend the Enrolled Named Member against any “suit” if any other insurer has a duty to defend the Enrolled Named Member against that “suit”. If no other insurer defends, we will undertake to do so, but we will be entitled to the Enrolled Named Member's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-Enrolled Named Member amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this excess insurance provision and was not bought specifically to apply in excess of the limits of insurance shown in the Supplemental Declarations of this Coverage Form.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Representations

By accepting this Coverage Form, you agree:

a. The information in the Supplemental Declarations is accurate and complete;

b. The information is based upon representations you made to us; and

c. We have issued this Coverage Form in reliance upon your representations.

Your failure to disclose all hazards existing as of the inception date of the Coverage Form shall not prejudice you with respect to the coverage afforded, provided such failure or omission is not intentional. This Coverage Form is void if any material fact or circumstance relating to this insurance is intentionally omitted or misrepresented.

6. Separation of Enrolled Named Members

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Form to the first Named Enrolled Named Member, this insurance applies:

a. As if each Named Enrolled Named Member were the only Named Enrolled Named Member; and

b. Separately to each Enrolled Named Member against whom claim is made or “suit” is brought.
7. **Transfer of Rights of Recovery Against Others to Us**
   If the Enrolled Named Member has rights to recover all or part of any payment we have made
   under this Coverage Form, those rights are transferred to us. The Enrolled Named Member
   must do nothing after loss to impair them. At our request, the Enrolled Named Member will
   bring “suit” or transfer those rights to us and help us enforce them.

8. **When We Do Not Renew**
   If we decide not to renew this Coverage Form, we will mail or deliver to the first Named
   Enrolled Named Member shown in the Supplemental Declarations written notice of the
   nonrenewal not less than 30 days before the expiration date. If notice is mailed, proof of
   mailing will be sufficient proof of notice.

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**SECTION V. – DEFINITIONS**

1. “Administration” means any of the following acts that you do or authorize a person to do:
   a. Counseling “employees” or “volunteer workers”, other than giving legal advice, on
      “employee benefit plans’;
   b. Interpreting your “employee benefit plans’;
   c. Handling records for your “employee benefit plans’; and
   d. Effecting enrollment, termination or cancellation of “employees” or “volunteer workers
      under your “employee benefit plans’.

2. “Advertisement” means a notice that is broadcast or published to the general public or
   specific market segments about your goods, products or services for the purpose of attracting
   customers or supporters. For the purposes of this definition:
   a. Notices that are published include material placed on the Internet or on similar electronic
      means of communication; and
   b. Regarding web-sites, only that part of a web-site that is about your goods, products or
      services for the purposes of attracting customers or supporters is considered an
      advertisement.

3. “Auto” means a land motor vehicle, trailer or semi-trailer designed for travel on public roads,
   including any attached machinery or equipment; or any other land vehicle that is subject to a
   compulsory or financial responsibility law or other motor vehicle insurance law in the state
   where it is licensed or principally garaged. However, “auto” does not include “mobile
   equipment”.

4. “Bodily injury” means bodily injury, mental anguish or mental injury, sickness or disease
   sustained by a person, including death resulting from any of these at any time.

5. “Coverage territory” means:
   a. The United States of America (including its territories and possessions), Puerto Rico and
      Canada;
   b. International waters or airspace, but only if the injury or damage occurs in the course of
      travel or transportation between any places included in Paragraph a. above; or
   c. All other parts of the world if the injury or damage arises out of:
      (1) Goods or products made or sold by you in the territory described in Paragraph a.
      above;
      (2) The activities of a person whose home is in the territory described in Paragraph a.
      above, but is away for a short time on your business; or
      (3) “Personal and advertising injury” offenses that take place through the Internet or
      similar electronic means of communication provided the Enrolled Named Member's
      responsibility to pay damages is determined in a “suit” on the merits, in the territory
      described in Paragraph a. above or in a settlement we agree to.

6. “Employee” includes a “leased worker”. “Employee” does not include a “temporary worker”.

7. “Employee benefit plans” means a formal program or programs of employee benefits you
   maintain, such as group life insurance plans, group accident or health insurance plans,
savings plans, or vacation plans, provided that no one other than an “employee” or “volunteer worker” or their dependents may subscribe to or benefit from such plans. This term also includes unemployment insurance, social security, workers' compensation, statutory disability benefits, or similar statutorily required plans.

8. “Employment practices” means an actual or alleged improper employment related practice, policy, act or omission involving an actual, prospective, or former “volunteer worker” or “employee”, including:
   a. Failing to hire or refusing to hire;
   b. Wrongful dismissal, discharge, or termination of employment or membership, whether actual or constructive;
   c. Wrongful deprivation of a career opportunity, or failure to promote;
   d. Wrongful discipline of “volunteer workers” or “employees”;
   e. Negligent evaluation of “volunteer workers” or “employees”;
   f. Retaliation against “volunteer workers” or “employees” for the exercise of any legally protected right or for engaging in any legally protected activity;
   g. Failure to adopt adequate workplace or employment-related policies and procedures;
   h. Harassment, including “sexual harassment”; or
   i. Violation of any federal, state or local laws (whether common law or statutory) concerning employment or discrimination in employment.

9. “Executive Officer” means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

10. “Fungi” means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by “fungi”.

11. “Hostile fire” means one which becomes uncontrollable or breaks out from where it was intended to be.

12. “Impaired property” means tangible property, other than “your product” or “your work”, that cannot be used or is less useful because:
   a. It incorporates “your product” or “your work” that is known or thought to be defective, deficient, inadequate or dangerous; or
   b. You have failed to fulfill the terms of a contract or agreement;
   if such property can be restored to use by the repair, replacement, adjustment or removal of “your product” or “your work” or your fulfilling the terms of the contract or agreement.

13. “Enrolled Named Member contract” means:
   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an “Enrolled Named Member contract”;
   b. A sidetrack agreement;
   c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
   e. An elevator maintenance agreement;
   f. That part of any other contract or agreement pertaining to your operations (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement. Paragraph f. does not include that part of any contract or agreement:
      (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
(2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
   (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
   (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
(3) Under which the Enrolled Named Member, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the Enrolled Named Member's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

14. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your operations. "Leased worker" does not include a "temporary worker".

15. "Loading or unloading" means the handling of property:
   a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
   b. While it is in or on an aircraft, watercraft or "auto"; or
   c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
   but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

16. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
   a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
   b. Vehicles maintained for use solely on or next to premises you own or rent;
   c. Vehicles that travel on crawler treads;
   d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
      (1) Power cranes, shovels, loaders, diggers or drills; or
      (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
   e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
      (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
      (2) Cherry pickers and similar devices used to raise or lower workers;
   f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.
   However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
      (1) Equipment designed primarily for:
         (a) Snow removal;
         (b) Road maintenance, but not construction or resurfacing; or
         (c) Street cleaning;
      (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
      (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
   However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state.
where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered “autos”.

17. “Occurrence” means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

18. “Personal and advertising injury” means injury, including consequential “bodily injury”, arising out of one or more of the following offenses:
   a. False arrest, detention or imprisonment;
   b. Malicious prosecution;
   c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
   d. Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
   e. Oral or written publication in any manner of material that violates a person's right of privacy;
   f. The use of another's advertising idea in your “advertisement”; or
   g. Infringening upon another's copyright, trade dress or slogan in your “advertisement”.

19. “Personal watercraft” means a vessel you own, rent, or borrow which uses an inboard motor powering a water jet pump as its primary source of motive power, and which is designed to be operated by a person sitting, standing, or kneeling on the vessel, rather than the conventional manner of sitting or standing inside the vessel.

20. “Pollutants” mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.


22. “Products-completed operations hazard”:
   a. Includes all “bodily injury” and “property damage” occurring away from premises you own or rent and arising out of “your product” or “your work” except:
      (1) Products that are still in your physical possession; or
      (2) Work that has not yet been completed or abandoned. However, “your work” will be deemed completed at the earliest of the following times:
         (a) When all of the work called for in your contract has been completed.
         (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
         (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
   b. Does not include “bodily injury” or “property damage” arising out of:
      (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the “loading or unloading” of that vehicle by any Enrolled Named Member;
      (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
      (3) Products or operations for which the classification, listed in the Supplemental Declarations or in a Coverage Form schedule, states that products-completed operations are subject to the General Aggregate Limit.

23. “Property damage” means:
   a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
   b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the “occurrence” that caused it.

For the purposes of this insurance, electronic data is not tangible property.
As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

24. “Sexual abuse” means any actual, attempted or alleged sexual conduct by a person, or by persons acting in concert, which causes injury. “Sexual abuse” includes sexual molestation, sexual assault, sexual exploitation, or sexual injury, but does not include “sexual harassment”.

25. “Sexual harassment” means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature by a person, or by persons acting in concert, which causes injury, but only when:
   a. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
   b. Such conduct has the purpose or effect of interfering with a person’s work performance or creating an intimidating, hostile or offensive work environment.

26. “Suit” means a civil proceeding in which damages because of “bodily injury”, “property damage”, “personal and advertising injury”, “medical incident”, “law enforcement wrongful act”, or a “water or wastewater professional activity” to which this insurance applies are alleged. “Suit” includes:
   a. An arbitration proceeding in which such damages are claimed and to which the Enrolled Named Member must submit or does submit with our consent; or
   b. Any other civil alternative dispute resolution proceeding in which such damages is claimed and to which the Enrolled Named Member submits with our consent.

27. “Temporary worker” means a person who is furnished to you to substitute for a permanent “employee” on leave or to meet seasonal or short-term workload conditions.

28. “Volunteer worker” means a person who is not your “employee”, and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

29. “Water or wastewater professional activity” means an act, error or omission which arises from your activities as a water or wastewater district, water utility, or any other entity whose primary duty is the treatment and distribution of “potable water”, or the collection, treatment, and distribution of wastewater.

30. “Your product” means:
   a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
      (1) You;
      (2) Others trading under your name; or
      (3) A person or organization whose business or assets you have acquired; and
   b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

   “Your product” includes:
   a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “your product”; and
   b. The providing of or failure to provide warnings or instructions.

   “Your product” does not include vending machines or other property rented to or located for the use of others but not sold.

31. “Your work” means:
   a. Work or operations performed by you or on your behalf; and
   b. Materials, parts or equipment furnished in connection with such work or operations.

   “Your work” includes:
   a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “your work”; and
   b. The providing of or failure to provide warnings or instructions.
MEMORANDUM OF COVERAGE (MOC)
FELLOW EMPLOYEE

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
GENERAL LIABILITY

Paragraph 2.b.(1) of SECTION II. – WHO IS AN ENROLLED MEMBER is replaced by the following:

1. “Bodily injury” or “personal and advertising injury”:
   a. To you, to your partners or members (if you are a partnership or joint venture), or to your members (if you are a limited liability company);
   b. To the brother, child, parent, sister or spouse of such injured person as a consequence of any “injury” described in subparagraph (1)(a) above;
   c. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (1)(b) above.
   d. Arising out of his or her providing or failing to provide professional health care services.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
COVERAGE FOR INJURY TO LEASED WORKERS

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
GENERAL LIABILITY

With respect to the Employer’s Liability exclusion (Section I) only, the definition of “employee” in the DEFINITIONS Section is replaced by the following:

"Employee" does not include a "leased worker" or a "temporary worker".

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
ADDITIONAL ENROLLED NAMED MEMBER – AUTOMATIC

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
GENERAL LIABILITY

SECTION II. – WHO IS AN ENROLLED MEMBER is amended to include as an Enrolled Member any person or organization but only with respect to the following:

A. Liability for “bodily injury”, “property damage”, or “personal and advertising injury” caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
   1. in the performance of your ongoing operations; or
   2. in connection with premises owned by or rented to you;

B. Liability arising out of the ownership, maintenance or use of premises leased to you and subject to the following additional exclusions:
   1. any “occurrence” which takes place after you cease to be a tenant at that premises.
   2. structural alterations, new construction or demolition operations performed by or on behalf of the person or organization you have leased from.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
EXCLUSION – ACCESS TO OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION, DATA-RELATED LIABILITY AND INTERNET

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
GENERAL LIABILITY

PLEASE READ IT CAREFULLY.

It is hereby agreed that the insurance afforded under this Coverage Form does not apply to bodily injury, property damage, or personal and advertising injury, or any other liability, loss, injury, damage, cost or expense arising out of:

1. any actual, alleged or potential access to, disclosure of, failure to keep secure or unauthorized use of, any person’s or organization's confidential business or personal information, including but not limited to patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information;

2. the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data;

3. the functioning or non-functioning or availability or unavailability of: the internet or similar facility; any intranet or private network or similar facility; or any website, search engine, portal or similar third party application service; or

4. any act, error or omission in violation of any law or regulation of the United States or any other country associated with the confidentiality, security, protection, control and use of confidential business or personal information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by the Enrolled Named member or others arising out of that which is described in subparagraphs 1., 2., 3. or 4. above.

As used in this endorsement, “electronic data” means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

To the extent any provision of this endorsement conflicts with any provision of this Coverage Form or any of its other endorsements, the provisions of this endorsement will supersede.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
PUBLIC OFFICIALS & MANAGEMENT LIABILITY
COVERAGE FORM (OCCURRENCE)
SUPPLEMENTAL DECLARATIONS

This Coverage Form provides coverage on an occurrence basis for wrongful acts or offenses that take place during the policy period. Defense expenses paid under Coverage A, are paid in addition to the limits of liability. Defense expenses paid under coverage B, will reduce and may exhaust the limits of liability available to pay loss. Defense expenses are applied against the deductible.

<table>
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<tr>
<th>Item #1</th>
<th>First Enrolled Named Member:</th>
<th>California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA)</th>
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<td>Enrolled Named Members:</td>
<td>Santa Ana Watershed Project Authority</td>
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<td>Employee Benefit Plans</td>
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MEMORANDUM OF COVERAGE (MOC)
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY
COVERAGE FORM (OCCURRENCE)

PLEASE READ THIS COVERAGE FORM CAREFULLY.

Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties and what is and is not covered. Throughout this Coverage Form the words “you” and “your” refer to the Enrolled Named Member shown in the supplemental declarations, and any other person or organization qualifying as an Enrolled Named Member under this Coverage Form. The words “we,” “us” and “our” refer to the issuer providing this insurance. The word “Enrolled Named Member” means any person or organization qualifying as such under Section III. – Who is an Enrolled Named Member. Other words and phrases that appear in quotation marks have special meaning. Refer to Section VII. – Definitions.

SECTION I. – COVERAGE

A. COVERAGE A. INSURING AGREEMENT - LIABILITY FOR MONETARY DAMAGES

We will pay those sums that the Enrolled Named Member becomes legally obligated to pay as “damages” arising out of a “claim” for:

1. a “wrongful act,” or
2. an “employment practices” offense, or
3. an offense in the “administration” of your “employee benefit plans”
4. to which this insurance applies.

We will have the right and duty to defend any “claim” seeking those “damages”. However, we will have no duty to defend any “Enrolled Named Member against any “claim” seeking “damages” for a “wrongful act” or an “employment practices” offense or an offense in the “administration” of your “employee benefit plans” to which this insurance does not apply. We may, at our discretion, investigate any “wrongful act,” “employment practices” offense or an offense in the “administration” of your “employee benefit plans,” and settle any “claim” that may result. The amount we will pay for “damages” is limited as described in SECTION IV. – LIMITS OF INSURANCE; and our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of “damages” or “defense expenses” under Coverages A. and B.

No other obligation or liability to pay sums or perform acts or services is covered under this insurance unless explicitly provided for below under Coverage A. Supplementary Payments.

5. This insurance applies to “claims” for “wrongful acts” or offenses only if:
   a. The “wrongful act” or offense takes place in the “coverage territory” and during the Coverage Period; and
   b. Prior to the Coverage period, no Enrolled Named Member listed in Paragraph 1. and 2.a. of SECTION III. – WHO IS AN ENROLLED NAMED MEMBER, and no Enrolled Named Member authorized by you to give or receive notice of a “wrongful act,” offense or “claim,” knew, that the “wrongful act” or offense had taken place, in whole or in part. If such a listed Enrolled Named Member knew, prior to the Coverage Period, that the “wrongful act” or offense had taken place, then any continuation, change or resumption of such “wrongful act” or offense during or after the Coverage Period will be deemed to have been known prior to the Coverage Period.

6. “Wrongful acts” or offenses will be deemed to have been known to have taken place at the earliest time when any Enrolled Named Member listed in Paragraphs 1. and 2.a. of SECTION III. – WHO IS AN ENROLLED NAMED MEMBER or any Enrolled Named Member authorized by you to give or receive notice of a “wrongful act,” offense or claim:
a. Reports all, or any part, of the “wrongful act” or offense to any other insurer;
b. Receives a written or verbal demand or “claim” for “damages” because of the “wrongful act” or offense; or
c. Becomes aware, by any other means, that the “wrongful act” or offense has taken place or has begun to take place.

7. All “damages” from all claims based on or arising out of the same or related “wrongful acts” or offenses, or the same act or interrelated acts of one or more Enrolled Named Members, regardless of the number of:
   a. Enrolled Named Members;
   b. Plaintiffs; or
   c. “Claims” made;

shall be subject to one “Each Wrongful Act” or “Each Offense” Limit of Insurance, and one Deductible. Related “wrongful acts” or offenses shall include “wrongful acts” or offenses which are the same, related or continuous, or which arise from a common nucleus of facts, and shall be deemed to have taken place at the time of the first such “wrongful act” or offense.

B. COVERAGE A. SUPPLEMENTARY PAYMENTS

We will pay, with respect to any “claim” we investigate, settle, or defend:

1. All expenses we incur.
2. The cost of bonds to release attachments, but only for bond amounts within the applicable Limit of Insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the Enrolled Named Member at our request to assist us in the investigation or defense of the “claim,” including actual loss of earnings up to $500 a day because of time off from work.
4. All court costs taxed against the Enrolled Named Member in the “claim.” However, these payments do not include attorneys’ fees or attorneys’ expenses taxed against the Enrolled Named Member.
5. Prejudgment interest awarded against the Enrolled Named Member on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest earned on that part of any judgment within our limit of insurance after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance. These payments will not reduce the limits of insurance.

C. COVERAGE B. INSURING AGREEMENT - DEFENSE EXPENSES FOR INJUNCTIVE RELIEF

1. We will pay those reasonable sums the Enrolled Named Member incurs as “defense expenses” to defend against an action for “injunctive relief” because of a “wrongful act,” an “employment practices” offense, or an offense in the “administration” of your “employee benefit plans” to which this insurance applies. However:
   a. The amount we will pay for “defense expenses” is limited as described in SECTION IV. – LIMITS OF INSURANCE; and
   b. We have no obligation to arrange for or provide the defense for any action for “injunctive relief.”

No other obligation or liability to pay sums or perform acts or services is covered. This insurance applies only if:

a. The action seeking “injunctive relief” is brought in a legally authorized court or agency of the United States, any of its states or commonwealths, or any governmental subdivision of any of them;
b. Such action is filed during the Coverage Period; and
c. The Enrolled Named Member:
(1) First notifies us as soon as practicable after retaining counsel to respond to such action but in no case later than 60 days after the end of the Coverage Period; and
(2) Is reasonably expedient in requesting us to reimburse any “defense expenses” incurred.

2. Related “wrongful acts” or offenses shall include “wrongful acts” or offenses which are the same, related or continuous, or which arise from a common nucleus of facts, and shall be deemed to have taken place at the time of the first such “wrongful act” or offense.

All “defense expenses” from all actions for “injunctive relief” based on or arising out of the same or related “wrongful acts” or offenses, or the same act or interrelated acts of one or more Enrolled Named Members, regardless of the number of:

a. Enrolled Named Members;
b. Plaintiffs;
c. Demands asserted or actions brought; or
d. Injunctions, temporary restraining orders or prohibitive writs;
shall be subject to one “Each Action for Injunctive Relief” Limit of Insurance.

SECTION II. – EXCLUSIONS
This insurance does not apply under either Coverage A or Coverage B to:

1. Other Applicable Coverage
Any “wrongful act” or offense which is covered by any other Coverage Form or policies except:
   a. A Coverage Form purchased to apply in excess of this Coverage Form; or
   b. That portion of “damages” otherwise covered by this Coverage Form which exceeds the limits of liability of such other Coverage Form or policies, subject to the Other Insurance Condition in SECTION VI. – CONDITIONS.

2. Asbestos
Any injury, “damages,” “defense expenses,” costs, loss, liability or legal obligation arising out of or in any way related to asbestos or asbestos-containing materials or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

3. Attorney's Fees and Court Costs
Any award of court costs or attorney's fees which arises out of an action for “injunctive relief.”

4. Bodily Injury, Property Damage or Personal and Advertising Injury
“Damages,” “defense expenses,” costs or loss, based upon, attributed to, arising out of, in consequence of, or in any way related to “bodily injury,” “property damage,” or “personal and advertising injury,” other than mental anguish or mental injury resulting from a covered “employment practices” offense.

5. Bonds
Any obligation related to a fidelity bond or a surety bond.

6. Claims Against Other Enrolled Named Members
Any actions for “injunctive relief” or “claims” brought:
   a. By an Enrolled Named Member against any other Enrolled Named Member; or
   b. By one Enrolled Named Member against another Enrolled Named Member.

7. Compliance with ADA Requirements
“Damages,” “defense expenses,” costs or loss incurred as a result of physical modifications made to accommodate persons with disabilities as required by:
   a. The Americans with Disabilities Act of 1990; or
   b. Any federal, state, or local disability discrimination or accommodation laws or regulations; including subsequent amendments or any regulations promulgated thereunder.
8. **Sums Due Under Contract**
   Any amount actually or allegedly due under the terms of any contract for the purchase of goods or services or any payment or performance contract.

9. **Contractual Liability**
   “Damages,” “defense expenses,” costs or loss based upon, attributed to, arising out of, in consequence of, or in any way related to any contract or agreement to which the Enrolled Named Member is a party or a third-party beneficiary, including, but not limited to, any representations made in anticipation of a contract or any interference with the performance of a contract.

10. **Criminal Acts**
    “Damages,” “defense expenses,” costs or loss arising out of or contributed to by any fraudulent, dishonest, criminal or malicious act of the Enrolled Named Member (except for “sexual abuse” which is excluded in the Sexual Abuse exclusion below), or the willful violation of any statute, ordinance or regulation committed by or with the knowledge of the Enrolled Named Member. However, we will defend the Enrolled Named Member for covered civil action subject to the other terms of this Coverage Form until either a judgment or final adjudication establishes such an act, or the Enrolled Named Member confirms such act.

11. **Debt Financing**
    “Damages,” “defense expenses,” costs or loss arising out of or contributed to by any debt financing, including but not limited to bonds, notes, debentures and guarantees of debt.

12. **Employment Contracts**
    Any amount actually or allegedly due under the terms of any contract to commence or to continue employment, or as severance pay under any contract relating to the termination of employment.

13. **ERISA, COBRA and WARN Act Liability**
    “Damages,” “defense expenses,” costs or loss arising out of or contributed to by any Enrolled Named Member's obligations under:
    a. The Employee Retirement Income Security Act of 1974 (ERISA);
    b. The Comprehensive Omnibus Budget Reconciliation Act (COBRA);
    c. The Worker Adjustment and Retraining Notification Act (WARN); or
    d. Any similar federal, state, or local laws or regulations; including subsequent amendments or any regulations promulgated thereunder.

14. **Failure to Maintain Insurance**
    “Damages,” “defense expenses,” costs or loss arising out of or contributed to by the failure to effect or maintain:
    a. Insurance of any kind, including adequate limits of insurance; or
    b. Suretyship or bonds.
    This exclusion does not apply to the extent coverage is provided under this Coverage Form for the “administration” of “employee benefit plans.”

15. **Fines**
    Fines, penalties and taxes, including but not limited to those imposed by the Internal Revenue Service code or any similar state or local code.

16. **Fungi or Bacteria**
    a. Any liability, loss, injury or “damages” which would not have occurred or taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any “fungi” or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
    b. Any “damages,” “defense expenses, costs or loss arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, “fungi” or bacteria, by any Enrolled Named Member or by any other person or entity.
17. Violation of Law
“Damages,” “defense expenses,” costs or loss arising from an Enrolled Named Member’s willful violation of any federal, state, or local law, rule, or regulation.

18. Law Enforcement
“Damages”, “defense expenses”, costs or loss arising out of any “law enforcement activity.” This exclusion does not apply to an “employment practices” offense or an offense in the administration of “employee benefit plans” involving your law enforcement agency.

19. Lead, Electromagnetic Radiation, Nuclear
a. Any injury, “damages,” “defense expenses,” costs, loss, liability or legal obligation arising out of or in any way related to:
   (1) The toxic properties of lead, or any material or substance containing lead; or
   (2) Electromagnetic radiation;
   or exposure thereto, or for the costs of abatement, mitigation, removal, elimination or disposal of any of them.

b. Any “damages,” “defense expenses,” costs or loss arising out of any actual, alleged or threatened injury or damage to any person or property from any radioactive matter or nuclear material.

20. Performance of Employee Benefit Plans
“Damages,” “defense expenses,” costs or loss arising from an “employment practices” offense or any offense in the “administration” of “employee benefit plans” arising out of:

a. The failure of any investment program, individual securities or savings program to perform as held forth by or represented by an Enrolled Named Member;

b. Advice given by an Enrolled Named Member in connection with participation or non-participation in any stock subscription plans, savings programs or any other “employee benefit plan”;

c. Errors in providing information or failing to provide information on past performance of investment vehicles;

d. Failure of the Enrolled Named Member, or any insurer, fiduciary, trustee or fiscal agent, to perform any of their duties or obligations or to fulfill any of their guarantees with respect to the payment of benefits under “employee benefit plans” or the providing, handling or investment of funds;

e. The liability of others which is assumed by the Enrolled Named Member under a contract or agreement, except to the extent the Enrolled Named Member would have been liable in the absence of the contract or agreement;

f. Any “claim” for the return of compensation paid by the Enrolled Named Member if a court determines that the payment was illegal; or

g. Any “claim” for benefits that are lawfully paid or payable to a beneficiary from the funds of an “employee benefit plan.”

21. Pollution
a. Any injury, “damages,” “defense expenses,” costs, loss, liability or legal obligation arising out of or in any way related to pollution, however caused. Pollution includes the actual, alleged, or potential presence in or introduction into the environment of any substance if such substance has, or is alleged to have, the effect of making the environment impure, harmful or dangerous. Environment includes any air, land, structure (or the air therein), watercourse or other body of water, including underground water.

b. This insurance does not apply to any “damages,” “defense expenses,” costs or loss arising out of any:
   (1) Request, demand, order or statutory or regulatory requirement that any Enrolled Named Member or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, “pollutants”; or
(2) “Claim” by or on behalf of a governmental authority for “damages” because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, “pollutants.”

22. Preparation of Bid Specifications
“Damages,” “defense expenses,” costs or loss arising out of estimates of probable costs or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans.

23. Professional Healthcare
“Damages,” “defense expenses,” costs or loss arising out of providing or failing to provide “professional healthcare services.”

24. Professional Liability
“Damages,” “defense expenses,” costs or loss arising out of the rendering of, or failure to render of professional services by a lawyer, engineer, architect, surveyor or medical professional; except that this exclusion will not apply to “claims” made against Enrolled Named Members while acting solely as public officials or “employees” on behalf of the Enrolled Named Member and in the conduct of its business, and not in their professional capacities as a lawyer, engineer, architect, surveyor, or medical professional.

25. Profit, Advantage or Remuneration
Any “Damages,” “defense expenses,” costs or loss based upon or attributable to the Enrolled Named Member gaining any profit, advantage or remuneration to which the Enrolled Named Member is not legally entitled.

26. Public Use of Property
“Damages,” “defense expenses,” costs or loss arising from any method or proceeding used to take control of private property for public use including condemnation, adverse possession, and dedication by adverse use other than inverse condemnation.

27. Publications and Pronouncements
“Damages,” “defense expenses,” costs or loss based upon, attributable to, or arising out of “wrongful acts” resulting from:
   a. Publications or pronouncements, including material placed on the Internet or on similar electronic means of communication, concerning any organization or business enterprise or their products or services made by or at the direction of the Enrolled Named Member with the knowledge of its falsity; or
   b. Printing of periodicals, advertising matter, or any or all jobs taken by any Enrolled Named Member to be printed for a third party when the periodicals, advertising matter or other printing is not within the scope of the organization’s own activities.

28. Sexual Abuse
“Damages,” “defense expenses,” costs or loss, based upon, attributed to, arising out of, in consequence of, or in any way related to:
   a. “Sexual abuse” of any person; or
   b. The negligent:
      (1) Employment;
      (2) Investigation;
      (3) Supervision;
      (4) Reporting to the proper authorities, or failing to so report; or
      (5) Retention;
   of a person for whom any Enrolled Named Member is or ever was legally responsible and whose conduct would be excluded by paragraph (a) above.

29. Specific Operations
“Damages,” “defense expenses,” costs or loss, arising out of or contributed to by the ownership, operation, maintenance, entrustment to others, or use of any:
   a. Gas or electric generation facility; or
   b. Sanitary landfill, dump, or other permanent waste disposal facility.
30. Strikes, Riot, Civil Commotion or Mob Action
“Damages,” “defense expenses,” costs or loss arising out of or contributed to by any lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations or any act or omission in connection with the prevention or suppression of a riot, civil commotion or mob action.

31. Tax Assessments
“Damages,” “defense expenses,” costs or loss arising out of or contributed to by any tax assessments or adjustments, or the collection, refund, disbursement or application of any taxes. This exclusion does not apply to the use or prioritization of your operating funds.

32. Wage and Hour Laws
“Damages,” “defense expenses,” costs or loss arising out of or contributed to by any actual or alleged violation of the Fair Labor Standards Act of 1938, as amended, or any other federal, state or local law related to wage and hour policies, improper payroll practices or the payment of overtime or vacation pay, including but not limited to back wages or other similar “damages,” or any monetary or non-monetary compensation or benefits that may be owed to a past or present “employee” based upon misclassification of their job status, title or duties.

33. Water or Wastewater Professional Activity
“Damages,” “defense expenses,” costs or loss arising out of an act, error or omission in the performance of or failure to perform your “water or wastewater professional activities,” that also results in “bodily injury” or “property damage.”

34. Workers’ Compensation and Similar Laws
Any obligation of the Enrolled Named Member under a workers’ compensation, disability benefits or unemployment compensation law, or any similar law.

35. Private and Confidential Information
“Damages,” “defense expenses,” costs or loss arising out of or contributed to by any misuse or improper release of confidential, private or proprietary information.

SECTION III. – WHO IS AN ENROLLED NAMED MEMBER

1. If you are designated in the Supplemental declarations as:
   a. An individual, you and your spouse are Enrolled Named Members, but only with respect to the conduct of a business of which you are the sole owner.
   b. A partnership or joint venture, you are an Enrolled Named Member. Your Enrolled Named Members, your partners, and their spouses are also Enrolled Named Members, but only with respect to the conduct of your business.

   However, if you are a public entity, you are an Enrolled Named Member as a partner in a partnership or as a joint venturer in a joint venture, but only if the partnership or joint venture is between you and another governmental organization or non-profit entity. Coverage does not extend to a partnership or joint venture that operates, controls, or funds a school, hospital or medical clinic, nursing home, airport, port, public housing, gas or electric generation facility.
   c. A limited liability company, you are an Enrolled Named Member. Your Enrolled Named Members are also Enrolled Named Members, but only with respect to the conduct of your business. Your managers are Enrolled Named Members, but only with respect to their duties as your managers.
   d. An organization other than a partnership, joint venture or limited liability company, you are an Enrolled Named Member. Your “executive officers” and directors are Enrolled Named Members, but only with respect to their duties as your officers or directors. Your stockholders are also Enrolled Named Members, but only with respect to their liability as stockholders.
e. A public entity, you are an Enrolled Named Member. Your operating authorities, boards, commissions, districts or any other governmental units are Enrolled Named Members, provided that you operate, control, and fund the authority, board, commission, district, or other governmental unit. Coverage does not extend to an authority, board, commission, district, or other governmental unit that operates, controls, or funds a school, hospital or medical clinic, nursing home, airport, port, public housing, gas or electric generation facility.

f. A trust, you are an Enrolled Named Member. Your trustees are also Enrolled Named Members, but only with respect to their duties as trustees.

2. Each of the following is also an Enrolled Named Member:
   a. Elected or appointed officials. Your elected and appointed officials, including elected and appointed officials of your operating authorities, boards, commissions, districts, or other governmental units but only for acts within the course and scope of their duties for the Enrolled Named Member public entity or its operating authorities, boards, commissions, districts or other governmental units.
   b. Volunteer workers or employees. Your “volunteer workers” only while performing duties related to the conduct of your operations, or your “employees”, other than either your “executive officers” (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your operations. However, none of these “employees” or “volunteer workers” are Enrolled Named Members for:
      (1) “Bodily injury” or “personal and advertising injury”:
         (a) To you, to your partners or Enrolled Named Members (if you are a partnership or joint venture), to your Enrolled Named Members (if you are a limited liability company), to a co-employee while in the course of his or her employment or performing duties related to the conduct of your operations, or to your other “volunteer workers” while performing duties related to the conduct of your operations;
         (b) To the spouse, child, parent, brother or sister of that co-employee or “volunteer worker” as a consequence of Paragraph (1)(a) above; or
         (c) For which there is any obligation to share “damages” with or repay someone else who must pay “damages” because of the injury described in Paragraphs (1)(a) or (1)(b) above.
      (2) “Property damage” to property:
         (a) Owned, occupied or used by,
         (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by, you, any of your “employees,” “volunteer workers”, any partner or Enrolled Named Member (if you are a partnership or joint venture), or any Enrolled Named Member (if you are a limited liability company).
   c. Mutual Aid Agreements. Any persons or organizations providing service to you under any mutual aid or similar agreement.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Enrolled Named Member if there is no other similar insurance available to that organization. However:
   a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the Coverage Period, whichever is earlier; and
   b. Coverage does not apply to a “wrongful act,” “employment practices” offense or offense in the “administration” of “employee benefit plans” that took place before you acquired or formed the organization or of which you had notice or knowledge before you acquired the organization.
No person or organization is an Enrolled Named Member with respect to the conduct of any current or past partnership or joint venture that is not shown as an Enrolled Named Member in the Supplemental Declarations.

4. Your director, officer, “employee,” “volunteer worker” or appointee, while serving on the board of directors of an organization that is a separate and distinct entity not subject to your direction and control, provided that the primary purpose of such organization is to support and further the efforts and welfare of individuals or organizations that provide water, sewer, irrigation, reclamation or wastewater operations.

SECTION IV. – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Supplemental declarations and the rules below establish the most we will pay regardless of the number of:
   a. Enrolled Named Members;
   b. “Claims” made; or
   c. Persons or organizations making “claims.”

2. The Aggregate Limit of Insurance set forth in the Supplemental declarations for Coverage A applies to all “damages” from all “wrongful acts,” “employment practices” offenses and offenses in the “administration” of your “employee benefit plans,” and all “defense expenses” arising out of all actions for “injunctive relief” under Coverage B.

3. Subject to the Aggregate Limit of Insurance, the “Each Wrongful Act” or “Each Offense” Limit of Insurance set forth in the Supplemental declarations for Coverage A, is the most we will pay under Coverage A for all “damages” from all “claims” based upon or arising out of the same or related “wrongful acts” or offenses.

4. Subject to the Aggregate Limit of Insurance, the “Each Action for Injunctive Relief” Limit of Insurance set forth in the Supplemental declarations for Coverage A, is the most we will pay under Coverage B for all “defense expenses” from all actions for “injunctive relief” based upon or arising out of the same or related “wrongful acts” or offenses.

5. The Aggregate Limit of Insurance applies separately to each Coverage Period, starting with the effective date of the Coverage Period shown in the Supplemental declarations, unless the Coverage Period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding Coverage Period for purposes of determining the Limits of Insurance.

6. Our obligations to pay “damages” or “defense expenses” or to defend or continue to defend any “claim” under this Coverage Form ends when the Aggregate Limit of Insurance is exhausted by the payment of “damages” or “defense expenses.” If we pay amounts for “damages” or “defense expenses” in excess of that Limit of Insurance, you agree to promptly reimburse us for such amounts upon our demand.

7. If the Aggregate Limit of Insurance as set forth in the Supplemental declarations is exhausted by the payment of “damages” or “defense expenses” the entire premium for this Coverage Form will be deemed fully earned.

SECTION V. – YOUR DEDUCTIBLE

Our obligation to pay “damages” or “defense expenses” on your behalf will only be in excess of the Deductible amount set forth in the Supplemental declarations for Coverage A.

1. The Limits of Insurance set forth in the Supplemental declarations will not be reduced by the application of the Deductible.

2. The Deductible applies to “damages” and “defense expenses” from all “claims” arising out each “wrongful act,” each “employment practices” offense, or each offense in the “administration” of your “employee benefit plans” regardless of the number of Enrolled Named Members, the number of persons or organizations making “claims,” or the number of “claims” made.
3. The terms of this insurance, including those with respect to:
   a. Our right and duty to defend any “claims” seeking “damages”; and
   b. Your duties in the event of a “wrongful act,” offense or “claim”; apply irrespective of the application of the Deductible.

4. We may pay all or any part of the Deductible to effect settlement of any “claim” and, upon notification of the action taken, you shall promptly reimburse us for such part of the Deductible paid by us.

SECTION VI. – CONDITIONS
The following conditions apply in addition to the Common Coverage Conditions.

1. Bankruptcy
   Bankruptcy or insolvency of the Enrolled Named Member or of the Enrolled Named Member's estate will not relieve us of our obligations under this Coverage Form.

2. Duties in the Event of a “Wrongful Act”, Offense or “Claim”
   a. You must see to it that we are notified as soon as practicable in writing of a “wrongful act” or offense which may result in a “claim.”
      To the extent possible, notice should include the following information:
      (1) How, when and where the “wrongful act” or offense took place; and
      (2) The names and addresses of any persons seeking “damages” or of any witnesses.
      If a “claim” is made against any Enrolled Named Member, you must:
      (1) Immediately record the specifics of the “claim” and the date received; and
      (2) Notify us in writing as soon as practicable.
      You must see to it that we receive written notice of the “claim” as soon as practicable.

   b. You and any other Enrolled Named Member named or identified in such “claim” must:
      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “claim” or “suit”;
      (2) Authorize us to obtain records and other information;
      (3) Cooperate with us in the investigation, settlement or defense of the “claim” or “suit”; and
      (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the Enrolled Named Member because of “damages” to which this insurance may also apply.

   c. No Enrolled Named Members will, voluntarily make a payment, assume any obligation, or incur any expense, without our written consent. Such payment, obligation or expenses will be at their own cost.

   d. Notice shall be deemed given as soon as practicable, if it is given to us by any person to whom you have delegated such responsibility as soon as practicable after they become aware of a “wrongful act” or offense.

3. Duties in the Event of a Request to Pay “Defense Expenses” for “Injunctive Relief”
   a. You must see to it that we are notified as soon as practicable of an action for “injunctive relief” which may give rise to a request for us to provide coverage for “defense expenses.”
      To the extent possible, notice should include the following information:
      (1) The plaintiff in the action;
      (2) The court or agency involved;
      (3) The relief being sought; and
      (4) The date of the action and any underlying demand.

   b. You and any other Enrolled Named Members named or identified in such action must:
      (1) Immediately send us copies of any legal papers received in connection with the action and any underlying demand;
      (2) Cooperate with us in the determination of any “defense expenses” which may be covered by this insurance; and
(3) Promptly submit a written request for us to reimburse any covered “defense expenses.”

4. Legal Action Against Us
   No person or organization has a right under this Coverage Form:
   a. To join us as a party or otherwise bring us into a “claim” seeking “damages” or “defense expenses” from an Enrolled Named Member; or
   b. To sue us on this Coverage Form unless all of the terms and conditions of this Coverage Form have been fully complied with.

   A person or organization may sue us to recover on an agreed settlement or on a final judgment against an Enrolled Named Member; but we will not be liable for “damages” or “defense expenses” that are not payable under the terms of this Coverage Form or that are in excess of the applicable Limit of Insurance. Under Coverage A, an agreed settlement means a settlement and release of liability signed by us, the Enrolled Named Member and the claimant or the claimant's legal representative.

5. Other Insurance
   If other valid and collectible insurance is available to the Enrolled Named Member for "damages," loss or "defense expenses" we cover under this Coverage Form, this insurance is excess over any of the other insurance and its deductible or self-Enrolled Named Member retention, whether such other insurance is issued on a primary, excess, contingent or on any other basis.

6. Representations
   By accepting this Coverage Form, you agree:
   a. The information in the application for this insurance is accurate and complete;
   b. That the Coverage Form has been issued to you based upon the information provided by you and the representations you made to us in the application for this insurance. The application forms the basis of our obligations under this Coverage Form; and
   c. This Coverage Form is void if any material fact or circumstance relating to this insurance is intentionally omitted or misrepresented in the application for this insurance.

7. Separation of Enrolled Named Members
   Except with respect to the Limits of Insurance as described in SECTION IV, and any rights or duties specifically assigned to the first Named Enrolled Named Member, this insurance applies:
   a. As if each Named Enrolled Named Member were the only Named Enrolled Named Member; and
   b. Separately to each Enrolled Named Member against whom “claim” is made.

8. Transfer of Rights of Recovery Against Others to Us
   If the Enrolled Named Member has rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. The Enrolled Named Member must do nothing after loss to impair them. At our request, the Enrolled Named Member will bring “claim” or transfer those rights to us and help us enforce them.

9. When We Do Not Renew
   If we decide not to renew this Coverage Form, we will mail or deliver to the first Named Enrolled Named Member shown in the Supplemental declarations written notice of such non-renewal not less than thirty (30) days before the expiration date. We will mail or deliver our notice to the first Named Enrolled Named Member’s last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

10. Your Right to Claim Information
    Upon request, we will provide the First Enrolled Named Member shown in the Supplemental Declarations the following information relating to this and any preceding Coverage Form we have issued to you during the previous three years:
    a. A list or other record of each “wrongful act” or other offense not previously reported to any other insurer, of which we were notified in accordance with Paragraph 2.a. or...
Paragraph 3.a. of this section. We will include the date and a brief description of such “wrongful act” or offense if that information was in the notice we received.

b. A summary, by coverage year, of payments made and amounts reserved. Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant's representative without our consent. We compile claim and related information for our own business purposes and exercise reasonable care in doing so. In providing this information to the First Enrolled Named Member, we make no representations or warranties to Enrolled Named Members, insurers, or others to whom this information is furnished by or on behalf of any Enrolled Named Member. Cancellation or non-renewal will be effective even if we inadvertently provide inaccurate information.

SECTION VII. – DEFINITIONS

1. “Administration” means any of the following acts that you do or authorize a person to do:
   a. Counseling “employees” or “volunteer workers”, other than giving legal advice, on “employee benefit plans”;
   b. Interpreting your “employee benefit plans”;
   c. Handling records for your “employee benefit plans”; and
   d. Effecting enrollment, termination or cancellation of “employees” or “volunteer workers” under your “employee benefit plans”.

2. “Bodily injury” means bodily injury, mental anguish or mental injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

3. “Claim” means:
   a. written notice, from any party, that it is their intention to hold the Enrolled Named Member responsible for “damages” arising out of a “wrongful act” or offense by the Enrolled Named Member;
   b. a civil proceeding in which “damages” arising out of an offense or “wrongful act” to which this insurance applies are alleged;
   c. an arbitration proceeding in which “damages” arising out of an offense or “wrongful act” to which this insurance applies are claimed and to which the Enrolled Named Member must submit or does submit with our consent;
   d. any other civil alternative dispute resolution proceeding in which “damages” arising out of an offense or “wrongful act” to which this insurance applies are claimed and to which the Enrolled Named Member submits with our consent; or
   e. a formal proceeding or investigation with the Equal Employment Opportunity Commission, or with an equivalent state or local agency.

A “claim” does not mean any ethical conduct review or enforcement action, or disciplinary review or enforcement action.

4. “Coverage territory” means the United States of America (including its territories and possessions), Puerto Rico and Canada.


6. “Defense expenses” means reasonable and necessary fees or expenses incurred by or on behalf of the Enrolled Named Member for:
   a. Legal fees charged by the Enrolled Named Member's attorney;
   b. Court costs;
   c. Expert witnesses; and
   d. The cost of court bonds, but we do not have to furnish these bonds.

“Defense expenses” do not include:

(1) Any salaries, charges or fees for any Enrolled Named Member, Enrolled Named Member's “volunteer workers” or “employees,” or former “volunteer workers” or “employees”; or
(2) Any expenses other than a., b., c. and d. above.

7. “Employee” means natural persons who are past, present or future, full-time and part-time employees, but only while acting with the scope of their employment for the Named Enrolled Named Member, including “leased workers.” “Employee” does not include a “temporary worker.”

8. “Employee benefit plans” mean group life insurance, group accident or health insurance, profit sharing plans, pension plans, “employee” stock subscription plans, “employee” travel, vacation, or savings plans, workers compensation, unemployment insurance, social security and disability benefits insurance, and any other similar benefit program applying to “employees” or “volunteer workers.”

9. “Employment practices” means the following, when alleged by a “volunteer worker,” “employee” or applicant for employment, in connection with that person’s actual or proposed employment relationship with the “Named Enrolled Named Member”:

   a. Failing to hire or refusing to hire;
   b. Wrongful dismissal, discharge, or termination of employment or Enrolled Named Membership, whether actual or constructive;
   c. Wrongful deprivation of a career opportunity, or failure to promote;
   d. Wrongful discipline or demotion of “volunteer workers” or “employees”;
   e. Negligent evaluation of “volunteer workers” or “employees”;
   f. Retaliation against “volunteer workers” or “employees” for the exercise of any legally protected right or for engaging in any legally protected activity;
   g. Failure to adopt adequate workplace or employment-related policies and procedures, or the breach of any manual or employment-related policies of procedures;
   h. Harassment, including “sexual harassment”;
   i. Libel, slander, defamation or invasion of privacy; or
   j. Violation of any federal, state or local laws (whether common law or statutory) concerning discrimination in employment.

10. “Executive Officer” means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

11. “Fungi” means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by “fungi.”

12. “Injunctive relief” means equitable relief sought through a demand for the issuance of a permanent, preliminary or temporary injunction, restraining order, or similar prohibitive writ against an Enrolled Named Member, or order for specific performance by an Enrolled Named Member.

13. “Law enforcement activity” means the activities of any Enrolled Named Member while acting as a law enforcement official, officer, auxiliary officer, “employee,” or “volunteer worker” of the law enforcement agency or department of the Named Enrolled Named Member. “Law enforcement activity” does not include your operations related to any building, code, license, permit, health, sanitation, animal control, safety, planning or zoning enforcement.

14. “Leased worker” means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. “Leased worker” does not include a “temporary worker.”

15. “Personal and advertising injury” means injury, including consequential “bodily injury,” arising out of one or more of the following offenses:

   a. False arrest, detention or imprisonment;
   b. Malicious prosecution;
   c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, or any other interference with real property rights;
   d. Oral or written publication in any manner of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
   e. Oral or written publication in any manner of material that violates a person's right of privacy;
f. The use of another's advertising idea in your advertisement; or

g. Infringing upon another's copyright, trade dress or slogan in your advertisement.

16. "Coverage Period" means the term of duration of the Coverage Form shown in the supplemental declarations.

17. “Pollutants” mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

18. “Professional healthcare services” means:
   a. Providing medical or nursing services;
   b. Providing professional services of any other healthcare professional, including emergency medical technicians and paramedics;
   c. Furnishing or dispensing drugs or medical, surgical or dental supplies or appliances;
   d. Handling of patients:
      (1) From the place where they are accepted for movement into or onto the means of transport,
      (2) During transport, and
      (3) From the means of transport to the place where they are finally delivered;
   e. Dispatching of, including the failure or refusal to dispatch, personnel to provide any of the above services;
   f. Serving on, or carrying out the orders of, a healthcare accreditation board or similar professional board or committee; and
   g. Establishing medical protocol, creating medical training curricula, providing medical training, conducting medical quality assurance programs, and carrying out similar duties.

19. “Property damage” means:
   a. Physical injury to tangible property, including all resulting loss of use of that property; and
   b. Loss of use of tangible property that is not physically injured but results from a. above.

20. “Sexual abuse” means any actual, attempted or alleged sexual conduct by a person, or by persons acting in concert, which causes injury. “Sexual abuse” includes sexual molestation, sexual assault, sexual exploitation or sexual injury, but does not include “sexual harassment”.

21. “Sexual harassment” means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature by a person, or by persons acting in concert, which causes injury, but only when:
   a. Submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person’s employment, or a basis for employment decisions affecting a person; or
   b. Such conduct has the purpose or effect of interfering with a person’s work performance or creating an intimidating, hostile or offensive work environment.

22. “Temporary worker” means a person who is furnished to you to substitute for a permanent “employee” on leave or to meet seasonal or short-term workload conditions.

23. “Volunteer worker” means a person who is not your “employee”, and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

24. “Water or wastewater professional activities” means your activities as a water or wastewater district, water utility, or as any other entity whose primary duty is the treatment and distribution of potable water, or the collection, treatment, and distribution of wastewater.

25. “Wrongful act” means any actual or alleged error, act, omission, neglect, misfeasance, nonfeasance, or breach of duty, including violation of any civil rights law, by any Enrolled Named Member in the discharge of their duties for the Enrolled Named Member, individually or collectively, that results directly but unexpectedly and unintentionally in “damages” to others.
THIRD PARTY DISCRIMINATION AND HARASSMENT COVERAGE

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY

By this endorsement, Coverage A. Insuring Agreement of the coverage form shall provide coverage for damages, resulting from “claims” for “discrimination and “harassment,” that the enrolled named member becomes legally obligated to pay to an existing or former client, customer or vendor of the insured.

We have no duty to provide coverage under this endorsement unless there has been full compliance with all of the conditions contained in this endorsement and the coverage form, and such coverage is subject to all terms, conditions and exclusions set forth in the coverage form.

As respects the coverage provided under this endorsement, the following definitions are added:

“**Discrimination**” means the taking of any adverse or differential action(s) by an “employee” of the enrolled named member, taken against an existing or former client, customer or vendor of the enrolled named member, because of race, color, religion, age, sex, pregnancy, sexual orientation or preference, national origin, or disability including a disability resulting from human immunodeficiency virus (HIV) or acquired immune deficiency syndrome (AIDS), or any other basis prohibited by federal, state or local law.

“**Harassment**” means unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors or other verbal, visual or physical conduct of a sexual or non-sexual nature, made to an existing or former client, customer or vendor of the insured, by an “employee” of the enrolled named member that:

1. Are explicitly or implicitly made a condition of doing business,
2. Are used as a basis for business decisions, or
3. Create an environment that interferes with individual comfort or performance.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
INVERSE CONDEMNATION EXCLUSION

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY

It is agreed that SECTION II – EXCLUSIONS of the Coverage Form, the exclusion entitled Public Use of Property is deleted in its entirety and replaced by the following:

Public Use of Property
“Damages,” “defense expenses,” costs or loss arising from any method or proceeding used to take control of private property for public use including condemnation, adverse possession, and dedication by adverse use or inverse condemnation.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
PRIVACY LIABILITY AND NETWORK RISK

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM (OCCURRENCE)
PUBLIC OFFICIALS AND MANAGEMENT LIABILITY COVERAGE FORM (CLAIMS-MADE)

Bolded terms used in this endorsement shall have the meaning as set forth herein. Other terms set forth in quotations shall be as defined in the endorsement. Coverage under this endorsement is provided on a Claims-Made basis. Defense Costs are included within the Limits of Insurance which are set forth in this endorsement.

The following additional coverage is hereby added to the MOC:

I. INSURING AGREEMENTS

A. PRIVACY LIABILITY COVERAGE
   The Issuer shall pay on behalf of the Enrolled Named Member, the Loss from Claims first made against the Enrolled Named Member during the MOC Period, or any applicable Extended Reporting Period, and reported to the Issuer in accordance with the terms of this endorsement, for any of the following Wrongful Acts, which take place on or after the Retroactive Date set forth below:
   1. Privacy Wrongful Acts;

   RETROACTIVE DATE: 6/30/2012

B. BREACH CONSULTATION SERVICES COVERAGE
   The Issuer shall pay on behalf of the Enrolled Named Member, for Breach Consultation Services arising from an actual or potential Privacy Wrongful Act, which takes place during the MOC Period and is reported to the Issuer in accordance with the terms of this endorsement.

C. BREACH RESPONSE SERVICES COVERAGE
   The Issuer shall reimburse the Enrolled Named Member, for Breach Response Services arising from a Privacy Wrongful Act, which takes place during the MOC Period and is reported to the Issuer in accordance with the terms of this endorsement.

D. SUPPLEMENTAL PRIVACY COVERAGE
   1. Public Relations Coverage
      The Issuer shall reimburse the Enrolled Named Member the Public Relations Expenses incurred by the Enrolled Named Member in connection with a Public Relations Event, which first takes place, or is reasonably anticipated to take place, during the MOC Period and is reported to the Issuer in accordance with the terms of this endorsement.

   2. Data Forensic Expenses Coverage
      The Issuer shall reimburse the Enrolled Named Member for Data Forensic Expenses incurred by the Enrolled Named Member resulting from the unauthorized misappropriation or disclosure of Personally Identifiable Information, which first occurs during the MOC Period and which the Enrolled Named Member reasonably believes might result in a Claim for a Privacy Wrongful Act or a Network Security Wrongful Act and is reported to the Issuer in accordance with the terms of this endorsement.
      Such expenses are not eligible for coverage under this Insuring Agreement in the event such expenses are covered as Loss under Insuring Agreement A.
II. DEFINITIONS

Terms set forth in quotations in this endorsement shall have the meaning set forth in the MOC. The following bolded terms, when used in this endorsement mean:

A. AFFECTED INDIVIDUAL means any individual whose Personally Identifiable Information was accessed by or disclosed to, or reasonably may have been accessed by or disclosed to, an unauthorized individual as a result of a Privacy Wrongful Act.

B. BREACH CONSULTATION SERVICES means any reasonable and necessary costs incurred by or on behalf of the Enrolled Named Member to:
   1. determine the applicability of, and the Enrolled Named Member’s obligation to comply with, any Breach Notification Law;
   2. draft a notification letter to be sent to any Affected Individual required to be notified by the Enrolled Named Member;
   3. retain a qualified forensics firm, as set forth in the attached Schedule of Services, to investigate, examine and analyze the Enrolled Named Member’s Network to determine the cause and source of the unauthorized misappropriation or disclosure of Personally Identifiable Information and the extent to which such Personally Identifiable Information was accessed;
   4. retain a qualified public relations firm, crisis management firm or law firm, as set forth in the attached Schedule of Services, to minimize potential harm arising from a Public Relations Event; and
   5. retain a qualified service provider, as set forth in the attached Schedule of Services, to provide Breach Response Services.

Breach Consultation Services are described in more detail in the attached Schedule of Services, which is incorporated into and part of the coverage under this endorsement.

C. BREACH NOTIFICATION LAW means any U.S. federal or state law which requires an entity to provide notice to any individual whose Personally Identifiable Information was accessed by or disclosed to or reasonably may have been accessed by or disclosed to an unauthorized individual.

D. BREACH RESPONSE SERVICES means:
   1. Notice Fulfillment Services;
   2. Call Center Services;
   3. Credit Monitoring Services; and

E. CALL CENTER SERVICES means the establishment and operation of a call center. Call center employees shall provide information to Affected Individuals regarding Privacy Wrongful Acts, Public Relations Events and Credit Monitoring Services.

F. CLAIM means any:
   1. written demand for monetary, non-monetary, or injunctive relief;
   2. civil proceeding in a court of law or equity, including any appeal therefrom, which is commenced by the filing of a complaint, motion for judgment, or similar proceeding;
   3. administrative or regulatory investigation or proceeding;
   4. arbitration proceeding;
   5. prosecution or governmental action related to Privacy Wrongful Acts; or
   6. written request to toll or waive a statute of limitations.
G. CREDIT MONITORING SERVICES means triple bureau credit monitoring provided to each Affected Individual who enrolls for such services.

H. DATA FORENSIC EXPENSES means the reasonable and necessary costs incurred by the Enrolled Named Member to retain a qualified forensics firm to investigate, examine and analyze the Enrolled Named Member’s Network to determine the cause and source of the unauthorized misappropriation or disclosure of Personally Identifiable Information and the extent to which such Personally Identifiable Information was accessed.

I. DEFENSE EXPENSES means reasonable legal fees and expenses incurred by or on behalf of the Enrolled Named Member by the Issuer in the defense or appeal of a Claim; provided that Defense Expenses will not include the Enrolled Named Member's overhead expenses or any salaries, wages, fees, or benefits paid to its Employees.

J. IDENTITY THEFT means the misappropriation of Personally Identifiable Information or any other confidential information which has resulted in the wrongful or fraudulent use of such Personally Identifiable Information, including, but not limited to, fraudulently emulating the identity of an individual or corporation.

K. IDENTITY THEFT RESOLUTION SERVICES means Identity Theft Monitoring and Complete Identity Repair services provided to any Affected Individual whose identity has been compromised as a result of a Privacy Wrongful Act.

L. ENROLLED NAMED MEMBER shall have the meaning as set forth in the MOC, provided that for purposes of coverage under this endorsement, a Third Party Contractor is not an Enrolled Named Member.

M. ISSUER means the entity providing this insurance as set forth in the Declarations to the MOC which this endorsement is attached to.

N. LOSS means Defense Expenses and monetary damages, pre-judgment interest, post-judgment interest, judgments, settlements, fines and penalties assessed pursuant to U.S. federal or state law for Privacy Wrongful Acts, punitive or exemplary damages where insurable under applicable law, or other amounts that an Enrolled Named Member becomes legally obligated to pay as a result of a Claim. Loss shall also include amounts that have been paid to a consumer by an Enrolled Named Member, with the prior written consent of the Issuer, from a consumer redress fund established by the Issuer, provided the Enrolled Named Member was legally obligated to pay such amount as a result of a Claim. For the purpose of determining the insurability of punitive or exemplary damages under this MOC, the laws of the jurisdiction most favorable to the insurability of such damages shall control if that jurisdiction:
   1. is the location of the court that awarded or imposed such damages;
   2. is where the Enrolled Named Member is incorporated or otherwise organized or has a place of business; or
   3. is where the Issuer is incorporated or otherwise organized or has its principal place of business.

   Loss does not include:
   a. fines, penalties, taxes or the multiplied portion of multiple damages, except for those fines and penalties described in the first paragraph of this Definition;
   b. future profits, future royalties, costs of licensing, or other costs of obtaining future use, restitution, or disgorgement by any Enrolled Named Member;
   c. the costs to comply with orders granting injunctive relief or non-monetary relief, including specific performance, or any agreement to provide such relief;
d. return or offset of fees, charges, royalties, or commissions for goods or services already provided or contracted to be provided;

e. remedies due pursuant to a contractual provision; or sums due pursuant to a contractual provision for liquidated damages, agreed penalties, or similar remedy;

f. any amount which the Enrolled Named Member is not legally obligated to pay; or
g. matters which are uninsurable under applicable law.

O. MALICIOUS CODE means unauthorized and either corrupting or harmful software code, including but not limited to computer viruses, Trojan horses, worms, logic bombs, spy ware or spider ware.

P. NAMED ENROLLED NAMED MEMBER means the organization set forth in Item 1. of the Declarations.

Q. NETWORK means computer hardware, software, firmware, and components thereof, including software and electronic data stored on or within the Enrolled Named Member's Network, which are connected through two or more computers, including such networks accessible through the Internet, intranets, extranets or virtual private networks. NETWORK shall not include the computer hardware, software, firmware, or components thereof, of any third party provider of telephone, telecommunications, cable, Internet, or satellite services.

R. NETWORK SECURITY means the use of hardware, software and firmware, including, without limitation, firewalls, filters, routers, intrusion detection software, antivirus software, automated password management applications and other authentication mechanisms, which are designed to control or restrict the access to a Network, or parts thereof. NETWORK SECURITY shall also include the use of third party service providers which provide, or assist in the provisioning, of such hardware, software and firmware.

S. NETWORK SECURITY WRONGFUL ACT means any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty committed by an Enrolled Named Member or Third Party Contractor, which results in a breach of the Enrolled Named Member's NETWORK SECURITY, the consequences of which are:
1. unauthorized access to, use of or tampering with a third party's Network;
2. the inability of an authorized third party to gain access to the Enrolled Named Member's services;
3. denial or disruption of Internet service to an authorized third party;
4. Identity Theft;
5. the transmission of Malicious Code; or
6. the unauthorized release of a third party's confidential and proprietary business information.

T. NOTICE FULFILLMENT SERVICES means services to provide notification to Affected Individuals pursuant to any applicable Breach Notification Law or at the Enrolled Named Member's discretion provided that Personally Identifiable Information, as set forth in Definition U., part 1., was compromised, including printing services, mailing services and postage services associated with mail notice.

U. PERSONALLY IDENTIFIABLE INFORMATION means:
1. information from which an individual may be uniquely and reliably identified, including, but not limited to an individual’s name, address, telephone number, email address, in combination with their social security number, account relationships, account numbers, passwords, PIN numbers, credit card numbers or biometric information; or
2. personal information as defined in any U.S. federal or state privacy protection law governing the control and use of an individual’s personal and confidential information, including any regulations promulgated thereunder, or any similar or related laws or regulations of any foreign jurisdiction, including but not limited to:
   a. “nonpublic personal information” as defined by Title V of the Gramm-Leach-Bliley Act of 1999, as amended, and any regulations promulgated thereto;
   b. “protected health information” as defined by the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), or the Health Information Technology for Economic and Clinical Health Act of 2009 (“HITECH”), as amended, and any regulations promulgated thereto;
   c. personal information as defined in the California Database Protection Act of 2003 and California A.B. 1950, as amended, and any regulations promulgated thereto;
   d. “customer” information held by a “creditor” or “financial institution,” as defined by and protected under the “FTC Red Flags Rule”.

V. PRIVACY WRONGFUL ACT means any actual or alleged act, error, misstatement, misleading statement, omission, neglect or breach of duty committed by any Enrolled Named Member or Third Party Contractor, which results in:
1. the misappropriation or disclosure of Personally Identifiable Information;
2. a breach or violation of U.S. federal or state law or regulations associated with the control and use of Personally Identifiable Information, or any similar or related laws or regulations of any foreign jurisdiction;
3. Identity Theft; or
4. the unauthorized release of a third party’s confidential and proprietory information.

W. PUBLIC RELATIONS EVENT means the publication of unfavorable information relating to the Wrongful Acts of an Enrolled Named Member, which can be reasonably considered to lessen public confidence in the competence, integrity or viability of the Enrolled Named Member to conduct business.

X. PUBLIC RELATIONS EXPENSES means the following amounts, when incurred during the pendency of, and in anticipation of, a Public Relations Event:
1. amounts for which the Enrolled Named Member incurs for those services performed by a public relations firm, crisis management firm or law firm selected by the Enrolled Named Member and approved in advance in writing by the Issuer, to minimize potential harm to the Enrolled Named Member arising from a Public Relations Event, including, without limitation, maintaining and restoring public confidence in the Enrolled Named Member, and providing advice to the Enrolled Named Member or any of its directors, officers, partners or employees; and
2. amounts for which the Enrolled Named Member becomes legally liable for the reasonable and necessary printing, advertising, mailing of materials, or travel by directors, officers, partners, employees or the firm rendering services as referenced above.

Public Relations Expenses shall not include compensation, fees, benefits or overhead of any Enrolled Named Member or any Third Party Contractor.

Y. RELATED CLAIMS means all Claims for Wrongful Acts based on, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the same or related series of facts, circumstances, situations, transactions or events, whether related logically, causally, or in any other way.

Z. THIRD PARTY CONTRACTOR means a person or organization that provides services to or on behalf of an Enrolled Named Member pursuant to a written agreement in circumstances where
the person or organization acts within the scope of the agreement and the agreement has been reviewed by the Enrolled Named Member’s in-house or outside counsel prior to execution of the agreement.

AA.WEBSITE means the software, content and other materials accessible via the Internet at a designated Uniform Resource Locator address.

BB.WRONGFUL ACT means a Privacy Wrongful Act or a Network Security Wrongful Act.

III. EXCLUSIONS

The coverage provided by this endorsement is subject to all exclusions in the MOC, in addition to those exclusions set forth below:

1. This Endorsement does not cover Loss from Claims, or any other costs, expenses or damages incurred by the Enrolled Named Member or any other party, based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving, any of the following:
   a. failure, interruption or reduction in supply of utility service or infrastructure, including, without limitation, electrical, gas, water, telephone, Internet, cable, satellite, or telecommunications;
   b. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), strike, lock-out, riot, civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power;
   c. “bodily injury,” “property damage” or “personal and advertising injury;”
   d. transfer of, or the failure to transfer funds, money or securities;
   e. unsolicited electronic dissemination of faxes, e-mails, text messages or similar communications to actual or prospective customers of the Enrolled Named Member or any subsidiary, or to any other third party, including but not limited to any violation of the Telephone Consumer Protection Act, any federal or state anti-spam statute, or any other federal or state statute, law or regulation relating to a person’s or entity’s right of seclusion; provided, however that this Exclusion shall not apply to:
      i. any portion of an otherwise covered Claim for a Network Security Wrongful Act or a Privacy Wrongful Act; or
      ii. any unintentional dissemination of faxes;
   f. discrimination of any kind, including but not limited to, race, creed, religion, age, handicap, sex, marital status or financial condition; refusal to employ, termination of employment, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or any other employment-related practices, policies, acts, errors or omissions;
   g. price fixing, restraint of trade, monopolization, unfair trade practices including violations of the Sherman Anti-Trust Act, the Clayton Act, or any similar provision of any federal, state, or local statutory law or common law anywhere in the world; the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended; the Securities Act of 1933, the Securities Exchange Act of 1934, or any other federal, state or local securities law;
   h. actual or alleged violation of any law or statute protecting any patent, or any rule or regulation promulgated thereunder or of any provision of the common law imposing liability in connection therewith; or the misappropriation, misuse or disclosure of confidential and proprietary business information or trade secrets, other than a Network Security Wrongful Act or Privacy Wrongful Act as specifically described in those definitions;
      i. unlicensed use of software;
      j. any wireless network that is not protected by either Wi-Fi Protected Access (“WPA”) or any other security protocol that provides equal or greater protections than WPA;
k. the use of a laptop computer, computer or other electronic device that does not employ whole disc encryption or is not password protected;

l. back-up tapes, optical media or any other form of portable back-up media which are not encrypted; or

m. any actual or alleged violation of U.S. federal or state law or regulations associated with medical billing and coding services, including but not limited to:
   (i) procedure coding;
   (ii) bill, claim, cost report or data submissions; or
   (iii) the calculation of payments; provided,
   however, this Exclusion shall not apply to that portion of an otherwise covered Claim resulting in fines and penalties assessed pursuant to U.S. federal or state law for Privacy Wrongful Acts;

n. expiration or withdrawal of technical support by a software vendor.

2. This MOC does not cover Loss from Claims brought or maintained by, on behalf of, or in the right of any Enrolled Named Member, or any other natural person or entity for whom or which an Enrolled Named Member is legally liable; provided that this Exclusion shall not apply to an otherwise covered Claim by an employee of the Enrolled Named Member alleging a Privacy Wrongful Act.

IV. LIMITS AND RETENTIONS

A. LIMITS OF INSURANCE

1. Coverage Form Aggregate (all members):
   $2,000,000 aggregate limit for all members and all amounts payable under this Coverage Form

2. Aggregate Limit of Insurance for Each Insuring Agreement:
   The Aggregate Limits of Insurance of this MOC are as follows:
   - Insuring Agreement A: $1,000,000 in the aggregate for all Claims;
   - Insuring Agreement B: $1,000,000 in the aggregate for all payments.
   - Insuring Agreement C & D: $100,000 in the aggregate for all payments.
   The Aggregate Limits of Insurance set forth above are the Issuer's maximum liability for each corresponding Insuring Agreement, regardless of the number of Claims, claimants, Privacy Wrongful Acts, Public Relations Events or other matters giving rise to coverage under each Insuring Agreement, or the number of persons or entities included within the definition of Enrolled Named Member. In the event that a Wrongful Act or other event triggering coverage under this endorsement, takes place during more than one MOC Period, the maximum amount payable by the Issuer under all policies issued by the Issuer or any affiliate thereof, to the Enrolled Named Member, shall not exceed the single highest “each Claim” or “each event” limit of insurance applicable. All Wrongful Acts or all other events triggering coverage under this endorsement, arising from the same or related acts, errors or omissions, facts, situations, incidents or circumstances, regardless of the frequency or repetition thereof, are considered to arise out of a single Wrongful Act or event. Such Wrongful Act or event shall be deemed to have first taken place at the time of the first act, error, omission, fact, situation, incident or circumstance.

B. APPLICATION OF RETENTIONS

1. Retention For Each Insuring Agreement
   The Retention applicable to Insuring Agreements A., B., C., and D. of this MOC is as follows:
   - Insuring Agreement A: $0 each and every Claim; Insuring Agreements B, C, and D: $0 each and every Privacy Wrongful Act under Insuring Agreement B and C; or each and every event triggering coverage under Insuring Agreement D. The Issuer's obligation to pay or reimburse the Enrolled Named Member for any Claim, Public Relations Event or other matter giving
rise to coverage under Insuring Agreements A., B., C., and D. is in excess of the Retention applicable to each Insuring Agreement. The applicable Retention shall apply to each and every Claim, Public Relations Event or other matter giving rise to coverage under each Insuring Agreement.

2. Retention Payment by the Enrolled Named Member
The Issuer will have no obligation whatsoever, either to the Enrolled Named Members or to any person or entity, to pay all or any portion of any Retention amount on behalf of any Enrolled Named Member, although the Issuer will, at its sole discretion, have the right and option to do so, in which event, the Enrolled Named Members agree to repay the Issuer any amounts so paid.

3. Retention for Same or Related Acts, Errors, Events, Omissions or Circumstances
In the event that the same or related act(s), error(s), event(s), omission(s) or circumstances results in coverage under more than one Insuring Agreement, then only one Retention shall apply, which shall be the highest applicable retention set forth in in this Endorsement.

V. CONDITIONS

A. OTHER INSURANCE
1. All Loss and other amounts payable under this MOC will be excess of, and will not contribute with, any other valid and collectible insurance provided by any Privacy MOC, Technology Errors & Omissions MOC, Network Security Liability MOC, Cyber-liability MOC, Media Liability MOC or any other equivalent MOC, unless such other insurance is specifically stated to be in excess of this MOC. This MOC will not be subject to the terms of any other insurance.

2. Notwithstanding Paragraph 1. above, with respect to any Claim under Insuring Agreement A. for which any coverage is available under any insurance MOC(ies) which applies to claims for “bodily injury” and/or “property damage,” the Issuer will have no duty to defend such Claim, or to pay Defense Expenses incurred by or on behalf of any Enrolled Named Member in connection with such Claim, or to contribute to any defense provided to any Enrolled Named Member under such other insurance MOC(ies), or to reimburse any other issuer, in whole or in part, for Defense Expenses incurred in connection with such Claim.

B. DEFENSE AND SETTLEMENT OF CLAIMS
1. The Issuer will have the right and duty to defend any Claim under Insuring Agreement A. which is covered in whole or in part, by this MOC even if such Claim is groundless, false or fraudulent. No Enrolled Named Member may incur any Defense Expenses or admit liability for or settle or offer to settle any Claim without the Issuer's written consent. The Issuer will have the right to make investigations and conduct negotiations and, with the consent of the Enrolled Named Member, enter into such settlement of any Claim as the Issuer deems appropriate.

2. The Issuer will have no obligation to pay Loss, including Defense Expenses, or to defend or continue to defend any Claim or to pay or reimburse any amounts, costs or expenses pursuant to any Insuring Agreement of the MOC, after the Limit of Insurance applicable to such Insuring Agreement, as stated in this endorsement, has been exhausted. If the Limits of Insurance stated in this endorsement are exhausted by the payment of such amounts, the entire contribution paid for this endorsement will be deemed fully earned.

3. In the event there is a determination that the Enrolled Named Members shall not be entitled to payment of Defense Expenses under the terms and conditions of this endorsement and the MOC, such payments by the Issuer shall be repaid to the Issuer by the Enrolled Named Members.
C. NOTICE REQUIREMENTS AND OTHER DUTIES OF THE ENROLLED NAMED MEMBER

1. Insuring Agreement A.
   a. As a condition precedent to any right to payment in respect of any Claim made under Insuring Agreement A., the Enrolled Named Member must give the Issuer written notice of such Claim, with full details, as soon as practicable after the Claim is first made and in no event later than sixty (60) days after the Expiration Date of the MOC.
   b. If, during the “MOC period,” the Enrolled Named Member first becomes aware of a Wrongful Act which may subsequently give rise to a Claim and the Enrolled Named Member:
      (1) gives the Issuer written notice of such Wrongful Act as soon as practicable thereafter, but before the Expiration Date or cancellation of this MOC and such notice includes a description of the Wrongful Act in question, the identities of the potential claimants, the consequences that have resulted or may result from such Wrongful Act, the Loss that may result from such Wrongful Act; and
      (2) requests coverage under this MOC for any subsequently resulting Claim for such Wrongful Act,
   then the Issuer will treat any such subsequently resulting Claim as if had been first made during the “MOC period”.
   c. All Related Claims will be treated as a single Claim made when the earliest of such Related Claim was first made, or when the earliest of such Related Claims is treated as having been made in accordance with this Condition G., whichever is earlier.

2. Insuring Agreement B.
   As a condition precedent to any right to payment in respect of any Breach Consultation Services under Insuring Agreement B., the Enrolled Named Member must give the Issuer notice by calling the Allied World Incident Evaluation Hotline, pursuant to the procedures set forth in the attached Schedule of Services, of any Privacy Wrongful Act as soon as practicable thereafter, and in no event later than thirty (30) days after the Expiration Date of the MOC. Such notice shall include a description of the Privacy Wrongful Act in question, the identities of the potential claimants, the consequences that have resulted or may result from such Privacy Wrongful Act.

3. Insuring Agreement C.
   a. If the Enrolled Named Member incurs any costs associated with Breach Response Services arising from a Privacy Wrongful Act, then, as a condition precedent to any right to payment in respect to such costs under Insuring Agreement C., the Enrolled Named Member must report such costs to the Issuer as soon as practicable after the Privacy Wrongful Act takes place, but in no event later than thirty (30) days after the Enrolled Named Member first incurs such costs.
   b. The service provider selected by the Enrolled Named Member to perform Breach Response Services must be approved in writing by the Issuer, prior to the Enrolled Named Member incurring any costs associated with Breach Response Services.
   c. All Public Relations Expenses must be reported to the Issuer as soon as practicable, but in no event later than thirty (30) days after the Enrolled Named Member first incurs such Public Relations Expenses.

4. Insuring Agreement D.1.
   a. As a condition precedent to any right to payment in respect of any Public Relations Event under Insuring Agreement D.1., the Enrolled Named Member must give the Issuer written notice of such actual or anticipated Public Relations Event as soon as practicable, but in no event later than thirty (30) days after the Expiration Date of the MOC.
   b. The public relations firm, crisis management firm or law firm selected by the Enrolled Named Member to perform services in connection with a Public Relations Event must be approved in writing by the Issuer, prior to the Enrolled Named Member incurring any Public Relations Expenses.
   c. All Public Relations Expenses must be reported to the Issuer as soon as practicable, but in no event later than thirty (30) days after the Enrolled Named Member first incurs such Public Relations Expenses.
5. **Insuring Agreement D.2.**
   a. As a condition precedent to any right to payment in respect of any unauthorized misappropriation or disclosure of **Personally Identifiable Information** under Insuring Agreement D.2., the **Enrolled Named Member** must give the **Issuer** written notice of such unauthorized misappropriation or disclosure of **Personally Identifiable Information** as soon as practicable after it is discovered by the **Enrolled Named Member**, but in no event later than thirty (30) days after the Expiration Date of the MOC.
   b. The forensics firm selected by the **Enrolled Named Member** to perform data forensic services in connection with such unauthorized misappropriation or disclosure of **Personally Identifiable Information** must be approved in writing by the **Issuer**, prior to the **Enrolled Named Member** incurring any **Data Forensic Expenses**.
   c. The **Enrolled Named Member** must report any **Data Forensic Expenses** to the **Issuer** as soon as practicable but in no event later than thirty (30) days after the **Enrolled Named Member** first incurs such **Data Forensic Expenses**.

6. **Notices To Issuer**

   **Notice of Claims** to the **Issuer** under Insuring Agreement A. of this endorsement shall be transmitted by the **Enrolled Named Member** by electronic mail to:

   Email Address: noticeofloss@awac.com.

   All other notices by the **Enrolled Named Member** to the **Issuer** under Insuring Agreements B. through D. of this endorsement shall be by telephone using the toll-free number set forth in the attached Schedule of Services. Such notices shall be deemed effective when received by the **Issuer**.
PRIVACY LIABILITY AND NETWORK RISK SCHEDULE OF SERVICES

The foregoing is a description of the Breach Consultation Services and Breach Response Services provided under the Endorsement entitled Privacy Liability and Network Risk Coverage to the Public Officials and Management Liability with Employment Practices and Employee Benefits Coverage Form (hereinafter, “the Endorsement”).

Additional information, including approved service providers, can be found at http://www.eriskhub.com/awac.

In the event an actual or potential Privacy Wrongful Act occurs and the Enrolled Named Member seeks coverage under the Endorsement, the Enrolled Named Member shall follow the procedures and requirements as provided in this Schedule of Services. Upon notifying the Issuer of the Privacy Wrongful Act, the Enrolled Named Member shall provide the Issuer and any Breach Consultant or Preferred Service Provider set forth below with all information, assistance, and cooperation that is reasonably requested, including entering into any contract necessary for the rendering of Breach Consultation Services and Breach Response Services.

I. Breach Consultant

The Enrolled Named Member shall notify the Issuer of any Privacy Wrongful Act by calling the Allied World Incident Evaluation Hotline, 844-736-2428. As a result of this notification, the Enrolled Named Member shall be contacted by a designated Breach Consultant who shall gather information from the Enrolled Named Member and assess the severity of the Privacy Wrongful Act. After this evaluation, the Breach Consultant shall provide the Enrolled Named Member with guidance on how to respond to the Privacy Wrongful Act. In accordance, the Breach Consultant shall represent and provide the Enrolled Named Member with Breach Consultation Services.

Breach Consultants shall be attorneys from the firm of Mullen Coughlin, LLC, http://www.mullen.legal. In the event of a conflict, the Issuer shall provide the Enrolled Named Member with alternative approved firms to act as the Breach Consultant and provide the Enrolled Named Member with Breach Consultation Services.

II. Breach Consultation Services

A. Legal Services

The Breach Consultant shall represent the Enrolled Named Member throughout the breach response process. The Breach Consultant shall provide services including, but not limited to, determining the applicability of and the Enrolled Named Member’s obligation to comply with any Breach Notification Law and if necessary, managing all third party service providers, preparing notification letters, other correspondence and messaging for Affected Individuals, regulatory entities, the media, and other entities as necessary and recommended.

B. Data Forensics

In the event of an actual or potential Privacy Wrongful Act resulting from a breach of the Enrolled Named Member’s Network, the Breach Consultant shall retain and direct, on behalf of the Enrolled Named Member, a qualified forensics firm to investigate, examine and analyze the Network to determine the cause and source of the unauthorized misappropriation or disclosure of...
Personally Identifiable Information and the extent to which such Personally Identifiable Information was accessed. Forensics firms shall be selected from the approved list on http://www.eriskhub.com/awac. The Enrolled Named Member may, as recommended by the Breach Consultant, select an alternative forensics firm, in accordance with the Endorsement. The forensics firm shall require access to the Enrolled Named Member's Network. The Enrolled Named Member shall comply with all reasonable requests of the forensics firm throughout the course of the investigation.

C. Public Relations Expenses
In the event a Public Relations Event occurs, the Breach Consultant shall retain and direct, on behalf of the Enrolled Named Member, a qualified public relations firm, crisis management firm or law firm to minimize any potential harm to the Enrolled Named Member arising from such Public Relations Event. Such firms shall be selected from the approved list on http://www.eriskhub.com/awac. The Enrolled Named Member may, as recommended by the Breach Consultant, select an alternative firm, in accordance with the Endorsement.

D. Breach Response Services
In the event the Breach Consultant determines it is necessary for the Enrolled Named Member to provide Breach Response Services to Affected Individuals, or the Enrolled Named Member elects to provide such Breach Response Services, the Breach Consultant shall retain and direct, on behalf of the Enrolled Named Member, the Preferred Service Provider, as set forth below, to render such Breach Response Services.

III. Breach Response Services
Breach Response Services shall be provided by Mullen Coughlin, LLC, http://www.mullen.legal. (hereinafter “Preferred Service Provider”).

A. Data Look Up Services/Notice Fulfillment Services
Data Look Up Services
The Preferred Service Provider shall provide services for the Enrolled Named Member including, but not limited to, address lookup, deceased lookup and social security number verification for all Affected Individuals.
Notice Fulfillment Services
The Preferred Service Provider shall coordinate mail notification services such as notification letter printing, mailing and return mail management. All notification letters shall be sent to Affected Individuals via first class mail.

B. Call Center Services/Call Center Reports
Call Center Services
The Preferred Service Provider shall provide a call center, accessible to U.S. resident callers by a toll-free number, for a period of up to ninety (90) days, as determined by the Breach Consultant, following notification of a Privacy Wrongful Act. Call center employees shall answer questions from Affected Individuals about the Privacy Wrongful Act and Public Relations Event and provide information regarding Credit Monitoring Services and Identity Theft Resolution Services including the enrollment process.
Call Center Reports
The Preferred Service Provider shall provide the Enrolled Named Member with a weekly call report including total calls, total calls answered, total abandoned calls, call abandonment rate and average speed of answer.

C. Enrollment Services/Enrollment Reports
Enrollment Services
The Preferred Service Provider shall provide web-based enrollment on behalf of the Enrolled Named Member for its Credit Monitoring Services and Identity Theft Monitoring offered to Affected Individuals. Enrollment Services shall include a web page hosted by the Preferred Service Provider containing information about Credit Monitoring Services and Identity Theft Monitoring, including the duration of such services and customer support phone numbers.

Enrollment Reports
The Preferred Service Provider shall provide the Enrolled Named Member with a monthly enrollment report, accessible through a secure portal, which contains the total number of Affected Individuals enrolled in Credit Monitoring Services.

D. Credit Monitoring Services
The Preferred Service Provider shall provide any Affected Individual, who has enrolled in Credit Monitoring Services, with access to triple bureau credit monitoring for one year from the date of enrollment.

E. Identity Theft Resolution Services
Identity Theft Monitoring
The Preferred Service Provider shall notify any Affected Individual, who has enrolled in Identity Theft Monitoring, when stolen identity information is detected and reported. Stolen identity information includes compromised bank account log-ins, credit card numbers, social security numbers, and other online log-ins such as emails and passwords. In the event the Preferred Service Provider receives notification that an Affected Individual’s identity has been found through Identity Theft Monitoring, the Affected Individual shall be contacted via telephone or email. Identity Theft Monitoring shall be provided to Affected Individuals for one year from the date of enrollment.

Complete Identity Repair
All Affected Individuals shall be automatically enrolled for Complete Identity Repair. In the event that the identity of any Affected Individual has been stolen, the Preferred Service Provider shall work with creditors and credit bureaus to help repair the Affected Individual’s identity. The Preferred Service Provider shall also help repair the Affected Individual’s credit should he or she become the victim of Identity Theft. Complete Identity Repair includes, but is not limited to, proactively searching for all undiscovered activity using credit and other data sources, completing all required documentation and initiating disputes with all credit bureaus and affected institutions, providing regular status updates and confirming with the Affected Individual when his or her identity has been fully restored. Complete Identity Repair shall be provided to Affected Individuals for one year from the date of the Privacy Wrongful Act occurred.
**MEMORANDUM OF COVERAGE (MOC)**

**BUSINESS AUTO SUPPLEMENTAL DECLARATIONS**

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**Authorized Representative:**

(Paul Fuller) 5/5/2020

Date
MEMORANDUM OF COVERAGE (MOC)
BUSINESS AUTO

Various provisions in this coverage form restrict coverage. Read the entire coverage form carefully to determine rights, duties and what is and is not covered. Throughout this coverage form the words "you" and "your" refer to the enrolled named member shown in the supplemental declarations.

The words "we", "us" and "our" refer to the issuer providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION V – DEFINITIONS.

SECTION I – COVERED AUTOS

Item Eight of the Supplemental Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Supplemental Declarations designate the only "autos" that are covered "autos".

A. DESCRIPTION OF COVERED AUTO DESIGNATION SYMBOLS

Symbol Description Of Covered Auto Designation Symbols

1 Any "Auto"

2 Owned "Autos" Only – Only those "autos" you own (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the Coverage Form begins.

3 Owned Private Passenger "Autos" Only – Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the Coverage Form begins.

4 Owned "Autos" Other Than Private Passenger "Autos" Only – Only those "autos" you own that are not of the private passenger type (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the Coverage Form begins.

5 Owned "Autos" Subject To No-Fault – Only those "autos" you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the Coverage Form begins provided they are required to have no fault benefits in the state where they are licensed or principally garaged.

6 Owned "Autos" Subject to a Compulsory Uninsured Motorists Law – Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the Coverage Form begins provided they are subject to the same state uninsured motorists requirement.

7 Specifically Described "Autos" – Only those "autos" described in Item Eight of the Supplemental Declarations for which a contribution charge is shown (and for Covered Autos...
8 Hired "Autos" Only – Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

9 Non-owned "Autos" Only – Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households but only while used in your business or your personal affairs.

19 Mobile Equipment Subject To Compulsory or Financial Responsibility or Other Motor Vehicle Insurance Law Only – Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this Coverage Form if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.

B. OWNED AUTOS YOU ACQUIRE AFTER THE COVERAGE FORM BEGINS

1. If Symbols 1, 2, 3, 4, 5, 6 or 19 are entered next to a coverage in Item Six of the Supplemental Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the coverage period.

2. But, if Symbol 7 is entered next to a coverage in Item Six of the Supplemental Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
   a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and
   b. You tell us within thirty (30) days after you acquire it that you want us to cover it for that coverage.

C. CERTAIN TRAILERS, MOBILE EQUIPMENT AND TEMPORARY SUBSTITUTE AUTOS
If Covered Autos Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Covered Autos Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto".
3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
   a. Breakdown;
   b. Repair;
   c. Servicing;
   d. "Loss"; or
   e. Destruction.

SECTION II – COVERED AUTOS LIABILITY COVERAGE

A. COVERAGE
We will pay all sums an "Enrolled Named Member" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto". We will also pay all sums a
"Enrolled Named Member" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident". We have the right and duty to defend any "Enrolled Named Member" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "Enrolled Named Member" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Covered Autos Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is An Enrolled Named Member

   a. You for any covered "auto".

   b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

      (1) The owner or anyone else from whom you hire or borrow a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

      (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.

      (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.

      (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".

      (5) A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

   c. Anyone liable for the conduct of an "Enrolled Named Member" described above but only to the extent of that liability.

2. Coverage Extensions

   a. Supplementary Payments

      We will pay for the "Enrolled Named Member":

      (1) All expenses we incur.

      (2) Up to $2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

      (3) The cost of bonds to release attachments in any "suit" against the "Enrolled Named Member" we defend, but only for bond amounts within our Limit of Insurance.

      (4) All reasonable expenses incurred by the "Enrolled Named Member" at our request, including actual loss of earnings up to $250 a day because of time off from work.

      (5) All court costs taxed against the "Enrolled Named Member" in any "suit" against the "Enrolled Named Member" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "Enrolled Named Member".

      (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "Enrolled Named Member" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

      These payments will not reduce the Limit of Insurance.
b. Out-of-State Coverage Extensions
While a covered "auto" is away from the state where it is licensed, we will:
(1) Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
(2) Provide the minimum amounts and types of other coverages, such as no fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used. We will not pay anyone more than once for the same elements of loss because of these extensions.

B. EXCLUSIONS
This insurance does not apply to any of the following:
1. Expected Or Intended Injury
   "Bodily injury" or "property damage" expected or intended from the standpoint of the "Enrolled Named Member".
2. Contractual
   Liability assumed under any contract or agreement. But this exclusion does not apply to liability for damages:
   a. Assumed in a contract or agreement that is an "Enrolled Named Member contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
   b. That the "Enrolled Named Member" would have in the absence of the contract or agreement.
3. Workers' Compensation
   Any obligation for which the "Enrolled Named Member" or the "Enrolled Named Member's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.
4. Employee Indemnification And Employer's Liability
   "Bodily injury" to:
   a. An "employee" of the "Enrolled Named Member" arising out of and in the course of:
      (1) Employment by the "Enrolled Named Member"; or
      (2) Performing the duties related to the conduct of the "Enrolled Named Member's" business; or
   b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph a. above. This exclusion applies:
      (1) Whether the "Enrolled Named Member" may be liable as an employer or in any other capacity; and
      (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury. But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "Enrolled Named Member" under an "Enrolled Named Member contract". For the purposes of the Coverage Form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.
5. Fellow Employee
   "Bodily injury" to:
   a. Any fellow "employee" of the "Enrolled Named Member" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or
   b. The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph a. above.
6. Care, Custody Or Control
"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "Enrolled Named Member" or in the "Enrolled Named Member's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property
"Bodily injury" or "property damage" resulting from the handling of property:
   a. Before it is moved from the place where it is accepted by the "Enrolled Named Member" for movement into or onto the covered "auto"; or
   b. After it is moved from the covered "auto" to the place where it is finally delivered by the "Enrolled Named Member".

8. Movement Of Property By Mechanical Device
"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations
"Bodily injury" or "property damage" arising out of the operation of:
   a. Any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment"; or
   b. Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations
"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned. In this exclusion, your work means:
   a. Work or operations performed by you or on your behalf; and
   b. Materials, parts or equipment furnished in connection with such work or operations.
   Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraph a. or b. above.
   Your work will be deemed completed at the earliest of the following times:
   (1) When all of the work called for in your contract has been completed;
   (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
   (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project. Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. Pollution
"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
   a. That are, or that are contained in any property that is:
      (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
      (2) Otherwise in the course of transit by or on behalf of the "Enrolled Named Member";
      (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
   b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "Enrolled Named Member" for movement into or onto the covered "auto"; or
   c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "Enrolled Named Member". Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or
result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts if:

(1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

(2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment". Paragraphs b. and c. above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "Enrolled Named Member" with respect to "pollutants" not in or upon a covered "auto" if:

(a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War
"Bodily injury" or "property damage" arising directly or indirectly out of:

a. War, including undeclared or civil war;

b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

13. Racing
Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

C. LIMIT OF INSURANCE
Regardless of the number of covered "autos", "Enrolled Named Members", contributions paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined resulting from any one "accident" is the Limit Of Insurance for Covered Autos Liability Coverage shown in the Supplemental Declarations. All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident". No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage endorsement, Uninsured Motorists Coverage endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.

SECTION III – PHYSICAL DAMAGE COVERAGE

A. COVERAGE

1. We will pay for "loss" to a covered "auto" or its equipment under:

   a. Comprehensive Coverage
      From any cause except:
      (1) The covered "auto's" collision with another object; or
      (2) The covered "auto's" overturn.

   b. Specified Causes Of Loss Coverage
      Caused by:
      (1) Fire, lightning or explosion;

   c. Specific Causes Of Loss Coverage
      Caused by:
      (1) ...
(2) Theft;
(3) Windstorm, hail or earthquake;
(4) Flood;
(5) Mischief or vandalism; or
(6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

c. Collision Coverage
   Caused by:
   (1) The covered "auto's" collision with another object; or
   (2) The covered "auto's" overturn.

2. Towing
   We will pay up to the limit shown in the Supplemental Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles
   If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:
   a. Glass breakage;
   b. "Loss" caused by hitting a bird or animal; and
   c. "Loss" caused by falling objects or missiles. However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extensions
   a. Transportation Expenses
      We will pay up to $20 per day, to a maximum of $600, for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes Of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the Coverage Form's expiration, when the covered "auto" is returned to use or we pay for its "loss".
   
b. Loss Of Use Expenses
      For Hired Auto Physical Damage, we will pay expenses for which an "Enrolled Named Member" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. We will pay for loss of use expenses if caused by:
      (1) Other than collision only if the Supplemental Declarations indicates that Comprehensive Coverage is provided for any covered "auto";
      (2) Specified Causes Of Loss only if the Supplemental Declarations indicates that Specified Causes Of Loss Coverage is provided for any covered "auto"; or
      (3) Collision only if the Supplemental Declarations indicates that Collision Coverage is provided for any covered "auto". However, the most we will pay for any expenses for loss of use is $20 per day, to a maximum of $600.

B. EXCLUSIONS
   1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".
      a. Nuclear Hazard
         (1) The explosion of any weapon employing atomic fission or fusion; or
         (2) Nuclear reaction or radiation, or radioactive contamination, however caused.
      b. War Or Military Action
(1) War, including undeclared or civil war;
(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

3. We will not pay for "loss" due and confined to:
   a. Wear and tear, freezing, mechanical or electrical breakdown.
   b. Blowouts, punctures or other road damage to tires.
   This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto".

4. We will not pay for "loss" to any of the following:
   a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
   b. Any device designed or used to detect speed-measuring equipment, such as radar or laser detectors, and any jamming apparatus intended to elude or disrupt speed-measuring equipment.
   c. Any electronic equipment, without regard to whether this equipment is permanently installed, that reproduces, receives or transmits audio, visual or data signals.
   d. Any accessories used with the electronic equipment described in Paragraph 4.c. above.

5. Exclusions 4.c. and 4.d. do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:
   a. Permanently installed in or upon the covered "auto";
   b. Removable from a housing unit which is permanently installed in or upon the covered "auto";
   c. An integral part of the same unit housing any electronic equipment described in Paragraphs a. and b. above; or
   d. Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.

6. We will not pay for "loss" due to "diminution in value".

C. LIMITS OF INSURANCE

1. The most we will pay for:
   a. "Loss" to any one covered "auto" is the lesser of:
      (1) The actual cash value of the damaged or stolen property as of the time of the "loss"; or
      (2) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.
   b. $1,000 is the most we will pay for "loss" in any one "accident" to all electronic equipment that reproduces, receives or transmits audio, visual or data signals which, at the time of "loss", is:
      (1) Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;
      (2) Removable from a permanently installed housing unit as described in Paragraph b.(1) above or is an integral part of that equipment; or
      (3) An integral part of such equipment as described in Paragraphs b.(1) and b.(2) above.

2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".

3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.
D. DEDUCTIBLE
For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Supplemental Declarations. Any Comprehensive Coverage deductible shown in the Supplemental Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV – BUSINESS AUTO CONDITIONS
The following conditions apply in addition to the Common Coverage Conditions:

A. LOSS CONDITIONS
1. Appraisal For Physical Damage Loss
If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
   a. Pay its chosen appraiser; and
   b. Bear the other expenses of the appraisal and umpire equally. If we submit to an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Accident, Claim, Suit Or Loss
We have no duty to provide coverage under this Coverage Form unless there has been full compliance with the following duties:
   a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:
      (1) How, when and where the "accident" or "loss" occurred;
      (2) The "Enrolled Named Member's" name and address; and
      (3) To the extent possible, the names and addresses of any injured persons and witnesses.
   b. Additionally, you and any other involved "Enrolled Named Member" must:
      (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "Enrolled Named Member's" own cost.
      (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
      (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".
      (4) Authorize us to obtain medical records or other pertinent information.
      (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.
   c. If there is "loss" to a covered "auto" or its equipment, you must also do the following:
      (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
      (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
      (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
      (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us
No one may bring a legal action against us under this Coverage Form until:
   a. There has been full compliance with all the terms of this Coverage Form; and
   b. Under Covered Autos Liability Coverage, we agree in writing that the "Enrolled Named Member" has an obligation to pay or until the amount of that obligation has finally been
determined by judgment after trial. No one has the right under this Coverage Form to bring us into an action to determine the "Enrolled Named Member's" liability.

4. Loss Payment – Physical Damage Coverages
At our option, we may:
   a. Pay for, repair or replace damaged or stolen property;
   b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
   c. Take all or any part of the damaged or stolen property at an agreed or appraised value. If we pay for the "loss", our payment will include the applicable sales tax for the damaged or stolen property.

5. Transfer Of Rights Of Recovery Against Others To Us
If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

B. GENERAL CONDITIONS
1. Bankruptcy
Bankruptcy or insolvency of the "Enrolled Named Member" or the "Enrolled Named Member's" estate will not relieve us of any obligations under this Coverage Form.

2. Concealment, Misrepresentation Or Fraud
This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "Enrolled Named Member", at any time, intentionally conceals or misrepresents a material fact concerning:
   a. This Coverage Form;
   b. The covered "auto";
   c. Your interest in the covered "auto"; or
   d. A claim under this Coverage Form.

3. Liberalization
If we revise this Coverage Form to provide more coverage without additional contributions charge, your Coverage Form will automatically provide the additional coverage as of the day the revision is effective in your state.

4. No Benefit To Bailee – Physical Damage Coverages
We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. Other Insurance
   a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Covered Autos Liability Coverage this Coverage Form provides for the "trailer" is:
      (1) Excess while it is connected to a motor vehicle you do not own; or
      (2) Primary while it is connected to a covered "auto" you own.
   b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".
   c. Regardless of the provisions of Paragraph a. above, this Coverage Form's Covered Autos Liability Coverage is primary for any liability assumed under an "Enrolled Named Member contract".
   d. When this Coverage Form and any other Coverage Form or Coverage Form covers on the same basis, either excess or primary, we will pay only our share. Our share is the
proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. Contribution Audit
   a. The estimated contribution for this Coverage Form is based on the exposures you told us you would have when this Coverage Form began. We will compute the final contributions due when we determine your actual exposures. The estimated total contributions will be credited against the final contributions due and the first Enrolled Named Member will be billed for the balance, if any. The due date for the final contributions or retrospective contributions is the date shown as the due date on the bill. If the estimated total contributions exceed the final contributions due, the first Enrolled Named Member will get a refund.
   b. If this Coverage Form is issued for more than one year, the contributions for this Coverage Form will be computed annually based on our rates or contributions in effect at the beginning of each year of the Coverage Form.

7. Coverage Period, Coverage Territory
   Under this, we cover "accidents" and "losses" occurring:
   a. During the coverage period shown in the Supplemental Declarations; and
   b. Within the coverage territory.
   The coverage territory is:
   (1) The United States of America;
   (2) The territories and possessions of the United States of America;
   (3) Puerto Rico;
   (4) Canada; and
   (5) Anywhere in the world if a covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less, provided that the "Enrolled Named Member's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada, or in a settlement we agree to. We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

8. Two Or More Coverage Forms Or Policies Issued By Us
   If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us applies to the same "accident", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION V – DEFINITIONS

A. "ACCIDENT" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".

B. "AUTO" means:
   1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or
   2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. However, "auto" does not include "mobile equipment".

C. "BODILY INJURY" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these.

D. "COVERED POLLUTION COST OR EXPENSE" means any cost or expense arising out of:
1. Any request, demand, order or statutory or regulatory requirement that any "Enrolled Named Member" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants". "Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
   a. That are, or that are contained in any property that is:
      (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
      (2) Otherwise in the course of transit by or on behalf of the "Enrolled Named Member";
      (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
   b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "Enrolled Named Member" for movement into or onto the covered "auto"; or
   c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "Enrolled Named Member".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:
   (1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
   (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph 6.b. or 6.c. of the definition of "mobile equipment". Paragraphs b. and c. above do not apply to "accidents" that occur away from premises owned by or rented to an "Enrolled Named Member" if:
      (a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
      (b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

E. "DIMINUTION IN VALUE" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".

F. "EMPLOYEE" includes a "leased worker". "Employee" does not include a "temporary worker".

G. "ENROLLED NAMED MEMBER" means any person or organization qualifying as an Enrolled Named Member in the Who Is An Enrolled Named Member provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each Enrolled Named Member who is seeking coverage or against whom a claim or "suit" is brought.

H. "ENROLLED NAMED MEMBER CONTRACT" means:
   1. A lease of premises;
   2. A sidetrack agreement;
   3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement; or
6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "Enrolled Named Member contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees". An "Enrolled Named Member contract" does not include that part of any contract or agreement:
   a. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
   b. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
   c. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

I. "LEASED WORKER" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

J. "LOSS" means direct and accidental loss or damage.

K. "MOBILE EQUIPMENT" means any of the following types of land vehicles, including any attached machinery or equipment:
   1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
   2. Vehicles maintained for use solely on or next to premises you own or rent;
   3. Vehicles that travel on crawler treads;
   4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
      a. Power cranes, shovels, loaders, diggers or drills; or
      b. Road construction or resurfacing equipment such as graders, scrapers or rollers;
   5. Vehicles not described in Paragraph 1., 2., 3.or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
      a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment; or
      b. Cherry pickers and similar devices used to raise or lower workers; or
   6. Vehicles not described in Paragraph 1., 2., 3.or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
      a. Equipment designed primarily for:
         (1) Snow removal;
         (2) Road maintenance, but not construction or resurfacing; or
         (3) Street cleaning;
      b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well-servicing equipment. However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

L. "POLLUTANTS" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

M. "PROPERTY DAMAGE" means damage to or loss of use of tangible property.

N. "SUIT" means a civil proceeding in which:
   1. Damages because of "bodily injury" or "property damage"; or
   2. A "covered pollution cost or expense"; to which this insurance applies, are alleged. "Suit" includes:
      a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "Enrolled Named Member" must submit or does submit with our consent; or
      b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the Enrolled Named Member submits with our consent.

O. "TEMPORARY WORKER" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short term workload conditions.

P. "TRAILER" includes semitrailer.
MEMORANDUM OF COVERAGE (MOC)  
BUSINESS AUTO 360 ENHANCEMENT

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:  
BUSINESS AUTO

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

I. EARLIER NOTICE OF CANCELLATION
For any statutorily permitted reason other than nonpayment of premium, the number of days required for notice of cancellation as provided in Paragraph 2. of either the CANCELLATION Common Coverage Condition or as amended by an applicable state cancellation endorsement, is increased to sixty (60) days. But if the state cancellation endorsement provides for more than 60 days notice of cancellation, this Condition does not apply.

II. LIABILITY COVERAGE
is changed as follows:

A. WHO IS AN ENROLLED NAMED MEMBER is amended to include the following:
   1. Broadened Enrolled Named Member
      Any organization you newly acquire or form, other than a partnership, joint venture, or limited liability company, and over which you maintain ownership or a majority interest, will qualify as an Enrolled Named Member under this Coverage Form if there is no other similar insurance available to that organization. However, coverage under this provision:
      a. Is afforded only until the end of the coverage period; and
      b. Does not apply to “bodily injury”, “property damage”, or “covered pollution cost or expense” caused by an “accident” that occurred before you acquired or formed the organization.
   2. Employees As Enrolled Named Members
      Any “employee” of yours is an “Enrolled Named Member” while using a covered “auto” you don’t own, hire or borrow in your business or your personal affairs.

B. The Supplementary Payments Coverage Extension is changed as follows:
   1. In Paragraph (2), the limit for the cost of bail bonds is increased to $2,500;
   2. In Paragraph (4), the limit for loss of earnings is increased to $300 a day.

C. EXCLUSIONS is changed as follows:
   Fellow Employee Coverage
   The Fellow Employee exclusion does not apply if the “bodily injury” results from the use of a covered “auto” you own or hire.

III. PHYSICAL DAMAGE COVERAGE
is changed as follows:

A. LOSS OF USE EXPENSES
   The most we will pay for any expenses for loss of use of a rented or hired vehicle under the Loss Of Use Expenses Coverage Extension is increased to $65 per day, to a maximum of $975.
B. The following Coverages are added:

1. Hired Auto Physical Damage
   a. Any “auto” you lease, hire, rent or borrow from anyone other than your “employees” or partners or members of their households is a covered “auto” for the broadest Physical Damage Coverage that applies to at least one of your other covered “autos”.
   b. The most we will pay for “loss” in any one “accident” is the lesser of:
      (1) The actual cash value of the damaged or stolen property as of the time of the “loss”;
      (2) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality; or
      (3) $100,000.
   c. Our obligation under this provision to pay for, repair, return or replace damaged or stolen property will be reduced by an amount equal to the largest deductible shown in the Supplemental Declarations for any owned “auto” for the applicable coverage. Any Comprehensive coverage deductible does not apply to “loss” caused by fire or lightning.
   d. For this coverage, the insurance provided is primary for any covered “auto” you hire without a driver and excess over any other collectible insurance for any covered “auto” that you hire with a driver.

2. Rental Reimbursement And Additional Transportation Expense
   a. We will pay up to $75 per day for up to 30 days for additional transportation expenses you incur, including rental reimbursement expenses for the rental of an “auto”, because of “loss” to a covered “auto”. We will also pay up to $300 for reasonable and necessary expenses incurred by you to remove and replace your materials and equipment from the covered “auto”.
   b. Payment applies in addition to the limit of the applicable Physical Damage Coverage you carry on the covered “auto”. No deductibles apply to this coverage.
   c. We will pay only necessary and actual expenses incurred, and only for the number of days reasonably required to repair or replace the covered “auto”.
   d. This coverage does not apply while there are spare or reserve “autos” available to you for your operations.
   e. If “loss” results from the total theft of a covered “auto”:
      (1) We will pay under this coverage only that amount of your rental reimbursement expenses which is not already provided for under the Transportation Expenses Coverage Extension; and
      (2) The 30 day period is added to the number of days it takes to locate the covered “auto” and return it to you.

3. Customized Furnishings
   a. We will pay for “loss” to a covered “auto’s” custom furnishings, including but not limited to:
      (1) Special carpeting and insulation;
      (2) Height-extending roofs;
      (3) Custom murals, paintings or other decals or graphics.
   This coverage applies only to covered “autos” for which you carry Physical Damage Coverage.
   b. The most we will pay for “loss” in any one “accident” is the lesser of:
      (1) The actual cash value of the damaged or stolen property at the time of “loss”;
      (2) The cost of repairing or replacing the damaged or stolen property with other of like kind or quality; or
      (3) $500.
   c. No deductible applies to this coverage.
   d. This coverage does not apply to electronic equipment.
Electronic Equipment

e. We will pay with respect to a covered “auto” for “loss” to any electronic equipment that receives or transmits audio, visual or data signals and that is not designed solely for the reproduction of sound. This coverage applies only:

(1) If the equipment is permanently installed in the covered “auto” at the time of the “loss”, and such equipment is designed to be solely operated by use of the power from the “auto’s” electrical system, in or upon the covered “auto”; and

(2) To covered “autos” for which you carry Physical Damage Coverage.

The exclusion relating to Audio, Visual and Data Electronic Equipment does not apply to this coverage.

f. The most we will pay for all “loss” to audio, visual or data electronic equipment and any accessories used with this equipment as a result of any one “accident” is the least of:

(1) The actual cash value of the damaged or stolen property at the time of the “loss”;

(2) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality; or

(3) $1,500.

g. No deductible applies to this coverage.

4. Airbag Repair

The Exclusion relating to mechanical breakdown does not apply to the repair of an airbag due to accidental discharge or deployment.

5. Personal Effects

a. In the event of a total theft of your covered “auto”, we will pay up to $400 for “loss” of wearing apparel and other personal effects which are owned by an “insured” and which are in or on your covered “auto”. This coverage applies only to covered “autos” for which you carry either Comprehensive or Specified Causes of Loss Coverage.

b. No deductible applies to this coverage.

c. Coverage is excess over any other collectible insurance.

6. Extra Expense For Stolen Autos

We will pay for the expense of returning a stolen covered “auto” to you, subject to the LIMIT OF INSURANCE.

7. Glass Repair Waiver Of Deductible

The following is added to the DEDUCTIBLE section:

Any deductible applicable to glass damage will be waived if the glass is repaired rather than replaced.

IV. BUSINESS AUTO CONDITIONS

is changed as follows:

A. The following is added to the Duties in the Event of Accident, Claim, Suit or Loss LOSS CONDITION:

BROADENED KNOWLEDGE AND NOTICE OF ACCIDENT

1. If your “employee” or agent knows of an “accident” or “loss” which may result in a claim under this policy, you will not be considered to have knowledge of that “accident” or “loss” until your “employee” or agent reports it to:

a. You, if you are an individual;

b. One of your partners or members, if you are a partnership, joint venture, or limited liability company;

c. One of your officers; or

d. An “employee” you have designated to receive such reports.

2. If because you reasonably believe that there is no coverage under this policy, you do not report an “accident” which later results in a claim to which this insurance applies, you will not
be considered to have failed to promptly report the claim to us. However, as soon as you become aware that the “accident” may involve this policy, you must notify us as required by this Condition.

V. DEFINITIONS

is changed as follows:

EXPANDED BODILY INJURY
The definition of “bodily injury” is replaced by the following:
“Bodily injury” means bodily injury, sickness or disease sustained by a person, including disability, shock, mental anguish, mental injury or death resulting from any of these at any time.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
PHYSICAL DAMAGE AMENDATORY
(“FLEET AUTOMATIC”)

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
BUSINESS AUTO

Section III – Physical Damage Coverage is amended to include the following addition provision:

Physical damage coverage is provided on a fleet automatic basis. For purposes of this provision, fleet automatic means that any “auto” you acquire during the policy period will be covered automatically provided the “auto”:

a. Is an additional new “auto” or replaces an “auto” you previously owned which had physical damage coverage; and

b. Is 7 years old or newer; and

c. Is similar in vehicle type, business use and value to the other “autos” which belong to the fleet.

However, in order for coverage to be provided under this endorsement you must provide us with written notice within 30 days of the date you acquire such “auto(s)” stating your desire that physical damage coverage be provided. No return premium will be issued for the deletion of any “auto(s)”.

For any “auto” that does not meet the fleet automatic conditions above, you must submit a written request to us for physical damage coverage. Coverage for such “autos” will be added by endorsement for an additional premium charge.

Section IV – Business Auto Conditions, B. General Conditions, 6. Contribution Audit, Paragraph a. is deleted in its entirety.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
POLLUTION LIABILITY – BROADENED COVERAGE
FOR COVERED AUTOS – BUSINESS AUTO

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
BUSINESS AUTO

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Covered Autos Liability Coverage is changed as follows:
   1. Paragraph a. of the Pollution Exclusion applies only to liability assumed under a contract or agreement.
   2. With respect to the coverage afforded by Paragraph A.1. above, Exclusion B.6.Care, Custody Or Control does not apply.

B. Changes In Definitions
   For the purposes of this endorsement, Paragraph D. of the Definitions Section is replaced by the following:

C. "Covered pollution cost or expense" means any cost or expense arising out of:
   1. Any request, demand, order or statutory or regulatory requirement that any "Enrolled Named Member" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
   2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
   a. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
   b. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "Enrolled Named Member".

Paragraphs a. and b. above do not apply to "accidents" that occur away from premises owned by or rented to an "Enrolled Named Member" with respect to "pollutants" not in or upon a covered "auto" if:

(1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
AUTO MEDICAL PAYMENTS COVERAGE

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
BUSINESS AUTO

With respect to coverage provided by this endorsement, the provisions of the coverage form apply unless modified by the endorsement.

A. Coverage
We will pay reasonable expenses incurred for necessary medical and funeral services to or for an "enrolled named member" who sustains "bodily injury" caused by "accident". We will pay only those expenses incurred, for services rendered within three years from the date of the "accident".

B. Who Is An Enrolled Named Member
1. You while "occupying" or, while a pedestrian, when struck by any "auto".
2. If you are an individual, any "family member" while "occupying" or, while a pedestrian, when struck by any "auto".
3. Anyone else "occupying" a covered "auto" or a temporary substitute for a covered "auto". The covered "auto" must be out of service because of its breakdown, repair, servicing, loss or destruction.

C. Exclusions
This insurance does not apply to any of the following:
1. "Bodily injury" sustained by an "enrolled named member" while "occupying" a vehicle located for use as a premises.
2. "Bodily injury" sustained by you or any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by you or furnished or available for your regular use.
3. "Bodily injury" sustained by any "family member" while "occupying" or struck by any vehicle (other than a covered "auto") owned by or furnished or available for the regular use of any "family member".
4. "Bodily injury" to your "employee" arising out of and in the course of employment by you. However, we will cover "bodily injury" to your domestic "employees" if not entitled to workers' compensation benefits. For the purposes of this endorsement, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.
5. "Bodily injury" to an "enrolled named member" while working in a business of selling, servicing, repairing or parking "autos" unless that business is yours.
6. "Bodily injury" arising directly or indirectly out of:
   a. War, including undeclared or civil war;
   b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
   c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
7. "Bodily injury" to anyone using a vehicle without a reasonable belief that the person is entitled to do so.
8. "Bodily Injury" sustained by an "enrolled named member" while "occupying" any covered "auto" while used in any professional racing or demolition contest or stunt activity, or while practicing for such contest or activity. This insurance also does not apply to any "bodily injury" sustained by an "enrolled named member" while the "auto" is being prepared for such a contest or activity.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
D. Limit Of Insurance
Regardless of the number of covered "autos", "enrolled named members", contributions paid, claims made or vehicles involved in the "accident", the most we will pay for "bodily injury" for each "enrolled named member" injured in any one "accident" is the Limit Of Insurance for Auto Medical Payments coverage shown in the Declarations.
No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage and any Liability coverage form, Uninsured Motorists coverage endorsement or Underinsured Motorists coverage endorsement attached to this Coverage Part.

E. Changes In Conditions
The Conditions are changed for Auto Medical Payments Coverage as follows:
1. The Transfer Of Rights Of Recovery Against Others To Us Condition does not apply.
2. The reference in Other Insurance in the Business Auto coverage form applies only to other collectible auto medical payments insurance.

F. Additional Definitions
As used in this endorsement:
1. "Family member" means a person related to you by blood, marriage or adoption who is a resident of your household, including a ward or foster child.
2. "Occupying" means in, upon, getting in, on, out or off.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
CALIFORNIA UNINSURED MOTORISTS COVERAGE –
BODILY INJURY

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
BUSINESS AUTO

With respect to coverage provided by this endorsement, the provisions of the coverage form apply unless modified by the endorsement.

This endorsement changes the coverage form effective on the inception date of the coverage form unless another date is indicated below.

Enrolled Named Member: Santa Ana Watershed Project Authority
Endorsement Effective Date: 4/1/2020

SCHEDULE

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<th>Limit Of Insurance: $ 1,000,000</th>
<th>Each “Accident”</th>
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Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Coverage

1. We will pay all sums the “enrolled named member” is legally entitled to recover as compensatory damages from the owner or driver of an “uninsured motor vehicle”. The damages must result from “bodily injury” sustained by the “enrolled named member” caused by an “accident”. The owner's or driver's liability for these damages must result from the ownership, maintenance or use of the “uninsured motor vehicle”.

2. We will pay only after the limits of liability under any liability bonds or policies have been exhausted by payment of judgments or settlements.

3. Any judgment for damages arising out of a “suit” brought without our written consent is not binding on us.

B. Who Is An Enrolled Named Member

If the enrolled named member is designated in the Declarations as:

1. An individual, then the following are “enrolled named members”:
   a. The enrolled named member and any “family members”.
   b. Anyone else “occupying” a covered “auto” or a temporary substitute for a covered “auto”. The covered “auto” must be out of service because of its breakdown, repair, servicing, “loss” or destruction.
   c. Anyone for damages he or she is entitled to recover because of “bodily injury” sustained by another “enrolled named member”.

2. A partnership, limited liability company, corporation or any other form of organization, then the following are “enrolled named members”:
   a. Anyone “occupying” a covered “auto” or a temporary substitute for a covered “auto”. The covered “auto” must be out of service because of its breakdown, repair, servicing, “loss” or destruction.
   b. Anyone for damages he or she is entitled to recover because of “bodily injury” sustained by another “enrolled named member”.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED
C. Exclusions

This insurance does not apply to any of the following:

1. Punitive or exemplary damages.
2. Any claim settled without our consent. However, this exclusion does not apply to a settlement made with the insurer of a vehicle described in Paragraph b. of the definition of "uninsured motor vehicle".
3. The direct or indirect benefit of any insurer or self-insurer under any workers' compensation, disability benefits or similar law or to the direct benefit of the United States, a state or its political subdivisions.
4. "Bodily injury" sustained by:
   a. An individual enrolled named member while "occupying" or when struck by any vehicle owned by that enrolled named member that is not a covered "auto" for Uninsured Motorists Coverage under this coverage form;
   b. Any "family member" while "occupying" or when struck by any vehicle owned by that "family member" that is not a covered "auto" for Uninsured Motorists Coverage under this coverage form; or
   c. Any "family member" while "occupying" or when struck by any vehicle owned by the enrolled named member that is covered for Uninsured Motorists Coverage on a primary basis under any other coverage form or coverage form.

   However, Exclusion 4. shall not apply to "bodily injury" sustained by an individual enrolled named member or "family member" when struck by a vehicle owned by that "enrolled named member" and operated or caused to be operated by a person without that "enrolled named member"s" consent in connection with criminal activity that has been documented in a police report and to which that "enrolled named member" is not a party to.

5. "Bodily injury" sustained by an individual enrolled named member or any "family member" while "occupying" any vehicle leased by that enrolled named member or any "family member" under a written contract for a period of six months or more that is not a covered "auto".

6. Anyone using a vehicle without a reasonable belief that the person is entitled to do so.

7. "Bodily injury" sustained by an "enrolled named member" while "occupying" any "auto" that is rented or leased to that "enrolled named member" for use as a public or livery conveyance.

   However, this exclusion does not apply if the "enrolled named member" is in the business of providing public or livery conveyance.

8. "Bodily injury" arising directly or indirectly out of:
   a. War, including undeclared or civil war;
   b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
   c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

D. Limit Of Insurance

1. Regardless of the number of covered "autos", "enrolled named members", contributions paid, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident" is the Limit Of Insurance for Uninsured Motorists Coverage shown in the Schedule or Declarations.

2. For a vehicle described in Paragraph b. of the definition of "uninsured motor vehicle", our Limit of Insurance shall be reduced by all sums paid because of "bodily injury" by or for anyone who is legally responsible, including all sums paid or payable under this coverage form's Covered Autos Liability Coverage.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED
3. No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage and any Liability coverage form or Medical Payments Coverage endorsement attached to this coverage form.

We will not make a duplicate payment under this coverage for any element of "loss" for which payment has been made by or for anyone who is legally responsible.

We will not pay for any element of "loss" if a person is entitled to receive payment for the same element of "loss" under any workers’ compensation, disability benefits or similar law.

E. Changes In Conditions

The Conditions are changed for California Uninsured Motorists Coverage – Bodily Injury as follows:

1. Duties In The Event Of Accident, Claim, Suit Or Loss in the Business Auto coverage form by adding the following:
   a. Promptly notify the police if a hit-and-run driver is involved; and
   b. Send us copies of the legal papers if a "suit" is brought. In addition, a person seeking coverage under Paragraph b. of the definition of "uninsured motor vehicle" must:
      (1) Provide us with a copy of the complaint by personal service or certified mail if the "enrolled named member" brings an action against the owner or operator of such "uninsured motor vehicle";
      (2) Within a reasonable time, make all pleadings and depositions available for copying by us or furnish us copies at our expense; and
      (3) Provide us with proof that the limits of insurance under any applicable liability bonds or policies have been exhausted by payment of judgments or settlements.

2. Legal Action Against Us is replaced by the following:

   Legal Action Against Us

   No legal action may be brought against us under this coverage form until there has been full compliance with all the terms of this coverage form and with respect to Paragraphs a., c. and d. of the definition of "uninsured motor vehicle" unless within two years from the date of the "accident":
   a. As to the amount due under this insurance has been concluded;
   b. The "enrolled named member" has formally instituted arbitration proceedings against us. In the event that the "enrolled named member" decides to arbitrate, the "enrolled named member" must formally begin arbitration proceedings by notifying us in writing, sent by certified mail, return receipt requested; or
   c. "Suit" for "bodily injury" has been filed against the uninsured motorist in a court of competent jurisdiction.

   Written notice of the "suit" must be given to us within a reasonable time after the "enrolled named member" knew, or should have known, that the other motorist is uninsured. In no event will such notice be required before two years from the date of the accident. Failure of the "enrolled named member" or his or her representative to give us such notice of the "suit" will relieve us of our obligations under this coverage form only if the failure to give notice prejudices our rights.

3. Transfer Of Rights Of Recovery Against Others To Us is replaced by the following:

   Transfer Of Rights Of Recovery Against Others To Us

   With respect to Paragraphs a., c. and d. of the definition of "uninsured motor vehicle", if we make any payment, we are entitled to recover what we paid from other parties. Any person to or for whom we make payment must transfer to us his or her rights of recovery against any other party. This person must do everything necessary to secure these rights and must do nothing that would jeopardize them.

   ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED
b. With respect to Paragraph b. of the definition of "uninsured motor vehicle", if we make any payment and the "enrolled named member" recovers from another party, the "enrolled named member" shall hold the proceeds in trust for us and pay us back the amount we have paid.

4. Other Insurance in the Business Auto coverage form is replaced by the following:

If there is other applicable insurance available under one or more policies or provisions of coverage:

a. The maximum recovery under all coverage forms or policies combined may equal but not exceed the highest applicable limit for any one vehicle under any coverage form or coverage form providing coverage on either a primary or excess basis.

b. Any insurance we provide with respect to a vehicle the enrolled named member does not own shall be excess over any other collectible uninsured motorists insurance providing coverage on a primary basis.

c. If the coverage under this coverage form is provided:

   (1) On a primary basis, we will pay only our share of the "loss" that must be paid under insurance providing coverage on a primary basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on a primary basis.

   (2) On an excess basis, we will pay only our share of the "loss" that must be paid under insurance providing coverage on an excess basis. Our share is the proportion that our limit of liability bears to the total of all applicable limits of liability for coverage on an excess basis.

5. The following condition is added:

Arbitration

a. If we and an "enrolled named member" disagree whether the "enrolled named member" is legally entitled to recover damages from the owner or driver of an "uninsured motor vehicle" or do not agree as to the amount of damages that are recoverable by that "enrolled named member", the disagreement will be settled by arbitration. Such arbitration may be initiated by a written demand for arbitration made by either party. The arbitration shall be conducted by a single neutral arbitrator. However, disputes concerning coverage under this endorsement may not be arbitrated. Each party will bear the expenses of the arbitrator equally.

b. Unless both parties agree otherwise, arbitration will take place in the county in which the "enrolled named member" lives. Local rules of law as to arbitration procedures and evidence will apply. The decision of the arbitrator will be binding.

F. Additional Definitions

The following are added to the Definitions section:

1. "Family member" means the individual enrolled named member's spouse, whether or not a resident of the individual enrolled named member's household, and any other person related to such enrolled named member by blood, adoption, marriage or registered domestic partnership under California law, who is a resident of such enrolled named member's household, including a ward or foster child.

2. "Occupying" means in, upon, getting in, on, out or off.

3. "Uninsured motor vehicle" means a land motor vehicle or "trailer":

   a. For which no liability bond or coverage form at the time of an "accident" provides at least the amounts required by the applicable law where a covered "auto" is principally garaged;

   b. That is an underinsured motor vehicle. An underinsured motor vehicle is a land motor vehicle or "trailer" for which the sum of all liability bonds or policies at the time of an "accident" provides at least the amounts required by the applicable law where a covered "auto" is principally garaged but that sum is less than the Limit of Insurance for this coverage;

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED
c. For which an insuring or bonding company denies coverage or refuses to admit coverage except conditionally or with reservation or becomes insolvent;

d. That is a hit-and-run vehicle and neither the driver nor owner can be identified. The vehicle must make physical contact with an "enrolled named member", a covered "auto" or a vehicle an "enrolled named member" is "occupying"; or

e. That is owned by an individual enrolled named member or "family member" and operated or caused to be operated by a person without the owner’s consent in connection with criminal activity that has been documented in a police report.

However, "uninsured motor vehicle" does not include any vehicle:

a. Owned or operated by a self-insurer under any applicable motor vehicle law except a self-insurer who is or becomes insolvent and cannot provide the amounts required by that motor vehicle law;

b. Owned by the United States of America, Canada, a state or political subdivision of any of those governments or an agency of any of the foregoing; or

c. Designed or modified for use primarily off public roads while not on public roads.
MEMORANDUM OF COVERAGE (MOC)
COVERAGE FOR INJURY TO LEASED WORKERS

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
BUSINESS AUTO

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

With respect to the Employee Indemnification and Employer’s Liability exclusion (SECTION II) only, the definition of “employee” in the Definitions Section is replaced by the following:

“Employee” does not include a “leased worker” or a “temporary worker”.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
EXCESS POLICY
MEMORANDUM OF COVERAGE (MOC) EXCESS LIABILITY SUPPLEMENTAL DECLARATIONS

This Coverage Form provides both claims made and occurrence coverage. If the underlying insurance is written on a claims made basis, then this Coverage Form provides claims made coverage which applies only to claims first made during the policy period. If the underlying insurance is written on an occurrence basis, then this Coverage Form provides occurrence coverage which applies only to claims arising out of occurrences which take place during the coverage period. Read the entire Coverage Form and endorsements carefully. In return for the payment of the contribution, and subject to all the terms of this Coverage Form, we agree with you to provide the insurance as stated in this Coverage Form.

<table>
<thead>
<tr>
<th>Item #</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item #1</td>
<td>First Enrolled Named Member:</td>
<td>California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA)</td>
</tr>
<tr>
<td>Item #2</td>
<td>Enrolled Named Member:</td>
<td>Santa Ana Watershed Project Authority</td>
</tr>
<tr>
<td>Item #3</td>
<td>Participation Certificate #:</td>
<td>JPAEXS-00233-02</td>
</tr>
<tr>
<td>Item #4</td>
<td>Mailing Address:</td>
<td>Allied Community Insurance Services, LLC 11452 El Camino Real Suite 250 San Diego, CA 92130</td>
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<td>Item #5</td>
<td>Coverage Period:</td>
<td>4/1/2020 to 4/1/2021 12:01 A.M. Pacific Standard Time</td>
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<tr>
<td>Item #6</td>
<td>Limits:</td>
<td>$5,000,000 Each Occurrence Limit (For Occurrence Coverage) $N/A Each Claim Limit (For Claims Made Coverage) $5,000,000 aggregate</td>
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<tr>
<td>Item #7</td>
<td>Underlying Coverages:</td>
<td>Under the terms and conditions of this Coverage Form, you are required to maintain the following scheduled underlying coverage in full force and effect (except for reduction of limits due to the payment of claims):</td>
</tr>
<tr>
<td>Coverage</td>
<td>General Liability</td>
<td>Form Occurrence</td>
</tr>
<tr>
<td>Coverage</td>
<td>Public Officials &amp; Management Liability</td>
<td>Form Occurrence</td>
</tr>
<tr>
<td>Coverage</td>
<td>Business Auto</td>
<td></td>
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<tr>
<td>---------------</td>
<td>--------------------------</td>
<td></td>
</tr>
<tr>
<td>Form</td>
<td>Occurrence</td>
<td></td>
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<tr>
<td>Issuer</td>
<td>JPRIMA</td>
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<tr>
<td>MOC Number</td>
<td>JPAAUT-00233-02</td>
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<td>Coverage Period</td>
<td>From: 04/01/2020 to 04/01/2021 at 12:01 a.m. Standard Time at the First Enrolled Named Member's Address Stated Above.</td>
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<tr>
<td>Coverage</td>
<td>Employers Liability Part B</td>
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<tr>
<td>Issuer</td>
<td>JPRIMA / Zenith Insurance Company</td>
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</tr>
<tr>
<td>MOC / Policy Number</td>
<td>Jl35264002</td>
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<tr>
<td>Limit</td>
<td>1,000,000 Per Accident / 1,000,000 Per Disease / 1,000,000 Policy Limit</td>
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<td>Coverage Period</td>
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<td>Item #8</td>
<td>Contribution: $34,682</td>
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<td>Item #9</td>
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<td>JPRIMA - 002_MOC_Excess_1.1.2018</td>
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<td>JPRIMA - 003_MOC_Excess_4.1.2016</td>
<td></td>
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<tr>
<td></td>
<td>JPRIMA - 009_MOC_Excess_1.1.2018</td>
<td></td>
</tr>
</tbody>
</table>

Authorized Representative: (Paul Fuller)  5/5/2020

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
MEMORANDUM OF COVERAGE (MOC)
EXCESS LIABILITY

THIS COVERAGE FORM PROVIDES BOTH CLAIMS MADE AND OCCURRENCE COVERAGE.

If the underlying insurance is written on a claims made basis, then this Coverage Form provides claims
made coverage which applies only to claims first made during the coverage period. If the underlying
insurance is written on an occurrence basis, then this Coverage Form provides occurrence coverage
which applies only to claims arising out of occurrences which take place during the coverage period.
Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to
determine rights, duties and what is and is not covered. Throughout this Coverage Form, the words “you”
and “your” refer to the First Named Enrolled Member shown in Item 1, the Supplemental Declarations,
and any other person or organization qualifying as an Enrolled Named Member under this Coverage
Form. The words “we,” “us” and “our” refer to the issuer providing this insurance. The words “coverage
period” mean the term of duration of the Coverage Form shown in the Supplemental Declarations.

WE AGREE WITH YOU TO PROVIDE COVERAGE AS FOLLOWS:

INSURING AGREEMENT
To indemnify you for that amount of loss which exceeds the amount of loss payable by underlying policies
described in the Schedule of Underlying Insurance, but our obligation hereunder shall not exceed the
Limit of Liability stated in Item 6 of the Supplemental Declarations. The amount we will pay for loss is
limited as described in C. Loss Payable below.

I. CONDITIONS

A. APPLICATION OF UNDERLYING INSURANCE.
   Except for the terms, definitions, conditions and exclusions of this Coverage Form, the insurance
   afforded by this Coverage Form shall apply exactly as the underlying insurance described in the
   Schedule of Underlying Insurance attached to this Coverage Form.

B. MAINTENANCE OF UNDERLYING INSURANCE.
   It is warranted by you that the underlying Coverage Form or policies listed in the Schedule of
   Underlying Insurance, or renewals or replacements thereof not more restrictive in coverage or limits
   of liability, shall be maintained in force during the currency of this Coverage Form, except for any
   reduction of the aggregate limit(s) contained therein solely by payment of claims to which this
   Coverage Form applies. In the event of failure by you to so maintain such Coverage Form or
   policies in force or to meet all conditions and warranties subsequent to loss under such Coverage
   Form(s), the insurance afforded by this Coverage Form shall apply exactly as it would have applied
   had such policies been so maintained in force. Notice of exhaustion of underlying insurance shall be
   given to us within thirty (30) days of such exhaustion. The limits of liability of an underlying
   Coverage Form listed in the Schedule of Underlying Insurance will not be reduced by the existence
   of a sublimit of liability in such Coverage Form, nor shall this Coverage Form apply excess over
   any coverage subject to a sublimit of liability in such Coverage Form.

C. LOSS PAYABLE.
   1. The Limit of Liability shown in Item 6 of the Supplemental Declarations and the rules below
      fix the most we will pay regardless of the number of:
         a. Enrolled Named Members;
         b. Claims made or suits brought or number of vehicles involved; or
c. Persons or organizations making claims or bringing suits.

2. The Annual Aggregate Limit is the most we will pay for the sum of all loss payable under this Coverage Form. However, the Annual Aggregate Limit does not apply to those coverages included under the Schedule of Underlying Insurance to which no underlying aggregate limit applies.

3. Subject to the Annual Aggregate Limit, described in paragraph 2. above, the Any One Occurrence Limit or Any One Claim is the most we will pay for the sum of all loss arising out of any one occurrence or claim.

4. The Annual Aggregate Limit, as described in paragraph 2. above, applies separately to each consecutive annual period and to any remaining period of less than twelve (12) months, starting with the beginning of the coverage period shown in the Supplemental Declarations, unless the coverage period is extended after issuance for an additional period of less than twelve (12) months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability.

5. Our liability with respect to any one occurrence or any one claim shall not attach unless and until:
   (a) The Enrolled Named Member has become obligated to pay the available limit of underlying insurance; and
   (b) The Enrolled Named Member’s obligation to pay for loss in excess of the available limit of underlying insurance has been determined in final judgment after actual trial or by written agreement by the Insured, the claimant and us.

You shall make a definite claim for any loss for which we may be liable under this Coverage Form within twelve (12) months after you have paid an amount of loss in excess of the amount borne by you or your underlying insurer(s) or after your liability has been made certain either by final judgment against you after actual trial or by written agreement by you, the claimant and us. Any subsequent payments made by you on account of the same occurrence shall be payable by us within thirty (30) days after additional claim is made by you, and after you have shown proof in conformity with this Coverage Form.

D. DEFENSE AND EXPENSES.

We agree to assume charge of the settlement or defense of any claim made or proceeding instituted against the Insured and to which this Coverage Form applies but only when the applicable limit of liability of an underlying Coverage Form listed in the Schedule of Underlying Insurance has been exhausted by the payment of loss to which this policy applies. We shall also have the right to investigate and the right to associate with the Insured or the underlying insurer in the defense and control of any other claim or proceeding reasonably likely to involve this Coverage Form.

Expenses incurred by us in the investigation or defense of claims, including court costs and interest on that part of the judgment to which this insurance applies, shall be borne by us in addition to the Limit of Liability stated in Item 6. of the Declarations. Notwithstanding the foregoing, no further expenses shall be paid by us after the Limits of Liability as stated in Item 6. of the Declarations have been exhausted by payment of losses.

E. NOTICE AND DUTIES IN THE EVENT OF A CLAIM, OCCURRENCE OR SUIT; OTHER NOTICES.

As a condition precedent to our obligations under this Coverage Form, the Enrolled Named Member will provide us with written notice of any claim or suit under any underlying Coverage Form, where the reserve exceeds 50% of underlying insurance proceeds, or any circumstance that could give rise to a claim under any underlying Coverage Form.

Upon the happening of an occurrence reasonably likely to involve us hereunder, written notice shall be given as soon as practicable to us or any of our authorized agents. Such notice shall
contain particulars sufficient to identify the Enrolled Named Member and the fullest information obtainable at the time. The Enrolled Named Member shall give like notice of any claim made on account of such occurrence. If legal proceedings are begun, the Enrolled Named Member, when requested by us, shall forward to it each and every demand, notice, summons, or other process, or a copy thereof, received by the Enrolled Named Member or the Enrolled Named Member's representatives, together with copies of reports or investigations made by the Enrolled Named Member with respect to such claim proceedings.

The Enrolled Named Member will also provide us with prompt notice of:

a. any settlement offers that the Enrolled Named Member intends to make or any settlement demands made by any claimant, even if such offers or demands would not implicate coverage under this Coverage Form;

b. the payment of any claims under any underlying Coverage Form;

c. the cancellation of any underlying Coverage Form;

d. the modification of any underlying Coverage Form by endorsement or otherwise; or

e. any additional or return contributions charged or allowed in connection with any underlying Coverage Form.

You and any other Enrolled Named Member involved must:

a. Authorize us to obtain records and other information;

b. Cooperate with us in the investigation or settlement of the claim or defense against the suit; and;

c. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the Enrolled Named Member because of loss to which the insurance may also apply.

No Insured will, except at that Insured’s own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

The First Enrolled Named Member in Item 1 of the Supplemental Declarations will be the sole agent for, and will act on behalf of, all Enrolled Named Members with respect to all matters under this Coverage Form, including, but not limited to, giving notice of claim, communications regarding coverage, the issuance of any endorsements, notice of cancellation or non-renewal, and any notice regarding the payment or return of any contributions for this Coverage Form. Notice given to any of the underlying Coverage Form of any occurrence, claim or circumstance that could give rise to a claim under any underlying Coverage Form will not be deemed notice to us. Notice of any occurrence, claim or circumstance that could give rise to a claim under any underlying Coverage Form must be sent by certified mail or prepaid courier to us at the address specified in Item 4 of the Supplemental Declarations.

F. APPEALS.

In the event you or your underlying insurer elects not to appeal a judgment which exceeds the underlying insurance, we may elect to do so at our own expense, and shall be liable for the taxable costs, disbursements and interest incidental thereto, but in no event shall our liability for excess loss exceed the amount set forth in Item 6 of the Supplemental Declarations.

G. SUBROGATION.

In the event of payment under this Coverage Form, we will participate with you in the exercise of all your rights of recovery against any person or organization liable therefore. Recoveries shall be applied first to reimburse any interest (including the Enrolled Named Member) that may have paid any amount, with respect to liability in excess of the limit of our liability hereunder, then to reimburse us up to the amount paid hereunder, and lastly to reimburse such interests (including the Enrolled Named Member), to whom this insurance is excess as are entitled to claim the remainder, if any. Such expenses incurred in the exercise of rights of recovery shall be apportioned among all interests in the ratio of their respective losses for which recovery is sought.
H. CANCELLATION  
   a. You may cancel this Coverage Form in conformance with the JPRIMA member agreement. 
   b. We may cancel this Coverage Form at any time by providing the First Enrolled Named Member in Item 1. of the Supplemental Declarations written notice of cancellation:  
      (1) At least ten (10) days in advance if we cancel for non-payment of premium; or  
      (2) At least thirty (30) days in advance if we cancel for any other reason. 
   c. Mailing the written notice of cancellation to you at your mailing address on file with the Insurance Administrator. 
   d. The Coverage Form period will end on the day and hour stated in the cancellation notice. 
   e. The First Named Enrolled Member in Item 1. of the Supplemental Declarations shall act on behalf of all other Enrolled Named Members with respect to the giving and receiving of notice of cancellation and the receipt of any refund that may become payable under this Coverage Form. 
   f. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this Coverage Form is changed by this statement to comply with that law. 

I. NONRENEWAL.  
We are not obligated to renew this Coverage Form. If we decide not to renew, we will mail or deliver to the First Named Enrolled Member in Item 1. of the Supplemental Declarations, written notice of the non-renewal at least thirty (30) days prior to the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice. 

J. OTHER INSURANCE.  
If other valid and collectible insurance is available to you which covers a loss also covered by this Coverage Form, other than insurance that is specifically purchased as being in excess of this Coverage Form, this Coverage Form shall operate in excess of, and not contribute with, such other insurance. 

K. BANKRUPTCY OR INSOLVENCY OF UNDERLYING INSURER.  
The insolvency, bankruptcy, receivership, or any refusal or inability to pay of the Enrolled Named Member and/or any insurer shall not operate to: 
   a. Deplete or reduce the underlying insurance described in the Schedule of Underlying Insurance; 
   b. Increase our liability under this Coverage Form; 
   c. Increase our share of liability under this Coverage Form. 
In no event shall we assume responsibility and/or obligations of the Enrolled Named Member or those of any other insurer. 

L. EXCLUSIONS.  
The following exclusions, and any other exclusions added by endorsement, apply to this Coverage Form. In addition, the exclusions applicable to any applicable underlying insurance apply to this insurance unless superseded by the following exclusions, or superseded by any other exclusions added by endorsement to this Coverage Form. 
Insurance provided under this policy does not apply to any loss, cost or expense payable under or resulting from any of the following auto coverages: 
   a. First-party physical damage coverage; 
   b. No-fault coverage; 
   c. Personal injury protection or auto medical payments coverage; or 
Uninsured or underinsured motorists coverage (except and to the extent as may be provided by endorsement to this policy)
EXCLUSION – MEDICAL EXPENSE

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
EXCESS LIABILITY

It is hereby agreed that the insurance afforded under this coverage form does not apply to any medical expense. Additionally, it is hereby agreed that, regardless of any other provision in this coverage form, in no event will this coverage form be excess over or follow form the following coverage in the underlying coverage form:

SECTION I.-COVERAGE, COVERAGE C. MEDICAL EXPENSE of the General Liability coverage form does not apply and none of the references to it in the coverage form apply.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
EXCLUSION – DEFENSE EXPENSE FOR INJUNCTIVE RELIEF

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
EXCESS LIABILITY

It is hereby agreed that, regardless of any other provision of this coverage form, in no event will this coverage form be excess over or follow form the following coverage in the underlying coverage form:

SECTION I. – COVERAGEs, COVERAGE B. INSURING AGREEMENT – DEFENSE EXPENSE FOR INJUNCTIVE RELIEF of the Public Officials and Management Liability coverage form.

No coverage shall be available under this coverage form for any “claim,” action or proceeding seeking “injunctive relief” or any other form or equitable relief or remedy.

Terms in quotations, as used in this endorsement, shall have the meaning set forth in the underlying coverage form identified herein.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
EXCLUSION – ACCESS, COLLECTION AND DISCLOSURE OF NON-PUBLIC INFORMATION (ABSOLUTE)

THIS ENDORSEMENT MODIFIES THE FOLLOWING COVERAGE FORM:
EXCESS LIABILITY

PLEASE READ IT CAREFULLY.

It is agreed that this Coverage Form is amended as follows:

(1) This Coverage Form does not provide coverage for bodily injury, property damage or personal injury and advertising injury or any other loss, injury, damage, cost, expense, liability or legal obligation arising out of, or in any way related to, any:

(a) unauthorized access to, or unauthorized collection or use of, “non-public information”;

(b) intentional release or disclosure of “non-public information”, made by any Enrolled Named Member or employee of any Enrolled Named Member with unlawful intent or intentionally in violation of any Enrolled Named Member’s procedures or policies designed to protect the confidentiality of “non-public information”; or

(c) notification expenses, credit monitoring expenses, forensic expenses, public relations expenses, any expenses related to the issuance or re-issuance of any credit, debit or other type of payment card, or any other similar expenses incurred by the Enrolled Named Member or others arising out of any access to, collection of, or disclosure or release of “non-public information”.

(2) Solely for the purpose of this endorsement, the following definitions are added to the Coverage Form:

“Electronic data” mean information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

“Non-public information” means any person’s or organization’s private, confidential or personal information in the form of “electronic data”, including but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health or medical information or any other type of information not publicly available.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
JPRIMA provides high quality and cost-effective Property & Casualty insurance to protect and enhance assets and operations and reduce overall risk management costs.

Quality Insurance, Resources & Investment in Small Systems

- Efficient and effective claims, underwriting, distribution and risk control services.
- Technical support, continuing education, safety engineering and operational and managerial assistance.
- Resources to further technical, managerial, and financial capacity.
- Residuals from CalMutuals JPRIMA insurance proceeds are invested in programs and services to support small systems and disadvantaged communities.

Your Insurance Partner Beyond the Policy.
Property policy includes Blanket protection without a coinsurance penalty for all your scheduled locations and separate Blanket protection for key coverages such as business income and extra expense.

Property policy includes special extensions such as Unintentional Errors, Off Premises Utility Services, SCADA Upgrades (above replacement cost), Property in Transit, Contract Penalties, Rental Reimbursement – Mobile Equipment, and Water Contamination Notification Expense.

Property policy includes Contamination for $100,000 (not limited to just ammonia), Pollution Remediation Expense for either $250,000 (Specified Cause of Loss)* or $100,000 (Covered Cause of Loss), Outdoor Property (w/ windstorm) for $100,000, and $50,000 for Fungus, Wet Rot or Dry Rot.

Crime policy provides minimum limits of $100,000 for Employee Dishonesty, Theft of Money & Securities, Computer Fraud, Funds Transfer Fraud, and Money orders.

General Liability policy includes aggregate limits of $10,000,000 as well as special coverage for Water & Wastewater Testing E&O, Waterborne Asbestos, Lead, Fungi & Bacteria, Product Recall, and Impaired Property.

General Liability policy includes Failure to Supply Water and Dam Failure Liability as well as Pollution for your potable water, treatment chemicals, natural gas, hostile fire, smoke drift, sewer or wastewater backup/line breaks, and any pollution event that is sudden & accidental.

Public Officials & Management Liability policy includes aggregate limits of $10,000,000 for Wrongful Acts, Employment Practices, and Employee Benefit Plans as well as inverse condemnation and outside directorship.

Automobile policy includes $100,000 Hired Physical Damage, $75 per Day Rental Reimbursement/Towing, and Fleet Automatic.

Excess Liability insurance policy follows the coverages in your underlying policies.

Cyber Liability policy includes Credit Monitoring Costs for $1,000,000 without a deductible or retention.

*180 day reporting period required

This flyer is only a brief illustration of our program and may contain unintentional inaccuracies, outdated material or coverages not included in our quotations. You must refer to the actual Memorandum of Coverage (MOC) for a description of coverages, exclusions and conditions. Specimen MOCs are available for review and analysis.
PROPERTY

Proprietary Policy Form
• Property, Equipment Breakdown & Mobile Equipment
• No Coinsurance Penalty
Blanket Policy Limit
• Real Property
• Business Personal Property
Blanket Coverage Extension Limit
• A separate limit applies to the following:
  - Business Income
  - Extended Business Income
  - Civil Authority
  - Commandeered Property
  - Extra Expense
  - Tenant Leasehold Interest
  - Electronic Data
  - Preservation of Property

Coverages Specific to Water Related Entities
• Property in Transit
• Mobile Equipment
• Pollution Remediation Expenses
• Fungus, Wet Rot or Dry Rot
• SCADA Upgrades
• Contamination

Additional Coverages
• Accounts Receivable
• Arson Reward
• Backup/Overflow of Water from Sewer, Drain, Sump
• Water Contamination Notification Expenses
• Lock and Key Replacement
• Rental Reimbursement - Mobile Equipment
• Business Personal Property at New Locations
• Collapse
• Contract Penalties
• Debris Removal
• Indoor & Outdoor Signs (unscheduled)
• New Locations or Newly Constructed Property
• Ordinance or Law Provision
• Outdoor Property (unscheduled)
• Patterns, Dies, Molds, Forms
• Personal Effects & Property of Others
• Tools & Equipment Owned by Your Employees
• Trees, Shrubs & Plants
• Unintentional Errors & Omissions
• Utility Services
• Valuable Papers & Records

CRIME

Proprietary Policy Form
• Faithful Performance
• Employee Benefit Plans
• Available Coverage for Designated Agents

Coverages
• Employee Theft
• Forgery or Alteration
• Inside The Premise - Theft of Money & Securities
• Inside The Premise - Robbery or Safe Burglary
• Outside The Premise
• Computer Fraud
• Funds Transfer of Fraud
• Money Orders & Counterfeit Paper Currency

BUSINESS AUTO

Coverages
• Combined Single Limit
• Uninsured Motorists
• Hired & Non Owned Auto Liability
• Medical Payments/ Personal Injury Protection
• HIred Physical Damage
• Comprehensive & Collision
• Fleet Automatic
• Towing & Rental Car Reimbursement

PUBLIC OFFICIALS & MANAGEMENT LIABILITY

Proprietary Policy Form
• Duty to Defend
• Nonauditable
• Broad Definition of Insured
• $10M Aggregate Limit

Coverages
• Wrongful Acts
• Employment Practices
• Employee Benefit Plans

Coverage Extensions
• Inverse Condemnation
• Outside Directorship
• Third Party Discrimination

PRIVACY LIABILITY & NETWORK RISK

Coverages
• $1M Privacy & Network Security
• $1M Notification & Credit Monitoring Costs
• $100K Data Forensic & Public Relations

EXCESS LIABILITY

Proprietary Policy Form
• Following Form
• $10 Million Capacity

Your Insurance Partner Beyond the Policy.

1370 North Brea Blvd., Suite 238 • Fullerton, CA 92835 • waterinsuranceauthority.com
NAMED INSURED: Santa Ana Watershed Project Authority

COVERAGE: Environmental Legal Liability

COMPANY: Aspen Specialty Insurance Company

AM BEST RATING: A, XV ($2 Billion or greater)

S&P RATING: Not Rated

CA STATUS: Non-Admitted

POLICY NUMBER: ERACNQN19

POLICY TERM: June 30, 2019 – June 30, 2022

AGGREGATE LIMIT OF LIABILITY: $5,000,000

<table>
<thead>
<tr>
<th>PURCHASED COVERAGE SECTION - DEDUCTIBLES &amp; LIMITS OF LIABILITY:</th>
<th>Purchased Insuring Agreement A Coverage Section</th>
<th>Pollution Incident Deductible</th>
<th>Pollution Incident Limit of Liability</th>
<th>Coverage Section Limit of Liability</th>
</tr>
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<tbody>
<tr>
<td>1.a. Clean-up</td>
<td>$25,000</td>
<td>$5,000,000</td>
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</tr>
<tr>
<td>1.b. Emergency Response</td>
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<td>$5,000,000</td>
<td>$5,000,000</td>
<td></td>
</tr>
<tr>
<td>1.c. Environmental Crisis</td>
<td>$25,000</td>
<td>$250,000</td>
<td>$250,000</td>
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</tr>
<tr>
<td>1.d. Business Interruption</td>
<td>Not Purchased</td>
<td>Not Purchased</td>
<td>Not Purchased</td>
<td></td>
</tr>
<tr>
<td>2.a. Insured Location</td>
<td>$25,000</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
<td></td>
</tr>
<tr>
<td>2.b. Non-Owned Site</td>
<td>$25,000</td>
<td>$5,000,000</td>
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</tr>
<tr>
<td>2.c. Transportation</td>
<td>$25,000</td>
<td>$5,000,000</td>
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<td></td>
</tr>
<tr>
<td>2.d. Covered Operations</td>
<td>$25,000</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
<td></td>
</tr>
</tbody>
</table>

FORMS & ENDORSEMENTS: (Including but not limited to)

- Form No. ASPENV/110 0617 Environmental Legal Liability Policy
- Form No. ASPENV/098 1117 Cap On Losses From Certified Acts Of Terrorism
- Form No. ASPENV340 0517 Insured Location(s) Schedule Endorsement
- Form No. ASPENV117 0117 Insured Product’s Exclusion Amendatory Endorsement
- Form No. ASPENV321 0517 Microbial Matter & Legionella Pneumophila Exclusion Endorsement
- Form No. ASPENV275 0517 Minimum Earned Premium Endorsement 100% at Inception
- Form No. ASPENV/118 1117 NBCR Terrorism Exclusion
- Form No. ASPENV429 0517 Retroactive Date All Coverages Endorsement
- Form No. ASPENV338 0419 Schedule of Crisis Management Firms Endorsement
FORMS & ENDORSEMENTS:
(continued)

California Notice
Aspen Environmental Emergency Response Hotline

ANNUAL PREMIUM:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Premium</td>
<td>$101,610.00</td>
</tr>
<tr>
<td>SL Taxes</td>
<td>$3,048.30</td>
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<tr>
<td>Stamping Fees</td>
<td>$203.22</td>
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<tr>
<td>Total Cost</td>
<td>$104,861.52</td>
</tr>
</tbody>
</table>

TRIA PREMIUM:

$2,960.00 included in the premium above

MINIMUM EARNED PREMIUM:

100%

LOSS REPORTING:
Incidents that will or might give rise to a claim should be immediately reported to:

Notices to insurer of claims or pollution conditions or imminent threat thereof:

Aspen Specialty Insurance Company
c/o Aspen Specialty Insurance Management, Inc.
590 Madison Avenue, 7th Floor
New York, NY 10022

Main Tel: 646.502.1000
Fax: 646.502.1020
E-mail: environmental.claims@aspen-insurance.com

All Other notices to the insurer:
Aspen Specialty Insurance Company
Attn: General Counsel
175 Capital Boulevard, Suite 100
Rocky Hill, CT 06067

Alliant Insurance Services – Claims Department
Mr. Robert Frey or Ms. Elaine Tizon
Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111
Main Phone: 415.403.1400
Fax: 415.403.1466
rfrey@alliant.com / Elaine.Tizon@alliant.com
BROKER: ALLIANT INSURANCE SERVICES, INC. 
100 Pine Street, 11th Floor 
San Francisco, CA 94111 

SERVICING CONTACT: Seth Cole 
Senior Vice President 

Marilyn P. Schley, AU, CISR, CLIC 
Account Executive 

NOTE: THIS SUMMARY IS FOR INFORMATION PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETED COVERAGE AND EXCLUSION INFORMATION. 

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) GOES INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC. 

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101. 

*Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings. 

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com. 

To learn more about companies doing business in your state, visit the Department of Insurance website of that state.
ENVIRONMENTAL LEGAL LIABILITY POLICY DECLARATIONS

ASPEN SPECIALTY INSURANCE COMPANY
590 MADISON AVENUE, 7TH FLOOR
NEW YORK, NY 10022

(A stock insurance company incorporated under the laws of North Dakota hereinafter called the “Company”)

ITEM 1 FIRST NAMED INSURED – NAME AND MAILING ADDRESS

Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

ITEM 2 POLICY NUMBER:

ERACNQN19

ITEM 3 POLICY PERIOD:

(a) Inception Date: 06/30/2019

(b) Expiration Date: 06/30/2022

As respects the dates shown above in this Item 3, as of 12:01 a.m. on such date in the time zone applicable to the address set forth in Item 8(a) of these Declarations.

ITEM 4 PREMIUM:

(a) Policy Premium: $98,650

(b) Premium for Certified Acts of Terrorism Coverage: $2,960

(c) Total Premium: $101,610

ITEM 5 FORMS & ENDORSEMENTS ATTACHED TO THIS POLICY AT INCEPTION

SEE SCHEDULE OF FORMS AND ENDORSEMENTS

ITEM 6 AGGREGATE LIMIT OF LIABILITY: $5,000,000
ITEM 7  PURCHASED COVERAGE SECTIONS - DEDUCTIBLES & LIMITS OF LIABILITY

Coverage is applicable only under purchased Coverage Part(s) selected below by us marking the “Yes” box. If the “Yes” box is not marked for a Coverage Part that Coverage Part has not been purchased. Deductibles and Limits of Liability are completed in this Item 7. only for such purchased Coverage Part(s).

<table>
<thead>
<tr>
<th>Purchased Insuring Agreement A Coverage Section</th>
<th>Pollution Incident Deductible</th>
<th>Pollution Incident Limit of Liability</th>
<th>Coverage Section Limit of liability</th>
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<td>1.a. Clean-up</td>
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<td>2.b. Non-Owned Site</td>
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<td>$25,000</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

ITEM 8  NOTICES:

(a) Notices to first named insured:

Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

(b) Notices to insurer of any matter or factor that may give rise to coverage under the Policy, including without limitation, occurrences, crisis events, emergency events, claims or pollution conditions or imminent threat thereof:

Aspen Specialty Insurance Company
c/o Aspen Specialty Insurance Management, Inc.
590 Madison Avenue, 7th Floor
New York, NY 10022

Main Tel: 646-502-1000
Fax: 646-502-1020
Email: environmental.claims@aspen-insurance.com
ITEM 9   BROKER:

Broker Name:

Alliant Insurance Services, Inc.

Broker Address:

100 Pine Street
San Francisco, CA 94111

This Declarations page, together with the attached Policy form, any Applications, Schedules, and Endorsements thereto, shall constitute the contract between the Insurer and the Insured.

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by a duly authorized representative of the Insurer.

Issued on: 07/29/2019

Authorized Representative
IN WITNESS WHEREOF, the Insurer has caused this Policy to be signed by its President and Secretary and countersigned where required by law on the Declarations page by its duly Authorized Representative.

____________________  ______________________
Secretary             President
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF APPLICABLE FORMS

FORMS AND ENDORSEMENTS MADE PART OF THIS POLICY AT TIME OF ISSUE:

<table>
<thead>
<tr>
<th>Endorsement #</th>
<th>Form Number</th>
<th>Form Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ASPENV098 1117</td>
<td>Cap On Losses From Certified Acts Of Terrorism</td>
</tr>
<tr>
<td>2</td>
<td>ASPENV340 0517</td>
<td>Insured Location (s) Schedule Endorsement</td>
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<tr>
<td>3</td>
<td>ASPENV117 1117</td>
<td>Insured Product's Exclusion Amendatory Endorsement</td>
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<td>ASPENV321 0517</td>
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<tr>
<td>6</td>
<td>ASPENV118 1117</td>
<td>Nuclear, Biological, Chemical, or Radiological Terrorism Exclusion</td>
</tr>
<tr>
<td>7</td>
<td>ASPENV429 0517</td>
<td>Retroactive Date All Coverages Endorsement</td>
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<tr>
<td>8</td>
<td>ASPENV338 0419</td>
<td>Schedule of Crisis Management Firms Endorsement</td>
</tr>
<tr>
<td></td>
<td>ASPENV431 1117</td>
<td>Aspen Environmental Emergency Response Hotline</td>
</tr>
</tbody>
</table>

All other terms and conditions of this Policy remain unchanged.
ENVIRONMENTAL LEGAL LIABILITY POLICY

NOTICE: THIS POLICY INCLUDES CLAIMS MADE AND REPORTED COVERAGES WHICH CONTAIN PROVISIONS THAT RESTRICT COVERAGE AND ARE UNIQUE. THE INSURED SHOULD READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED. BOLD WORDS AND PHRASES, OTHER THAN HEADINGS, ARE DEFINED IN SECTION VII. OF THIS POLICY, AND OTHER TERMS ARE ALSO DEFINED THROUGHOUT THE POLICY.

In consideration of payment of premium when due and in reliance upon the application, only those purchased Coverage Sections as set forth in Item 7 of the Declarations are applicable.

I. INSURING AGREEMENTS

A. COVERAGES

1. First Party Protection

Provided, for each of Coverages 1.a. – 1.d., the pollution incident is first discovered by a responsible insured and reported to the insurer during the policy period:

a. Clean-up

The insurer will pay on behalf of the insured, clean-up cost resulting from a pollution incident on, at, under, or migrating from or through an insured location.

b. Emergency Response

The insurer will pay on behalf of the insured, emergency response cost resulting from a pollution incident: (i) on, at, under, or migrating from or through an insured location; (ii) caused by transportation; or (iii) caused by covered operations.

c. Environmental Crisis

The insurer will pay on behalf of the insured, crisis cost resulting from a crisis event.

d. Business Interruption

The insurer will pay the business interruption cost and extra expense incurred by the insured and caused solely and directly by a pollution incident on, at or under an insured location, provided the pollution incident results in clean-up cost covered by this Policy.

2. Legal Liability Protection

Provided, for each of Coverages 2.a. – 2.d., the claim for damages because of such bodily injury or property damage, or a claim for such clean-up cost, is first made against an insured and reported to the insurer during the policy period:
a. Insured Location

The insurer will pay on behalf of the insured those sums that the insured becomes legally obligated to pay: (i) as damages because of bodily injury or property damage; or (ii) for clean-up cost, resulting from a pollution incident on, at, under, or migrating from or through an insured location.

b. Non-owned Site

The insurer will pay on behalf of the insured those sums that the insured becomes legally obligated to pay: (i) as damages because of bodily injury or property damage; or (ii) for clean-up cost, resulting from a pollution incident on, at, under or migrating from or through any non-owned site.

c. Transportation

The insurer will pay on behalf of the insured those sums that the insured becomes legally obligated to pay: (i) as damages because of bodily injury or property damage; or (ii) for clean-up cost, resulting from a pollution incident caused by transportation.

d. Covered Operations

The insurer will pay on behalf of the insured those sums that the insured becomes legally obligated to pay: (i) as damages because of bodily injury or property damage; or (ii) for clean-up cost, resulting from a pollution incident caused by covered operations or completed operations.

B. DEFENSE, SUPPLEMENTARY PAYMENTS AND SETTLEMENT

1. Defense

a. The insurer has the right and duty to defend the insured against any claim seeking damages or clean-up cost subject to coverage under Coverage Section 2 - Legal Liability Protection. The insurer has no duty to defend the insured against a claim to which that Coverage does not apply. The insurer's duty to defend ends when the applicable Limit of Liability is exhausted by payment of loss. Legal expense incurred in the defense of any claim is included in any Deductible, is included in loss and shall erode the applicable Limit of Liability. The insurer has the right but not the duty to investigate any pollution incident and settle any claim that may result therefrom.

b. The insurer will also pay supplementary payment incurred by the insured resulting from a pollution incident covered under this Policy. Supplementary payment is not included in loss and shall not erode the aggregate limit of liability. Notwithstanding the foregoing, any supplementary payment for an insured, as defined in Section VII. DEFINITIONS, Paragraph U. Insured, Subparagraph 4., shall be included in loss and shall erode the aggregate limit of liability.

c. Where the insured is legally entitled to select independent counsel to defend it, the attorneys' fees and expenses the insurer will pay are limited to the rates that the insurer normally pays to counsel selected by the insurer to defend similar claims in the jurisdiction where the claim is being defended. The insurer may require that such counsel meet certain minimum qualifications and maintain errors and omissions insurance. The insured may at any time by its written consent waive any right to select independent counsel.

2. Settlement

The insurer will present all settlement offers to the insured. If the insurer recommends a settlement of a claim that is acceptable to a claimant and is within the applicable Limits of Liability, and the insured refuses to consent to such settlement, then the insurer's duty to defend shall end and the insurer may tender the defense to the insured. The insured shall thereafter defend such claim independently. The insurer's liability shall not exceed the amount for which the claim could have been settled had the insurer's recommendation been accepted plus legal expenses, exclusive of the Deductible, incurred up to the time the insurer recommended the settlement.
II. EXCLUSIONS

This Policy does not apply to:

A. Contractual Liability

Loss that the insured is obligated to pay by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply to liability:

1. For loss that the insured would have in the absence of the contract or agreement; or
2. Assumed in an insured contract.

B. Criminal Fines, Penalties and Assessments

Any criminal fines, criminal penalties or criminal assessments.

C. Damage to Insured’s Work

Property damage to work performed by or on behalf of any insured caused by covered operations. This Exclusion is not applicable to claims arising from completed operations.

D. Divested Properties

Loss arising from a pollution incident at any insured location that commences after an insured sells, gives away, abandons, forfeits, relinquishes operational or management control of; or, terminates a lease in which the insured was a lessee of such property.

E. Employment Liability

Bodily injury to:

1. An employee of the insured arising out of and in the course of:
   a. Employment by the insured; or
   b. Performing duties related to the conduct of the insured’s business; or
2. The spouse, child, parent, brother, sister, or any member of the household of that employee as a consequence of Paragraph 1. above.

This Exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

F. Identified Underground Storage Tanks

A pollution incident arising out of an underground storage tank located at an insured location, the existence of which is known by any responsible insured as of the inception date or which is identified in the approved acquisition standard, unless such underground storage tank is scheduled on an Underground Storage Tank Endorsement attached to this Policy. This Exclusion does not apply to any underground storage tank which has been closed, abandoned in place or removed, in accordance with environmental law, prior to the inception date.
G. **Installed Asbestos and Lead-Based Paint**

*Clean-up cost* arising out of asbestos, asbestos-containing materials or lead-based paint installed or applied in, on, or to any building or structure, including any removal of such materials and disposal thereof.

This Exclusion does not apply to:

1. **Clean-up cost** that arises from inadvertent disturbance of such installed or applied asbestos or asbestos-containing materials or lead-based paint; or

2. In the absence of inadvertent disturbance described in 1. above, remediation of soil, surface water or groundwater contamination.

H. **Insured's Products**

*Loss* arising out of any goods or products (including containers thereof) manufactured, sold, handled, distributed, altered or repaired by any *insured* or others trading or operating under any *insured's* name. This Exclusion applies to any obligation or liability arising from or related to warranties and representations respecting the fitness of such goods or products and to the failure to provide warnings or instructions for such goods or products. This Exclusion does not apply to *loss* arising from transportation or storage of such products at an *insured location* or non-owned site.

I. **Insured Versus Insured**

Any *claim* brought by or on behalf of any *insured* against any other *insured* under this Policy. This Exclusion does not apply to a *claim* initiated by a third-party and that arises out of an indemnification given by one *insured* to another *insured* in an *insured contract*.

J. **Intentional Non-Compliance**

*Loss* arising out of a responsible *insured's* intentional non-compliance with *environmental law*. This Exclusion does not apply to the *insured's* action taken in good faith in reliance upon written advice of outside counsel received in advance of such non-compliance and in response to event that requires emergency response costs.

K. **Internal Expenses**

Any costs, charges or expenses, incurred by any *insured* for goods supplied or services performed by the staff or salaried employees of any *insured*, unless such costs, charges or expenses are incurred with the prior written approval of the *insurer* in its discretion. This Exclusion does not apply to emergency response cost or supplementary payment.

L. **Prior Knowledge/ Non-Disclosure**

A *pollution incident* or imminent threat thereof known by a responsible *insured* prior to the *inception date* and not specifically disclosed in the application.

M. **War**

*Loss* arising, directly or indirectly, out of:

1. War, including undeclared or civil war;

2. War-like action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

3. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
N. Workers’ Compensation and Similar Laws

Loss arising out of any obligation of the insured under a workers’ compensation, disability benefits or unemployment compensation law or any similar law.

III. LIMITS OF LIABILITY AND DEDUCTIBLE

The Limits of Liability shown in the Declarations and the rules below fix the most the insurer will pay under this Policy regardless of the number of insureds, claimants, claims, crisis events, or pollution incidents. The applicable Limits of Liability apply in excess of the applicable Deductible amounts.

A. Aggregate Limit

The Aggregate Limit of Liability set forth in Item 6 of the Declarations is the most the insurer will pay for all loss under this Policy.

B. Coverage Section Limits

Subject to Paragraph A. above, the applicable Coverage Section Limit of Liability set forth in Item 7 of the Declarations is the most the insurer will pay for all loss or crisis cost under each corresponding Coverage Section.

C. Pollution Incident Limits

Subject to Paragraphs A. and B. above, for each Coverage Section, the applicable Pollution Incident Limit of Liability set forth in Item 7 of the Declarations is the most the insurer will pay for all loss or crisis cost arising out of any one pollution incident or related, continuous or repeated pollution incidents. In the event a pollution incident or related, continuous or repeated pollution incidents give rise to coverage under multiple Coverage Sections under this Policy, the most the insurer will pay under all Coverage Sections for all loss or crisis cost arising out of such pollution incident or related, continuous or repeated pollution incidents is the highest applicable Pollution Incident Limit of Liability.

D. Deductible

Except with respect to Coverage Section 1.d. Business Interruption, for each Coverage Section, the applicable Pollution Incident Deductible set forth in Item 7 of the Declarations applies separately to loss arising from each pollution incident or related, continuous or repeated pollution incidents. In the event a pollution incident or related, continuous or repeated pollution incidents give rise to coverage under multiple Coverage Sections under this Policy, only the highest applicable Pollution Incident Deductible shall apply.

For Coverage Section 1.d. Business Interruption, the applicable Deductible stated in Item 7 of the Declarations applies to all business interruption cost and extra expense incurred during the number of days specified in Item 7 of the Declarations of the business interruption period.

The Deductible shall be paid by the first named insured and remain uninsured. The insurer may, but is not obligated to, advance amounts for loss within the Deductible. Upon the insurer’s request, the first named insured will promptly reimburse the insurer for any amounts within the Deductible that the insurer has advanced.

E. Related Claims

Under Coverage Section 1. First Party Protection, if a pollution incident is first discovered by a responsible insured and reported to the insurer during this policy period, or under Coverage Section 2. Legal Liability Protection if a claim is first made against an insured and reported to the insurer during this policy period, then, provided the first named insured has maintained Environmental Legal Liability coverage with the insurer or its affiliate on a continuous, uninterrupted basis:
1. Coverage Section 1. First Party Protection

All pollution incidents first discovered by a responsible insured and reported to the insurer during a subsequent policy period that arise from the same, related, continuous or repeated pollution incidents that was first discovered by a responsible insured and reported to the insurer during this policy period, will be deemed to have been first discovered by a responsible insured and reported to the insurer during this policy period. All loss arising out of such pollution incidents will be subject to the applicable limits, deductible, terms and conditions of this Policy.

2. Coverage Section 2. Legal Liability Protection

All claims first made against an insured and reported to the insurer during a subsequent policy period that arise from the same, related, continuous or repeated pollution incidents that gave rise to a claim first made against an insured and reported to the insurer during this policy period, will be deemed to have been first made against the insured and reported to the insurer during this policy period. All such claims will be subject to the applicable limits, deductible, terms and conditions of this Policy.

IV. RIGHTS AND DUTIES OF THE INSURER AND THE INSURED

A. The Insured’s Duties in the Event of a Pollution Incident

The insured must notify the insurer as soon as practicable of any pollution incident, whether or not it has received a claim. To the extent possible, such notice should include:

1. How, when and where the pollution incident took place;
2. The names and addresses of any injured persons and witnesses; and
3. The nature and location of any injury or damage arising out of the pollution incident.

Notice of a pollution incident is not notice of a claim.

B. The Insured’s Duties in the Event of a Claim

If a claim is made against any insured, the insured must:

1. Immediately record the specifics of the claim and the date received;
2. Notify the insurer as soon as practicable;
3. Immediately send the insurer copies of any demands, notices, summonses or legal papers received in connection with the claim;
4. Authorize the insurer to obtain records and other information;
5. Cooperate with the insurer in the investigation, settlement or defense of the claim; and
6. Assist the insurer, upon its request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this Policy may also apply.

C. Rights and Duties With Respect to Pollution Incidents

1. In the event the insured becomes aware of a pollution incident or imminent threat thereof, the insured must:

   a. Promptly report the pollution incident or imminent threat thereof to the insurer and to the appropriate governmental authority as required by environmental law;
b. Mitigate and clean-up any pollution incident or imminent threat thereof to the extent required by environmental law by retaining an environmental professional;

c. Provide the insurer with proposed work plans, bids, contracts, agreements or any similar document, concerning work to result in clean-up cost (except for emergency response cost), which proposals shall be subject to the insurer’s right to prior approval; and

d. Provide the insurer at reasonable intervals (and always at least thirty (30) days, or as soon as practicable and prior to submission of any progress report to any regulatory agency) written progress reports concerning the work resulting in clean-up cost.

2. The insurer shall have the right but not the duty to mitigate and clean-up (including assuming direct control of any mitigation or clean-up) any pollution incident that may be covered under this Policy or any imminent threat that may result in a pollution incident that may be covered under this Policy. In the event the insurer asserts a right to mitigate or clean-up, then any amounts the insurer spends to mitigate or clean-up shall erode the applicable Limits of Liability and the insured will reimburse the insurer for any portion of any applicable Deductible advanced while taking such action.

D. Insured’s Duties in the Event of Emergency Response Costs

When emergency response costs have been or may be incurred, the insured shall notify the insurer of the pollution incident from which the emergency response costs arose within 30 days of the commencement of such pollution incident. The insured shall forward to the insurer as soon as practicable all information related to such emergency response costs, including the cause, commencement and location of the pollution incident, technical reports, laboratory data, field notes, expert reports, investigations, data collected, invoices, and correspondence with regulatory authorities.

E. Insured’s Right to Give Notice of Possible Claim Under Coverage Section 2. Legal Liability Protection

If during the policy period the insured becomes aware of a pollution incident, that first commenced during the policy period, which may reasonably be expected to give rise to a claim against the insured, the insured may give the insurer written notice during the policy period of such pollution incident and the reasons for believing that a claim may arise. Such notice must include the following to the extent possible:

1. The circumstances under which the insured first became aware of the pollution incident;

2. The nature, location and date of commencement of the pollution incident;

3. The identity of anticipated or potential claimants;

4. The bodily injury, property damage or clean-up cost that has resulted or may result from the pollution incident;

5. All available engineering information relating to the pollution incident; and

6. Any other information that the insurer deems reasonably necessary.

In the event the insured provides such notice, all claims otherwise covered under Coverage Section 2. Legal Liability Protection that arise out of such pollution incident and are first made against an insured and reported to the insurer within 6 years after the end of the policy period shall be deemed to have been first made against an insured and reported to the insurer during the policy period.
V. EXTENDED REPORTING PERIOD

This Section applies solely to Coverage Section 2. Legal Liability Protection:

If the Policy was not terminated due to non-payment of premium, fraud or misrepresentation in the application for this Policy, or failure to comply with the material terms, conditions or contractual obligations under this Policy, and the first named insured has not purchased any other insurance to replace this insurance, the insurer will provide an Automatic Extended Reporting Period as described in Paragraph A. below, or, if the first named insured purchases it, an Optional Extended Reporting Period as described in Paragraph B. below.

A. Automatic Extended Reporting Period

The Automatic Extended Reporting Period is ninety (90) days following the end of the policy period. A claim first made against an insured and reported to the insurer during the Automatic Extended Reporting Period will be deemed to have been first made against the insured and reported to the insurer on the last day of the policy period, provided the pollution incident commenced before the end of the policy period. The Automatic Extended Reporting Period shall not apply if the Optional Extended Reporting Period is purchased pursuant to Paragraph B. below.

B. Optional Extended Reporting Period

The first named insured is entitled to purchase an Optional Extended Reporting Period Endorsement upon providing written notice to the insurer, within the first thirty (30) days following the end of the policy period, of its election to purchase the Endorsement. The Optional Extended Reporting Period shall be effective for up to forty-eight (48) months at a rate of not more than 200% of the premium set forth in Item 4(c) of the Declarations plus all additional premium charged. The Optional Extended Reporting Period Endorsement shall not become effective unless the first named insured pays the additional premium when due, which will be fully earned upon payment. Once the first named insured pays the additional premium when due, the Optional Extended Reporting Period may not be cancelled. A claim first made against an insured and reported to the insurer during the Optional Extended Reporting Period will be deemed to have been first made against the insured and reported to the insurer on the last day of the policy period, provided the pollution incident commenced before the end of the policy period.

C. The provision of an Extended Reporting Period does not increase or reinstate any aggregate limit under this Policy.

VI. CONDITIONS

A. Assignment

Assignment of this Policy or any of the insured's rights or duties hereunder, shall not bind the insurer unless and until the insurer's written consent is endorsed hereto.

B. Bankruptcy

Bankruptcy or insolvency of the insured or the insured's estate will not relieve the insurer of any obligations under this Policy.

C. Cancellation

1. The first named insured may cancel this Policy by delivering advance written notice of cancellation to the insurer stating when cancellation is to be effective. If the first named insured cancels, any unearned premium shall be paid to the first named insured calculated on the customary short rate basis.

2. The insurer may cancel this Policy for the reasons stated below in 2.a. and 2.b. by mailing or delivering to the first named insured at the address stated in Item 8(a) of the Declarations written notice of cancellation at least:
a. Fifteen (15) days before the effective date of cancellation if the **insurer** cancels for nonpayment of premium or the applicable Deductible;

b. Ninety (90) days before the effective date of cancellation if the **insurer** cancels for fraud or misrepresentation in the **application** for this Policy or failure to comply with the material terms, conditions or contractual obligations under this Policy.

If the **insurer** cancels, any premium refund will be calculated on a pro rata basis.

3. Any written notice of cancellation provided under Paragraphs 1. or 2. shall state the effective date of cancellation and the **policy period** will end on such date. Proof of mailing of notice shall be sufficient proof of notice of cancellation.

4. The **insurer** will tender any premium refund due upon cancellation to the **first named insured** as soon as practicable after cancellation is effective, but tender of such premium refund is not a condition of cancellation.

D. Changes

This Policy contains all the agreements between the **insurer** and the **first named insured** concerning the insurance afforded under this Policy. This Policy's terms cannot be changed, amended or waived except by an endorsement issued by the **insurer** and made a part of this Policy.

E. Cooperation

The **insured** shall cooperate with the **insurer** and provide such reasonable assistance and cooperation in the investigation and defense of **claims** as the **insurer** may require. At the **insurer's** request, the **insured** shall submit to examination under oath, attend depositions, hearing and trials, and assist in effecting settlements and providing evidence and the attendance of witnesses.

F. Coverage Territory

This Policy shall apply to any covered **pollution incident** that takes place anywhere in the world if permissible under applicable local law, provided the **insurer's** obligation to provide any coverage under this Policy shall be determined only by a court in the United States of America, its territories or possessions, Puerto Rico or Canada. Judgments against the **insurer** may be enforced only in the United States of America. In no event shall this insurance be used as evidence of financial assurance in any jurisdiction outside of the United States of America.

G. Economic and Trade Sanctions

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

H. Headings

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

I. Legal Action Against Insurer

No person or organization shall have the right under this Policy to join the **insurer** as a party, or otherwise bring the **insurer** into a suit seeking damages from an **insured**, or to bring any action against the **insurer** in connection with this Policy, unless as a condition precedent thereto all terms of this Policy have been fully complied with. A person or organization may sue the **insurer** to recover after an agreed settlement or on a final judgment against an **insured**. However, the **insurer** will not be liable for amounts that are not payable under the terms of this Policy or that are in excess of the applicable Limit of Liability.
J. Notices

All notices to the first named insured required under this Policy shall be in writing and mailed or delivered to the address stated in Item 8(a) of the Declarations. All notices to the insurer shall be in writing and mailed or delivered to the address stated in:

1. Item 8(b) of the Declarations for notices required or permitted under Section IV. of the Policy, or
2. Item 8(c) for all other notices.

Proof of mailing any notice required under this Policy to such address will be sufficient proof of notice under this Policy.

K. Other Insurance

If other valid and collectible insurance is available for any loss covered under this Policy, the insurer's obligations are limited as follows:

1. This insurance is primary and the insurer's obligations are not affected unless any of the other insurance is also primary, in which case the insurer will share with all other primary insurance by the method described in Paragraph 2. below. However, in the event that an insured contract requires this insurance to be primary for any person or organization whom the first named insured agreed to insure, and provided such person or organization is an insured under this Policy, this insurance will be primary and the insurer will not seek contribution from any other insurance issued to such person or organization.

2. If all of the other insurance permits contribution by equal shares, the insurer also will follow such method. Under this method, each insurer contributes equal amounts until it has paid its limit of liability or no loss remains, whichever comes first; or

If any of the other insurance does not permit contribution by equal shares, the insurer will contribute by limits. Under this method, each insurer's share is based on the ratio of its limit of liability to the total limits of insurance of all insurers.

L. Representations

By acceptance of this Policy, the first named insured hereby represents that the application is material to the underwriting of this Policy and the insurer issued this Policy in reliance upon such representation.

M. Right of Access and Inspection

The insurer and its representatives shall have the right and opportunity but not the obligation to interview the insured's employees and to inspect at any reasonable time during the policy period or thereafter, an insured location or any other location or facility. The insurer and its representatives shall not assume any responsibility or duty to the insurer or to any other party, person or entity, by reason of such right or inspection. The insurer's right to make inspection, the actual undertaking thereof or any report thereon shall not constitute an undertaking on behalf of the insurer or others, to determine or warrant that the property or operations are safe, healthful or conform to acceptable engineering practices or are in compliance with any law, rule or regulation. The first named insured agrees to provide appropriate personnel to assist the insurer or its representatives during any inspection. The insured's compliance with this Condition is a condition precedent to coverage under this Policy.

N. Separation of Insureds

Except with respect to the Limits of Liability, the Insured Versus Insured exclusion, and any rights or duties specifically assigned in this Policy to the first named insured, this Policy applies as if each insured were the only insured and applies separately to each insured against whom a claim is made.
O. Service of Suit

In the event of failure of the insurer to pay any amount claimed to be due hereunder, the insurer, at the request of the insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes a waiver of the insurer's right to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon counsel at the notice address provided in Item 8(c) of the Declarations. Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, the insurer hereby designates the Superintendent, Commissioner, Director of Insurance, or other officer specified for that purpose in the statute, or his or her successors in office as its true and lawful agent upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of an insured arising out of this Policy.

P. Sole Agent

The first named insured shall act on behalf of all insureds for the payment or return of premium and Deductibles, negotiation, receipt and acceptance of any endorsement issued by the insurer and made part of this Policy, giving or receiving notice of cancellation, and exercising the right to an extended reported period.

Q. Subrogation

If the insured has any right to recover all or part of any payment by the insurer under this Policy, such right is hereby transferred to the insurer and the insured shall not do anything to impair such rights. At the request of the insurer, the insured will bring suit or take any action to effectuate transfer of such rights to the insurer and help the insurer enforce such rights. Any amounts so recovered by the insurer shall be allocated first to the expenses incurred in such recovery efforts and proceedings, proportioned in accordance with each interested party’s share in the total recovery; then to the insurer to the extent of its paid Deductible and its payments in excess of the limit of coverage; and last to the insurer to the extent of its payment under this Policy. However, if the insured has waived rights of recovery against any person or organization in an insured contract entered into prior to the discovery of a pollution incident giving rise to loss or a claim under this Policy, the insurer also waives such right of recovery it may have under this Policy against such person or organization.

R. Voluntary Payments

No insured will, except at that insured’s own cost, admit liability or voluntarily make a payment, assume any obligation, make any settlement or incur any expense, other than emergency response cost or crisis cost, without the insurer’s prior written consent.

VII. DEFINITIONS

A. Application means all applications, including any attachments, other materials provided therewith or incorporated or referenced therein submitted by or on behalf of the insured in connection with the underwriting of this Policy or for any other policy of which this Policy is a renewal, replacement or which it succeeds in time. All applications, attachments and other materials are deemed attached to and made a part of this Policy.

B. Approved acquisition standard means the insured's receipt of an ASTM E1527-05 (or any amendments thereto or subsequent versions thereof) compliant report identifying no Recognized Environmental Conditions, except for the presence of an underground storage tank which is not known or reported to be leaking and which is reported to be operated and maintained in accordance with all applicable environmental law, related to the subject property. Such ASTM compliant report must be based on an environmental survey conducted no earlier than ninety (90) days prior to the date of acquisition of the subject property by the first named insured.

C. Bodily injury means physical injury, sickness, mental anguish, shock or emotional distress or disease sustained by a person, including death resulting therefrom. Bodily injury also includes medical monitoring cost when accompanied by physical injury.
D. **Business interruption cost** means:

1. Net profit loss, including **rental value**, before taxes that the **insured** would have earned or incurred during the **business interruption period**; and

2. Continuing normal operating expenses incurred by the **insured** during the **business interruption period**, including payroll expense for the **insured's** employees, except employees under contract, officers, executives, and department managers;

Due to the reasonable and necessary interruption of the **insured's** operations at an **insured location** during the **business interruption period**.

If the **insured** would have incurred a net loss under Paragraph 1. above, such net loss shall reduce the operating expenses recoverable under Paragraph 2. above.

If it is or was practicable to resume any portion of standard business operations by making use of any portion of the **insured location** or other premises but such operations were not resumed, the **insurer** will reduce **business interruption cost** to account for such non-resumption of operations.

E. **Business interruption period** means period of time that begins with the interruption of the **insured's** operations at an **insured location** due to a **pollution incident** and ends on the earliest of:

1. When the **insured location** is reasonably restored to operations;

2. When the **insured location** should have been restored to operations with reasonable speed and quality; or

3. When business activities resume at a new permanent location.

If the period of interruption is caused by a **pollution incident** and any other cause, the **business interruption period** shall only include that period of interruption caused solely and directly by such **pollution incident**.

**Business interruption period** does not include any time period resulting from delay in resuming standard business operations because of interference by any third-party or the **insured**, including any of its employees.

F. **Claim** means a written demand seeking a remedy and alleging liability or responsibility on the part of the **insured**.

G. **Clean-up cost** means reasonable and necessary expense incurred with the **insurer's** prior written consent, including **legal expense** and **restoration cost**, to investigate, abate, contain, treat, remove, remediate, monitor, neutralize or dispose of contaminated soil, surface water or groundwater or other contamination caused by a **pollution incident** but only:

1. To the extent required by **environmental law** or, in the absence of applicable **environmental law**, as determined to be reasonable and necessary by an **environmental professional**;

2. If required to satisfy a **voluntary clean-up program**; or

3. If incurred by any governmental entity of the United States of America including its territories and possessions, Puerto Rico or Canada, or by a third-party.

H. **Completed operations** means work from **covered operations** that has been completed. For the purposes of this Definition, completion occurs when:

1. The insured has concluded **covered operations** at the job site; or

2. When **covered operations** are put to intended use by any person or entity other than the **insured** or any contractor or sub-contractor at the job site.
Completion has occurred even if further maintenance, service, correction, repair, or replacement is required.

I. Conveyance means an automobile, railcar, train, watercraft or aircraft, but does not include pipelines.

J. Covered operations means activity performed for a third-party for a fee by or on behalf of the insured at any job site that is not located on or at real property owned or managed by, or leased or rented to, the insured. Covered operations do not include transportation.

K. Crisis cost means reasonable and necessary fees and expenses incurred by a firm listed in any Schedule of Crisis Management Firms Endorsement, attached to this Policy or by any other firm selected by the insurer with the insurer's prior written consent, within the first twenty-one (21) days following the crisis event, for services in advising the insured on minimizing potential harm from a covered crisis event by maintaining and restoring public confidence in the insured. Crisis cost includes amounts for reasonable and necessary printing, advertising, mailing of materials, or travel by the insured's directors, officers, employees or agents at the direction of a Crisis Management Firm.

L. Crisis event means a pollution incident that in the good faith judgment of an executive officer results, or in the absence of action to restore public confidence in the insured is likely to result, in significant adverse media coverage.

M. Emergency response cost means reasonable and necessary costs, charges or expenses, including legal expense, and restoration cost, to investigate, remove, dispose of, abate, contain, treat, neutralize, monitor or test soil, surface water, groundwater or other contaminated media, provided such costs, charges or expenses are incurred up to seven (7) days after commencement of a pollution incident that poses an imminent and significant threat to human health or the environment and requires immediate action.

N. Environmental law means any federal, state, provincial, municipal or other local law, statute, ordinance, rule, guidance document, regulation, administrative order or directive, including any voluntary clean-up program or risk-based corrective action guidance, that is applicable to a pollution incident.

O. Environmental professional means a person qualified to address the remediation of the subject pollution incident and whom the insurer approves in advance in writing, in its sole discretion after consultation with the insured.

P. Executive officer means a person holding any of the officer positions created by the insured in its charter, constitution, by-laws or any other similar governing document.

Q. Extra expense means reasonable and necessary expenses, other than the insured's continuing normal operating expenses, that the insured incurs during the business interruption period and that the insured would not have incurred had there been no pollution incident on, at or under an insured location. To the extent it reduces the business interruption cost that otherwise would have been payable under Business Interruption coverage, extra expense includes reasonable and necessary expenses the insured incurs to avoid or minimize the suspension of business and to continue operations:

1. At the insured location; or

2. At replacement or temporary location(s), including relocation expenses and costs to equip and operate the replacement or temporary location(s).

Extra expense will be reduced by any salvage or other value of property obtained for temporary or other use during the business interruption period that remains after the resumption of operations.

R. First named insured means the entity named in Item 1 of the Declarations.

S. Green up-grade cost means reasonable cost to replace damaged material with environmentally superior material serving the same purpose, as certified by an independent qualified certifying body. If such certification is not available, such costs for such environmentally superior material must be approved in advance in writing by the insurer in its sole discretion.
T. **Inception date** means the date set forth in Item 3(a) of the Declarations.

U. **Insured** means:

1. The *first named insured*;

2. Any person or organization listed on any Schedule of Named Insureds Endorsement, attached to this Policy;

3. Any past or present director, officer, partner, member, manager, or employee, including any **executive officer** or temporary, leased or volunteer employee, while acting within the scope of his or her duties as such for either 1. or 2. above; and

4. Any person or organization that the **insured** has agreed to include as an insured under this Policy pursuant to an **insured contract**, but such person or organization is an **insured**: (i) only for **bodily injury**, **property damage** or **clean-up costs** arising from the **first named insured’s** operations or premises; and (ii) only for the lesser of the applicable limits of liability set forth in Section III. of the Policy or the minimum limits of liability required by the **insured contract**. Notwithstanding any other provision of this Policy, any **supplementary payment** with respect to such person or organization shall be included in **loss** and shall erode the aggregate limit of liability.

V. **Insured contract** means any contract entered into prior to the discovery of a **pollution incident** giving rise to **loss** or a **claim** under this Policy and listed in any Schedule of Insured Contracts Endorsement attached to this Policy.

W. **Insured location** means real property owned or managed by, or leased or rented to, the **insured** and listed on a **Insured Location(s) Schedule Endorsement** attached to this Policy.

X. **Insurer** means the entity set forth in Item 8(c) of the Declarations.

Y. **Legal expense** means reasonable and necessary fees charged by legal counsel, designated by the **insurer**, or with the **insurers** written consent by the **insured**; and other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense, settlement or appeal of any **claim** or **suit** if incurred by the **insurer** or by the **insured** with the **insurers** prior written consent.

Z. **Loss** means:

1. Damages because of **bodily injury** or **property damage**, including, where insurable under applicable law, civil fines, civil penalties, civil assessments, punitive, exemplary, or multiple damages;

2. **Clean-up cost**;

3. **Emergency response cost**;

4. **Business interruption cost** and **extra expense**; and

5. **Legal expense**.

**Loss** does not include **crisis cost** or **supplementary payment**, except as set forth in Section I. INSURING AGREEMENTS, B. DEFENSE, SUPPLEMENTARY PAYMENTS AND SETTLEMENT, Paragraph 1. Defense, Subparagraph b.

AA. **Microbial matter** means fungi, mold, yeast, bacteria or mildew including any spores, mycotoxins, or by-products produced or released therefrom, whether or not such matter is living.

BB. **Misdelivery** means the delivery of any liquid product into any receptacle or to an address, other than the correct receptacle or the correct address, or the mistaken delivery of one liquid product for another.
CC. **Nanotechnology matter** means any engineered matter or particle, purposefully manufactured with one or more external dimensions of 100 nanometers or less.

DD. **Natural resource damage** means physical injury to or destruction of, including the resulting loss of value of, land, fish, wildlife, biota, air, water, groundwater, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. § 1801 et seq.)), any state, local or provincial government, any foreign government, any Native American tribe, or, if such resources are subject to a trust restriction on alienation, any member of a Native American tribe.

EE. **Non-owned site** means any premises that were never owned, occupied, rented, managed, operated or loaned by, to or on behalf of any **insured** or any subsidiary or affiliate thereof, that are:

1. Used for the storage, disposal, processing or treatment of waste from an **insured location** or **covered operations**; provided; as of the date of the first storage, disposal, processing, or treatment of such waste it was a) licensed by the appropriate state or federal authority to perform storage, disposal, processing or treatment of waste from the **insured's** operations in compliance with **environmental law**; or b) not subject to a consent order or corrective action under **environmental law** or listed or proposed to be listed on the National Priorities List (NPL); or

2. Identified in a Schedule of Non-Owned Site(s) Endorsement attached to this policy, if any.

FF. **Policy period** means the period of time set forth in Item 3 of the Declarations, except if this Policy is cancelled or otherwise terminated, then the expiration date shall become the effective date of such cancellation or termination.

GG. **Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals, hazardous substances, petroleum hydrocarbons, low-level radioactive matter or waste, medical, infectious or pathological waste or waste materials, methamphetamines, or electromagnetic fields. **Pollutant** does not include **nanotechnology matter**, **microbial matter**, or Legionella pneumophila.

HH. **Pollution incident** means:

1. The discharge, emission, seepage, migration, dispersal, release or escape of any **pollutant** into or upon land, or any structure on land, the atmosphere or any watercourse or body of water including groundwater, provided such **pollutant** is not naturally present in the environment in the concentration or amounts discovered; or

2. The illicit abandonment of a **pollutant** by a third-party without the **insured's** consent.

**Pollution incident** also means **microbial matter** or Legionella pneumophila in any structure on land and the atmosphere contained within that structure.

II. **Property damage** means:

1. Physical injury to tangible property of parties other than an **insured**, including all resulting loss of use and diminished value of such property;

2. Loss of use of tangible property of parties other than an **insured** that is not physically injured or destroyed, arising out of physical injury to or destruction of other tangible property; or

3. **Natural resource damage**.

**Property damage** does not include **clean-up cost**. Electronic data is not tangible property. As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-
ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

JJ. **Rental value** means:

1. The total anticipated rental income from tenant occupancy of the insured location as furnished and equipped by the insured;

2. All charges that are the legal obligation of the tenant(s) pursuant to a lease and that would otherwise be the insured’s obligations; and

3. The fair rental value of any portion of the insured location that is occupied by the insured during the business interruption period, less any rental income the insured could earn:
   a. By complete or partial rental of the insured location; or
   b. By making use of other property on the insured location or elsewhere.

KK. **Responsible insured** means any insured’s manager or supervisor responsible for environmental affairs, control or compliance.

LL. **Restoration cost** means reasonable and necessary expense incurred by the insured with the insurer's prior written consent to restore, repair or replace physically damaged real or personal property, when such damage occurs during the course of incurring covered clean-up cost or emergency response cost, regardless of whether such damage to such real or personal property is directly caused by a pollution incident. Restoration cost shall not exceed the replacement cost of such real or personal property. Restoration cost also includes green up-grade cost. Except for green up-grade cost, cost of restoration, repair or replacement in kind or quality exceeding that of the real or personal property before it was damaged is not included in restoration cost.

MM. **Supplementary payment** means actual loss of earnings and reasonable personal and travel expense up to $500 per day incurred by the insured to attend a hearing, deposition or trial at the written request of the insurer, or to respond to a subpoena for records related to the defense of a claim covered under this Policy; provided the maximum amount the insurer will pay for all such expenses for the insured’s attendance at any one hearing, deposition, trial, disciplinary proceeding or subpoena response for any one claim shall not exceed $10,000.

NN. **Transportation** means the movement by the insured, or by a third-party carrier on behalf of the insured properly licensed to conduct such movement, of goods, products, merchandise, supplies or waste to or from an insured location by any conveyance. Transportation includes: (i) the loading or unloading of goods, products, merchandise, supplies or waste into, onto or from any conveyance; and (ii) misdelivery.

OO. **Underground storage tank** means any one tank or combination of tanks, including underground pipes attached thereto, that has at least 10% of its volume below ground level if outdoors or below the ground floor level if indoors. Underground storage tank does not include septic tanks, sumps, oil-water separators, storm-water or wastewater collection systems.

PP. **Voluntary clean-up program** means a program of the United States or any state, enacted pursuant to environmental law, that requires governmental written approval to conduct voluntary corrective action to address a pollution incident.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

Environmental Legal Liability Policy

A. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed $100 billion in a calendar year 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 pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified 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.

B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

All other terms and conditions of this Policy remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURED LOCATION(S) SCHEDULE ENDORSEMENT

It is hereby agreed that the following location(s) are included as insured location(s) in Section VII. DEFINITIONS, Paragraph W. Insured location:

<table>
<thead>
<tr>
<th>Schedule of Insured Location(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location 1:</td>
</tr>
<tr>
<td>Office</td>
</tr>
<tr>
<td>11615 Sterling Avenue</td>
</tr>
<tr>
<td>Riverside, CA 92503</td>
</tr>
</tbody>
</table>

| Location 2:                     |
| Brineline                       |
| 73 miles of SARI pipeline       |
| San Bernardino & Riverside County, CA |

All other terms and conditions of this Policy remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INSURED PRODUCT'S EXCLUSION AMENDATORY ENDORSEMENT
ASPENV117.EL.0719.X - Santa Ana Watershed Project Authority

It is hereby agreed that Section II. EXCLUSIONS, H. Insured's Products is deleted in its entirety and replaced with the following:

H. Insured's Products

Loss arising out of any goods or products (including containers thereof) manufactured, sold, handled, distributed, altered or repaired by any insured or others trading or operating under any insured's name. This Exclusion applies to any obligation or liability arising from or related to warranties and representations respecting the fitness of such goods or products and to the failure to provide warnings or instructions for such goods or products. This Exclusion does not apply to loss arising from:

1. transportation or storage of such products at an insured location or non-owned site; or,
2. any pollution incident due to, related to or associated with the brine or wastewater flowing through any pipeline that is included as an insured location on any Insured Location(s) Schedule Endorsement, attached to this Policy.

All other terms and conditions of this Policy remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICROBIAL MATTER AND LEGIONELLA PNEUMOPHILA EXCLUSION ENDORSEMENT

It is hereby agreed that Section VII. DEFINITIONS, Paragraph HH. Pollution incident is deleted in its entirety and replaced with the following:

HH. Pollution incident means:

1. The discharge, emission, seepage, migration, dispersal, release or escape of any pollutant into or upon land, or any structure on land, the atmosphere or any watercourse or body of water including groundwater, provided such pollutant is not naturally present in the environment in the concentration or amounts discovered; or

2. The illicit abandonment of a pollutant by a third-party without the insured's consent.

Pollution incident does not include microbial matter or Legionella Pneumophila.

All other terms and conditions of this Policy remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM ENDORSEMENT
100% AT INCEPTION

It is hereby agreed that Section VI. CONDITIONS, Paragraph C. Cancellation, is deleted in its entirety and replaced with the following:

C. Cancellation

1. The first named insured may cancel this Policy by delivering advance written notice of cancellation to the insurer stating when cancellation is to be effective.

2. The insurer may cancel this Policy for the reasons stated below in 2.a. and 2.b. by mailing or delivering to the first named insured at the address stated in Item 8.(a) of the Declarations written notice of cancellation at least:

   a. Fifteen (15) days before the effective date of cancellation if the insurer cancels for nonpayment of premium or the applicable Deductible;

   b. Ninety (90) days before the effective date of cancellation if the insurer cancels for fraud or misrepresentation in the application for this Policy, or failure to comply with the material terms, conditions or contractual obligations under this Policy.

3. Any written notice of cancellation provided under Paragraphs 1. or 2. shall state the effective date of cancellation and the policy period will end on such date. Proof of mailing of notice shall be sufficient proof of notice of cancellation.

4. The minimum earned premium shall be 100% as of the inception date. Upon any cancellation of this Policy, no premium shall be due or returned to any insured.

All other terms and conditions of this Policy remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR, BIOLOGICAL, CHEMICAL, OR RADIOLOGICAL TERRORISM EXCLUSION

This endorsement modifies insurance provided under this Policy.

TO THE EXTENT ANY PROVISION OF THIS ENDORSEMENT CONFLICTS WITH ANY PROVISION OF THE POLICY OR ANY OF ITS OTHER ENDORSEMENTS, THE PROVISIONS OF THIS ENDORSEMENT WILL SUPERSede.

In consideration of the premium charged, it is agreed that:

1. Notwithstanding anything to the contrary contained within the Policy, the following exclusion is added to the Policy:

   Nuclear, Biological, Chemical, Or Radiological Terrorism

   No coverage will be available under this insurance for any loss, cost, damage, expense, injury, claim or suit, caused by, arising out of, or resulting directly or indirectly, in whole or in part from any act of Nuclear, Biological, Chemical, Or Radiological Terrorism, regardless of any other cause or event that contributes concurrently or in any other sequence to the act of Nuclear, Biological, Chemical, Or Radiological Terrorism.

2. For the purpose of this Endorsement the following Definitions are added to the Policy:

   Biological Agent means any pathogenic (disease producing) micro-organism(s) and/or biological produced toxin(s), including genetically modified organisms and chemically synthesized toxin(s) which caused illness, damage, injury or death in humans, animals, or plants.

   Chemical Agent means any compound which, when disseminated, produces incapacitating illness, or damaging and/or lethal effects on people, animals, plants, or property.

   Nuclear, Biological, Chemical, Or Radiological Terrorism means the:

   a. Dispersal, application, or release of radioactive material;

   b. Use of any nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation, or radioactive contamination; or

   c. Emission, discharge, dispersal, release, or escape of any solid, liquid or gaseous Biological Agent and/or Chemical Agent;

   by any person or group(s) of persons, whether acting alone, or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

All other terms and conditions of this Policy remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RETROACTIVE DATE ALL COVERAGES ENDORSEMENT

It is hereby agreed that the insuring agreement of each Coverage Section is amended by adding the following sentence at the end thereof:

Provided, the pollution incident must have commenced on or after the following Retroactive Date:

Retroactive Date: 06/20/2007

All other terms and conditions of this Policy remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF CRISIS MANAGEMENT FIRMS ENDORSEMENT

It is hereby agreed that the following firm(s) is an approved Crisis Management Firm:

Schedule

Edelman
Jorge A. Ortega, General Manager
1845 Woodall Rodgers Freeway,
Suite 1200
Dallas, TX 75201

P 214-443-8807
M 305-587-1023
E jorge.ortega@edelman.com

All other terms and conditions of this Policy remain unchanged.
Environmental emergency response service through our hotline is a value-added service designed to assist Aspen Insureds with access to emergency response vendors for environmental related emergency, regardless of whether the emergency is covered under any Aspen Policy. As an Aspen Insured, in the event of an environmental emergency, this hotline gives you access through Hydro-Environmental Technologies, Inc. (HETI) to a nationwide network of contractors at pre-negotiated rates, with no added fees or registration costs to you.

Use of our hotline or HETI to perform or arrange any services or use of any services arranged through our hotline or HETI does not imply that your emergency or any incident is covered under any Aspen Policy or that your notice requirement under your Aspen Policy for filling a claim or requesting coverage is satisfied. Please refer to your Aspen Policy for coverage information and for required notifications procedures. Coverage and timely notice depends on the actual facts of each incident and each individual Aspen Policy in accordance with terms of your Aspen Policy. Services accessed through our hotline will be provided by non-Aspen third parties after retention of such third parties by you.
CALIFORNIA NOTICE

1. THE INSURANCE POLICY THAT YOU HAVE PURCHASED IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.

2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.

3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.

4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357 OR INTERNET WEB SITE WWW.INSURANCE.CA.GOV. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU
MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG.

5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE’S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC’S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR “SURPLUS LINE” BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER’S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.
POLICY DECLARATIONS

PREMIUM SUMMARY

Named Insured and Mailing Address:
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Producer:
AmWINS Insurance Brokerage of California, LLC
140 New Montgomery Suite 1600
San Francisco, CA 94105

Aegis Security Insurance Company
c/o Vikco Insurance Services, LLC
318 Diablo Rd., Ste 260
Danville, CA 94526

Policy Number: VAS2003017
Effective Date: 07/17/2020
Issued by the insurance company indicated below, herein called the company.
Aegis Security Insurance Company

Policy Period
From: July 17, 2020   To: July 17, 2021
12:01 A.M. standard time at the Named Insured's mailing address shown above.
Notice of Cancellation Conditions: 60/10 days

Premium Payment
The first Named Insured shown in the declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

In return for the payment of the premium and subject to all the terms and conditions of the policy, we agree with you to provide the insurance as stated in the policy. The premium is due and payable at inception.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>$ 18,350.00</td>
</tr>
<tr>
<td>Total Premium</td>
<td>$ 18,350.00</td>
</tr>
<tr>
<td>Taxes and Surcharges</td>
<td>$</td>
</tr>
<tr>
<td>Catastrophe Analysis Fee (fully earned at inception)</td>
<td>$ 150.00</td>
</tr>
<tr>
<td>Policy Fee (fully earned at inception)</td>
<td>$ 150.00</td>
</tr>
<tr>
<td>Inspection Fee (fully earned at inception)</td>
<td>$</td>
</tr>
<tr>
<td>Total Amount Payable</td>
<td>$ 18,650.00</td>
</tr>
<tr>
<td>Minimum Retained Premium</td>
<td>25%</td>
</tr>
</tbody>
</table>
POLICY DECLARATIONS

INSURING AGREEMENT

Named Insured and Mailing Address: Santa Ana Watershed Project Authority 11615 Sterling Avenue Riverside, CA 92503

Aegis Security Insurance Company c/o Vikco Insurance Services, LLC 318 Diablo Rd., Ste 260 Danville, CA 94526

Producer: AmWINS Insurance Brokerage of California, LLC 140 New Montgomery Suite 1600 San Francisco, CA 94105

Policy Number: VAS2003017

Effective Date: 07/17/2020

Issued by the insurance company indicated below, herein called the company.

Aegis Security Insurance Company

Policy Period

Insurance is issued by the company in consideration of payment of the required premium.

This policy is issued for the period 12:01 AM standard time at the Named Insured's mailing address shown above.

From: July 17, 2020 To: July 17, 2021

This Insuring Agreement together with the Premium Summary, Forms and Endorsements List, Declarations, Contracts, and Endorsements comprise this policy. Insurance is provided at those locations and for those coverages and Limits of Insurance shown in the Declarations and Statement of Values. Extensions of coverage, Sub-limits of Insurance and deductibles are listed in the Declarations. Endorsements may contain separate deductibles and limits or sub-limits of insurance.

Certain words and phrases in this policy have specific meaning. The meaning of such words and phrases are found in the Definitions section of the Difference In Conditions Coverage Form. Definitions that apply to individual forms or endorsements will be noted in a definitions section in those forms and endorsements. These definitions apply to the entire policy and any endorsements to it. Titles of the various paragraphs of this policy and of endorsements attached to the policy are inserted solely for convenience or reference and shall not be deemed in any way to limit or affect provisions to which they relate.

You are presumed to have actually read this policy and understood its terms, whether this is the first policy year or a renewal of a prior policy. Please review the entire policy immediately and contact us or your agent or broker with any questions you may have.
The following policy forms and endorsements have been attached to and made a part of the policy.

<table>
<thead>
<tr>
<th>FORM NAME</th>
<th>FORM NUMBER</th>
<th>EDITION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Declarations</td>
<td>ASIC-DEC</td>
<td>05/2013</td>
</tr>
<tr>
<td>Signature Page</td>
<td>ASIC-SIG</td>
<td>05/2013</td>
</tr>
<tr>
<td>Schedule of Named Insured(s)</td>
<td>ASIC-SNI</td>
<td>05/2013</td>
</tr>
<tr>
<td>Schedule of Additional Interests</td>
<td>ASIC-SAI</td>
<td>05/2013</td>
</tr>
<tr>
<td>California Changes - Cancellation and Nonrenewal</td>
<td>ASIC-CCC</td>
<td>09/2013</td>
</tr>
<tr>
<td>U.S. Treasury Department's Office of Foreign Assets Control (&quot;OFAC&quot;) Advisory Notice to Policyholders</td>
<td>ASIC-OFAC</td>
<td>05/2013</td>
</tr>
<tr>
<td>Exclusion of Certified Acts of Terrorism</td>
<td>ASIC-EXCAT</td>
<td>05/2013</td>
</tr>
<tr>
<td>Complaint Reporting</td>
<td>VIS-Complaint</td>
<td>05/2017</td>
</tr>
<tr>
<td>Loss Reporting</td>
<td>VIS-Loss</td>
<td>05/2017</td>
</tr>
<tr>
<td>Amended Notice of Cancellation</td>
<td>ASIC-ANOC</td>
<td>05/2013</td>
</tr>
<tr>
<td>Difference in Conditions Coverage</td>
<td>ASIC-DIC</td>
<td>05/2013</td>
</tr>
<tr>
<td>Ordinance or Law Coverage</td>
<td>ASIC-OL</td>
<td>05/2013</td>
</tr>
<tr>
<td>Total Flood Exclusion</td>
<td>ASIC-FLEX</td>
<td>05/2013</td>
</tr>
</tbody>
</table>
DECLARATIONS

A. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one "loss occurrence" is the applicable Limit of Insurance shown below.

1. Limit of Insurance, any one "loss occurrence": $3,692,390 part of $3,692,390 (being 100%)

In no event will our liability exceed this limit for any one "loss occurrence", regardless of the number of coverages, causes of loss or locations involved, and regardless of any additional coverages provided under this policy.

Limit of Insurance, as respects "Earthquake Shock": $3,692,390 part of $3,692,390 (being 100%)

Limit of Insurance, All Other Covered Causes of Loss: $3,692,390 part of $3,692,390 (being 100%)

This policy will not pay more than the Limit of Insurance for the Causes of Loss listed above during the Policy Period, regardless of the number of "loss occurrences".

   a. Sub-limits of Insurance
      – Building Ordinance / ICC / DEMO, sub-limit: $304,239 ICC and DEMO (collectively)

This policy will not pay more than the Sublimit of Insurance for the Causes of Loss listed above during the policy period, regardless of the number of "loss occurrences".

2. The premium for this policy is based upon the Schedule of Locations and Values or Statement of Values attached. In the event of loss hereunder, our liability is limited to the least of the following:
   a. The actual adjusted amount of loss, less applicable deductible(s);
   b. The stated values for the Covered Property, Business Income and/or Extra Expense, Rental Value, Maintenance Fees or any other Time Element coverages involved, as shown on the latest Schedule of Locations and Values or Statement of Values attached, less applicable deductible(s);
   c. The Limit of Insurance shown in item A.1., Limit of Insurance or endorsed onto this policy; or
   d. The remaining amount of the applicable Limit of Insurance for "Earthquake Shock", "Flood" or all other causes of loss shown in item A.1., Limits of Insurance.
B. COVERAGE

We provide the following coverage if it is marked with an "X". No coverage is provided by this policy under any item unless an "X" is inserted in the box preceding that item. Coverage is provided in accordance with the terms and conditions of this policy. Terms and conditions that apply only to individual coverage forms are set forth in those forms. This policy provides coverage on a Replacement Cost basis for Building and Contents unless Actual Cash Value is endorsed on the policy.

☐ Building
☐ Contents
☐ Stock
☐ Tenant's Improvements and Betterments
☐ Time Element (Loss of Business Income; Extra Expense, Rental Value; Maintenance Fees and any other time element coverages as specifically covered under this policy)

C. OPTIONAL ENDORSEMENTS

D. DEDUCTIBLES

All claims for loss or damage arising out of a single "loss occurrence" shall be adjusted as one claim, and we will then be liable for the excess of the percentage(s) or amount(s) shown below, but in no event to exceed our applicable Limits of Insurance. If two or more causes of loss covered by this policy contribute to a single "loss occurrence", the total deductible will not exceed the largest deductible applicable.

For application of Deductibles refer to section B. Deductible Clause in the coverage form.

1. Loss resulting from "Earthquake Shock":
   In any one loss occurrence: 5%
   subject to a minimum per loss occurrence of: $50,000
   The Deductible applies: per Unit

2. Loss resulting from "All Other Covered Causes of Loss":
   In any one loss occurrence: $50,000.00
### E. DECLARATIONS - SCHEDULE OF LOCATIONS AND VALUES

<table>
<thead>
<tr>
<th>Street Address</th>
<th>City, State</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Schedule on File with Company</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
IN WITNESS WHEREOF, Aegis Security Insurance Company has caused this policy to be signed by its Officer(s).

Deborah A. Stoddard  
Secretary

W.J. Wallingford  
President
Policy Number: VAS2003017

THIS SCHEDULE IS A PART OF THE POLICY DECLARATIONS. READ IT CAREFULLY.

SCHEDULE OF NAMED INSURED(S)

1. Santa Ana Watershed Project Authority

All other terms and conditions remain unchanged.
Policy Number: VAS2003017

THIS SCHEDULE IS A PART OF THE POLICY DECLARATIONS. READ IT CAREFULLY.

SCHEDULE OF ADDITIONAL INTERESTS

None
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
EARTHQUAKE SHOCK (AND FLOOD) INSURANCE FORM
EXCESS PROPERTY INSURANCE FORM

A. Paragraphs 2. and 3. and 5. of the Cancellation Policy Conditions in the Difference In Conditions Coverage Form, Earthquake Shock (and Flood) Insurance Form and paragraphs b. and c. and e. of the Cancellation Policy Conditions in the Excess Property Insurance Form are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:
   (1) Nonpayment of premium; or
   (2) Discovery of fraud by:
       (a) Any insured or his or her representative in obtaining this insurance; or
       (b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

   (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

   (2) Discovery of fraud or material misrepresentation by:
       (a) Any insured or his or her representative in obtaining this insurance; or
       (b) You or your representative in pursuing a claim under this policy.

   (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

   (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

   (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

   (6) A determination by the Commissioner of Insurance that the:

       (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
(b) Continuation of the policy coverage would:
   i. Place us in violation of California law or the laws of the state where we are domiciled; or
   ii. Threaten our solvency.

(7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown on the policy, and to the producer of record, at least:
   (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium or discovery of fraud; or
   (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in paragraph 3.a.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund, if any, will be computed on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy.

The cancellation will be effective even if we have not made or offered a refund.

B. The following provision is added to the Cancellation Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written.

   a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.

   b. We may not cancel this policy solely because the first Named Insured has:
      (1) Accepted an offer of earthquake shock coverage; or
      (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

   c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction c. applies only if the coverage form excludes loss or damage caused by or resulting from corrosive soil conditions.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. Subject to the provisions of paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property
This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants’ household property contained in a residential unit, if such coverage is written.

a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below:

b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policy holder surplus of at least 25% for payment of those claims;

(3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policy; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction d. applies only if the coverage form excludes loss or damage caused by or resulting from corrosive soil conditions.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with paragraph C.1.

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in paragraph C.1. to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

All other terms and conditions remain unchanged.
U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. Please read this Notice carefully.

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – http://www.treas.gov/ofac.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.
EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
EXCESS PROPERTY INSURANCE FORM

A. The following definition is added with respect to the provisions of this endorsement:

"Certified 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 Terrorism Risk Insurance Act for a "certified 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.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

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) 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 pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

C. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded by the hostile or warlike action exclusion or the nuclear reaction, radiation or radioactive contamination exclusion in Section D. Causes of Loss Excluded of the Difference In Conditions Coverage Form or the nuclear hazard and war and military action exclusions in any primary or underlying policy(ies).

All other terms and conditions remain unchanged.
COMPLAINT REPORTING

We aim to provide a high quality service at all times, but occasionally mistakes do happen. If for any reason you are unhappy with our service, we would like you to tell us, so that we can try to put things right. We can usually resolve most issues quickly.

You can contact us at:

Vikco Insurance Services LLC
318 Diablo Road
Suite 260
Danville, CA 94526
866.557.8923
help@vikco.com

In order to resolve your complaint, it would be helpful to us if you could:

- set out the details of your complaint, and how you would like us to resolve it;
- provide your policy number and if applicable, the claim number;
- let us know if you want us to call you or if you would prefer we respond by post or email.

We aim to respond to all complaints within 5 working days and we may be required to issue a final response to you in writing. Complex cases may take longer to resolve, but we will keep you updated with our progress.

The California Department of Insurance should be contacted only after discussions with the insurer, its agent, or representative, have failed to produce a satisfactory resolution. You may contact the California Department of Insurance to obtain information on your rights or make a complaint at:

Consumer Hotline
1-800-927-4357 (HELP)

TDD Number
1-800-482-4833 (TTY)

California Department of Insurance
Consumer Services Division
300 South Spring Street, South Tower
Los Angeles, CA 90013
LOSS REPORTING

Reporting Your Loss:

- Claims may be reported 24 hours a day, 7 days a week
- Losses should be reported by the insured, producer or wholesale producer
- Losses should be reported as soon as possible

Call: 1-866-557-8923
Email Address: reportaclaim@vikco.com

Important Information to Include when Reporting Your Loss:

- Policy number
- Named Insured
- Contact phone numbers for the insured and/or their designated representatives
- The date, time and location of the loss or damage
- Description of the loss and damage (If multiple buildings are insured under one policy, specify which building is damaged and the specific address listed on the policy)
- Location where damaged property can be inspected, if it has been moved from the insured location
- A contact name and phone number for the person reporting the claim

In the Event of Loss

After a claim has been received, a claims representative will call to speak with you about the loss and arrange an inspection of the damaged property. Please refer to the list below for additional information after a loss:

- Look for potential safety risks. If the building is unstable, do not enter.
- Report downed power lines or gas leaks to authorities as soon as possible.
- Make emergency repairs to your building to mitigate your damages when safe.
- Protect all personal property from further damage.
- Do not discard any item without first speaking with a claims representative.
- Take photos of damage.
- Keep an accurate record of any repair expenditures.
- Be prepared to provide copies of all documents (inventories, receipts, invoices, etc.) to the claims representative.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED NOTICE OF CANCELLATION

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

For any reason other than nonpayment of premium, the number of days required for notice of cancellation, as provided in section E. Cancellation Policy Condition of the Difference In Conditions Coverage Form or as amended by the applicable state cancellation endorsement, is increased to the number of days shown in the Declarations. All other terms of the Cancellation Policy Condition remain applicable.

All other terms and conditions remain unchanged.
DIFFERENCE IN CONDITIONS COVERAGE

Various Provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section I., Definitions.

A. COVERAGE

In return for your payment of the required premium, we will pay for all risks of direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss. A Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Sections C., Property Excluded or D., Causes of Loss Excluded, or excluded or limited in the Declarations or by endorsement.

1. Covered Property
   a. Building, meaning the building or structure at the locations described in the Declarations, including:
      (1) Completed additions;
      (2) Fixtures, including outdoor fixtures;
      (3) Permanently installed:
         (a) Machinery; and
         (b) Equipment;
      (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
         (a) Fire-extinguishing equipment;
         (b) Outdoor furniture;
         (c) Floor coverings; and
         (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
      (5) If not covered by other insurance:
         (a) Additions under construction, alterations and repairs to buildings or structures at the locations described in the Declarations. An addition does not include new construction of any separate building or structure;
         (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described location, used for making additions, alterations or repairs to the building or structure.
   b. Contents, meaning furniture, fixtures, machinery and equipment being property belonging to you, or such properties of others in your care, custody or control and for which you are liable in the event of a direct physical loss.
   c. “Stock”, meaning merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping, including such properties of others in your care, custody or control and for which you are liable in the event of a direct physical loss.
   d. Tenant’s Improvements and Betterments, meaning fixtures, alterations, installations or additions:
      (1) Made a part of the building you occupy but do not own; and
      (2) You acquired or made at your expense but cannot legally remove.
2. Additional Coverages
   a. Debris Removal
      (1) Subject to Paragraph (3) below, we will pay your expense to remove debris of Covered Property
          caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The
          expenses will be paid only if they are reported to us in writing within 180 days of the date of direct
          physical loss or damage.
      (2) Debris Removal does not apply to costs to remove debris caused by an excluded cause of loss.
      (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
          (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense
              is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
          (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of
              the sum of the deductible plus the amount that we pay for direct physical loss or damage to the
              Covered Property that has sustained loss or damage.
      (4) We will not be liable under this policy for:
          (a) Any greater proportion of such expense than the amount of insurance hereunder bears to the
              total amount of all insurance, whether all such insurance contains this clause or not.
          (b) Loss occasioned by the enforcement of any state or municipal law or ordinance which
              necessitates the demolition of any portion of the building which has not suffered loss by any
              Covered Cause of Loss unless such liability is otherwise specifically insured by this policy.
   b. Limited Coverage for “Fungus”, Wet Rot, Dry Rot and Bacteria
      (1) The coverage described in A.2.b.(2) only applies when the “fungus”, wet or dry rot or bacteria is
          the result of a Covered Cause of Loss that occurs during the policy period and only if all reasonable
          means were used to save and preserve the property from further damage at the time of and after
          that occurrence.
      (2) The amount of $5,000 is the most we will pay for loss or damage by “fungus”, wet or dry rot or
          bacteria. As used in this Limited Coverage, the term loss or damage means:
          (a) Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria,
              including the cost of removal of the "fungus", wet or dry rot or bacteria;
          (b) The cost to tear out and replace any part of the building or other property as needed to gain
              access to the “fungus", wet or dry rot or bacteria; and
          (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged
              property is completed, provided there is a reason to believe that “fungus", wet or dry rot or
              bacteria are present.
      (3) The coverage described under b.(2) of this Limited Coverage is limited to $5,000. Regardless of
          the number of claims, this limit is the most we will pay for the total of all loss or damage arising out
          of all loss caused by Covered Causes of Loss which take place during the policy period. With
          respect to a particular occurrence of loss which results in “fungus", wet or dry rot or bacteria, we
          will not pay more than a total of $5,000 even if the “fungus", wet or dry rot or bacteria continues to
          be present or active, or recurs, in a later policy period.
      (4) The coverage provided under this Limited Coverage does not increase the applicable Limits of
          Insurance on any Covered Property. If a particular occurrence results in loss or damage by
          “fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of
          all loss or damage, than the applicable Limits of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by “fungus", wet or dry rot or
bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent
that “fungus”, wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

Increase in loss or damage as used in this Limited Coverage means any loss, damage, cost or expense resulting from the presence, treatment, removal or disposal of “fungus”, wet or dry rot or bacteria as excluded in this policy.

c. **Limited Coverage for Land Stabilization and Building Foundations**

(1) We will pay your expenses, including engineering costs, to replace, stabilize or restore the land that supports the damaged Building when necessary in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by an “earthquake shock” or “flood”. This Limited Coverage is only provided if a limit for “earthquake shock” or “flood” is shown in the Declarations.

The Limited Coverage under this subsection c.(1) does not apply to expenses to stabilize or restore the land unless the stabilization or restoration is required in order to repair damage to the damaged Building located directly upon that land that is the result of a loss otherwise covered under the terms of this policy. This Limited Coverage does not apply to costs to stabilize or restore land if the land damage is caused by an excluded cause of loss.

We do not provide any other coverage for land, land damage or landscaping.

(2) We will pay your expenses to repair or replace Building foundations when required in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by an “earthquake shock” or “flood”. This Limited Coverage is only provided if a limit for “earthquake shock” or “flood” is shown in the Declarations.

The Limited Coverage under this subsection c.(2) does not apply to expenses to repair or replace Building foundations unless the repair or replacement is required in order to repair damage to the damaged Building located directly upon those foundations, that is the result of a loss otherwise covered under the terms of this policy. This Limited Coverage does not apply to expenses to repair or replace Building foundations if the damage to the Building is caused by an excluded cause of loss.

As used in this Limited Coverage, Building foundations means the foundations of buildings, machinery or boilers if their foundations are below:

(a) The lowest basement floor; or
(b) The surface of the ground, if there is no basement;

The amount of $5,000 is the most we will pay for land stabilization and Building foundations under this Limited Coverage. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all losses caused by “earthquake shock” or “flood” which take place during the policy period.

Structural damage to the Building must exceed the deductible in order for this Limited Coverage to apply.

(3) The expenses for land stabilization and/or Building foundations will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

Payments made for coverage under this Limited Coverage for Land Stabilization and Building Foundations are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

**B. DEDUCTIBLE CLAUSE**

All claims for loss or damage arising out of a single “loss occurrence” will be adjusted as one claim, and we will then be liable for the excess of the percentage(s) or amount(s) shown in the Declarations, but in no event to exceed the applicable Limits of Insurance. If two or more causes of loss covered by this policy contribute to a single “loss occurrence”, the total deductible will not exceed the largest deductible applicable.
1. Per Unit of Insurance

If the deductible percentage shown in the Declarations is applied Per Unit of Insurance, the deductible is calculated separately for, and applies separately to each Unit of Insurance that sustains loss or damage from a "loss occurrence". The total values at risk Per Unit is the total stated value for each separate unit of insurance as shown on the Declarations or the latest Schedule of Values and Locations. Each of the following is considered a separate Unit of Insurance:

   a. Each separate Building;
   b. All Contents of each separate Building;
   c. Property in the open, including Covered Property which is not a permanent part of a Building in item a. above, at each location covered;
   d. Time Element exposures (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) applicable at each location covered;
   e. All other coverage forms with respect to each location (separately), whether or not such location has more than one unit as defined in a., b., c. and d. above.

EXAMPLE – APPLICATION OF PER UNIT OF INSURANCE DEDUCTIBLE

One location with one Building:

Building #1 - The total stated value of the Building is $800,000, Contents is $700,000 and Business Income is $200,000

The total loss at Building #1 = $100,000 in Building damage, $600,000 in Contents damage and $150,000 for Business Income loss.

Deductible = 10%

Step 1: Building deductible = $800,000 x 10% = $80,000
Step 2: Contents deductible = $700,000 x 10% = $70,000
Step 3: Business Income deductible = $200,000 x 10% = $20,000
Step 4: $100,000 - $80,000 = $20,000
Step 5: $600,000 - $70,000 = $530,000
Step 6: $150,000 - $20,000 = $130,000

The most we will pay is $680,000. That portion of the total loss not covered due to the application of the deductibles is $170,000.

2. Per Location

If the deductible percentage shown in the Declarations is applied Per Location, the deductible is calculated separately for, and applies separately to, each location that sustains loss or damage from a "loss occurrence". The total values at risk per location is the total stated value of all Covered Property and Time Element exposures (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) covered at each location as shown on the Declarations or the latest Schedule of Locations and Values, regardless of whether such Covered Property incurred loss or damage.

EXAMPLE – APPLICATION OF PER LOCATION DEDUCTIBLE

Two locations with two Buildings at location #1 and one building at location #2:

Location #1, Building #1 - The total stated value of the Building, Contents and Business Income is $1,920,000. The Total Loss for Building, Contents and Business Income at Building #1 = $1,000,000
Location #1, Building #2 - The total stated value of the Building, Contents and Business Income is $140,000. The total loss for Building, Contents and Business Income at Building #2 = $30,000

Location #2, Building #1 – The total stated value of the Building, Contents and Business Income is $900,000. The total loss for Building, Contents and Business Income at Location #2 = $200,000

Deductible = 10%

Step 1: Total loss at Location #1 = $1,000,000 + $30,000 = $1,030,000
Step 2: Total loss at Location #2 = $200,000

Deductible applied to Location #1 = ($1,920,000 + $140,000) x 10% = $206,000
Deductible applied to Location #2 = $900,000 x 10% = $90,000

The most we will pay is $934,000. That portion of the total loss not covered due to the application of the deductible is $296,000.

3. Per Policy

If the deductible percentage shown in the Declarations is applied Per Policy, the deductible is calculated as a percentage of the total stated value of all Covered Property and Time Element exposures (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) covered by this policy at all locations described in the Declarations or the latest Schedule of Values and Locations, regardless of whether such Covered Property incurred loss or damage.

EXAMPLE – APPLICATION OF PER POLICY DEDUCTIBLE

Two locations with one Building at each location:
Location #1 - The total stated value of the Building, Contents and Business Income is $2,000,000.
   The total loss for Building, Contents and Business Income at Location #1 = $1,600,000
Location #2 – The total stated value of the Building, Contents and Business Income is $400,000.
   The total loss for Building, Contents and Business Income at Building #2 = $0

Deductible = 10%

Step 1: $2,000,000 + $400,000 = $2,400,000 (total Policy values)
Deductible applied to the policy = $2,400,000 x 10% = $240,000

The most we will pay is $1,360,000. That portion of the total loss not covered due to the application of the deductible is $240,000.

4. Per Building

If the deductible percentage shown in the Declarations is applied Per Building, the deductible is calculated separately for, and applies separately to, each building that sustains loss or damage from a “loss occurrence”. The total values at risk Per Building is the sum of all stated values for Covered Property at each separate building as shown in the Declarations or latest Schedule of Locations and Values, regardless of whether there was loss or damage to some or all of the Covered Property. The total values at risk Per Building also include Time Element losses (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) arising in whole or in part from loss or damage to each separate Building.
EXAMPLE – APPLICATION OF PER BUILDING DEDUCTIBLE

One location with two Buildings:

Building #1 - The total stated value of the Building, Contents and Business Income is $1,200,000.

   The total loss for Building, Contents and Business Income at Building #1 = $800,000

Building #2 – The total stated value of the Building, Contents and Business Income is $600,000.

   The total loss for Building, Contents and Business Income at Building #2 = $200,000

Deductible = 10%

Step 1: Total stated values at Building #1 = $1,200,000

Step 2: Deductible applied to Building #1 = $1,200,000 x 10% = $120,000

Step 3: Total stated values at Building #2 = $600,000

Step 4: Deductible applied to Building #2 = $600,000 x 10% = $60,000

Step 5: $800,000 - $120,000 = $680,000

Step 5: $200,000 - $60,000 = $140,000

The most we will pay is $820,000. That portion of the total loss not covered due to the application of the deductible is $180,000.

The total loss shown in the example above is the adjusted loss after deduction for all applicable calculations have been taken.

The total loss shown in the examples 1, 2, 3 and 4 above is the adjusted loss after deduction for all applicable calculations have been taken.

C. PROPERTY EXCLUDED

We will not pay for loss or damage to the following property unless a sublimit for that property is shown in the Declarations or in an endorsement to this policy:

1. Accounts, bills, deeds, evidences of debt, currency, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, tickets (including lottery tickets), valuable papers or records. We will not pay for the cost or expense to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media;

2. Animals, growing plants, trees or shrubs (except when held for sale, or when used for decorative purposes inside buildings), growing crops or lawns;

3. Antiques, objects of art, sculpture, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater;

4. Bridges, tunnels, dams, trestles, culverts, swales, roadways, walks, patios or other paved surfaces;

5. Contraband, or property in the course of illegal transportation or trade;

6. Contractors’ equipment;

7. Electronic data processing equipment including computers, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, any storage device and all software including procedures, programs or source material of any kind unless specifically endorsed to this policy;

8. Electronic data, meaning information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device...
to receive, process, store, retrieve or send data. This paragraph 8., does not apply to your “stock” of prepackaged software;

9. Exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy covering exports and imports;

10. Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings);

11. Foundations of buildings, machinery or boilers if their foundations are below:
   a. The lowest basement floor; or
   b. The surface of the ground, if there is no basement;

   Even if the building sustains covered direct physical damage that results in enforcement of an ordinance or law requiring demolition and construction or repair of damaged or undamaged foundations, these foundations are excluded from coverage under this policy except to the extent provided under A.2.c. Limited Coverage for Land Stabilization and Building Foundations;

12. Grain, hay, straw or other crops;

13. Jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other “precious metals or alloys, bullion, furs, and articles trimmed with fur;

14. Land or land value (including land on which the property is located), or air or water, howsoever and wherever located, or any interest or right therein, including underground or surface water, water rights and mineral rights. We will not pay for the cost of excavations, grading, backfilling or filling except to the extent provided under A.2.c. Limited Coverage for Land Stabilization and Building Foundations;

15. Mining equipment;

16. Motor vehicles licensed for highway use, motorcycles, motor scooters and other similar vehicles “licensed for highway use, watercraft, aircraft;

17. Pileings, piers, bulkheads, wharves or docks;

18. Pools, spas, jacuzzis, or fountains;

19. Property in the course of construction, including materials and supplies thereof;

20. Property sold by you under conditional sales, trust agreements, installment payments or other deferred payment plans after delivery to customers;

21. Property in transit, including but not limited to shipments in the mail;

22. Power transmission and/or distribution lines not on the insured’s premises;

23. Railroad rolling stock, including locomotives, or roadbeds;

24. Retaining walls that are not attached to the building described in this coverage form;

25. Underground pipes, flues or drains, including, but not limited to water, electrical, communications and sanitary systems, except to the extent provided under A.2.c. Limited Coverage for Land Stabilization and Building Foundations.

26. Underground Tanks

D. CAUSES OF LOSS EXCLUDED

We will not pay for loss, damage, cost or expense directly or indirectly caused by or resulting from, any of the following excluded causes of loss. Such loss, damage, cost or expense is excluded regardless of any other cause or event that contributes concurrently or in sequence to the loss.

1. The following causes of loss are excluded whether or not insurance for such causes of loss is being maintained by you at the time of the loss and whether or not such loss or damage is directly or indirectly caused by or contributed to by a cause of loss covered under this policy:
a. Aircraft or vehicles, including loss or damage by objects falling from aircraft as well as loss or damage caused by or resulting from vehicles owned by you or operated in the course of your business;

b. Any causes of loss covered under policies maintained by you as required by item F.7. All Risk Coverage Warranty, of this form;

c. Explosion, including, but not limited to, the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. Explosion also includes:

   (1) The rupture, bursting, or operation of pressure relief devices; and
   (2) The rupture or bursting due to expansion or swelling of the contents of any building, caused by or resulting from water;

d. Falling objects, including loss or damage to personal property in the open and to the interior of a building or property inside a building;

e. Fire and/or lightning;

f. Riot or civil commotion, including, but not limited to:

   (1) Acts of striking employees while occupying the described location; and/or
   (2) Looting occurring at the time and place of a riot or civil commotion;

g. Sinkhole collapse, including but not limited to loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on soil and/or bedrock, or the sinking or collapse of land into man-made underground cavities;

h. Smoke, including, but not limited to, gas, vapor and smoke from agricultural smudging or industrial operations;

i. Sprinkler leakage, meaning leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system;

j. Vandalism and malicious mischief, meaning willful and malicious damage to, or destruction of, Covered Property;

k. Water damage, including, but not limited to:

   (1) Discharge or leakage of water or steam as the direct result of the breaking apart or cracking of plumbing, heating, air conditioning or other systems or appliances, that are located on the described premises and contains water or steam;
   (2) Discharge or leakage from a sump or related equipment and parts, including the overflow due to sump pump failure or excessive volume of water;
   (3) Discharge or leakage from roof drains, gutters, downspouts or similar fixtures or equipment;
   (4) The cost to repair any defect that caused the loss or damage;
   (5) Loss or damage caused by or resulting from the continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor;
   (6) Loss or damage caused by or resulting from freezing and/or thawing; and
   (7) Water which overflows or backs up through sewers, sewer sumps or drains, surface waters, water below the surface of the ground including water that exerts pressure on or flows, seeps, or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, basements, walls, floors, or paved surfaces;

l. Weather Conditions, including, but not limited to:

   (1) Windstorm or hail;
(2) Frost or cold weather;
(3) Ice, rain, snow or sleet, whether driven by wind or not; and
(4) Loss or damage to the interior or exterior of any building, or the property inside or outside the building, caused by rain, snow, sand or dust, whether driven by wind or not;
(5) Weight of snow, hail, ice or sleet, including loss or damage to personal property outside of buildings;

2. The following causes of loss:
   a. “Earthquake shock” inducing a fire. This means we will not pay for loss or damage occasioned by an “earthquake shock”-induced fire;
   b. “Earthquake shock” inducing an explosion. This means we will not pay for loss or damage caused by an “earthquake shock”-induced explosion;
   c. “Earthquake shock” inducing a volcanic eruption. This means we will not pay for loss or damage caused by an “earthquake shock”-induced volcanic eruption;
   d. “Earthquake shock” inducing a tsunami, “earthquake shock” inducing a tidal wave. This means we will not pay for loss or damage caused by either an “earthquake shock”-induced tsunami and/or an “earthquake shock”-induced tidal wave;
   e. “Earthquake shock” inducing a “flood”. This means we will not pay for loss or damage caused by an “earthquake shock”-induced “flood”, except when “flood” coverage is purchased and made a part of this policy;
   f. “Earthquake shock” inducing sprinkler leakage. This means we will not pay for loss or damage caused by “earthquake shock”-induced sprinkler leakage, except when covered by an Earthquake Sprinkler Leakage Endorsement attached to and made a part of this policy;

3. Acts or decisions, including the failure to act or decide, of any person, organization or governmental body;
   b. Faulty, inadequate or defective:
      (1) Planning, zoning, development, surveying, siting;
      (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
      (3) Materials used in repair, construction, renovation, or remodeling; or
      (4) Maintenance; of part or all of any property on or off the locations covered;

4. Any fraudulent scheme, trick, device or false pretense perpetrated upon you or upon any person(s) to whom the property may be entrusted;

5. Asbestos, dioxin, or polychlorinated biphenyls removal, encapsulation, covering, or any manner of control or abatement from any goods, products, “stock”, contents or building. We will not pay for loss or damage caused by or resulting from:
   b. Demolition, increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos, dioxins, or polychlorinated biphenyls;
   c. Any governmental direction or request declaring that asbestos materials, dioxins, or polychlorinated biphenyls present in or part of or utilized on any undamaged portion of your property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or
   d. The presence of asbestos, dioxins, or polychlorinated biphenyls in any building as defined in A.1.a of this policy;
6. Dampness of atmosphere, dryness of atmosphere, extremes or changes of temperature or barometric pressure, shrinkage, evaporation, loss of weight, rust or corrosion;

7. Delay, loss of market, loss of use, interruption of business, consequential loss of any nature; except when specifically covered;

8. Denial of service; including but not limited to authorized or unauthorized direction of a high volume of messages or inquiries to web sites or e-mail destinations, effectively denying, interrupting or limiting legitimate access, including but not limited to spamming or phishing;

9. Earth movement, including but not limited to:
   a. Loss caused by landslide and/or avalanche, and any earth sinking, rising or shifting related to such an event;
   b. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
   c. Earth sinking, rising or shifting including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of real property. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted, graded and/or maintained soil and/or the action of water under the ground surface;
   d. Collapse of volcanic edifice;
   e. Man-made shaking or vibrations;
   f. Mudslide or mudflow;

However, earth movement does not include “earthquake shock” as defined in this policy;

10. Electrical injury or disturbance to electrical appliances, fixtures or wiring caused by electrical currents artificially generated, except with respect to ensuing loss caused by or resulting from a Covered Cause of Loss;

11. Enforcement of any ordinance or law regulating the construction, use, repair or demolition of any real property insured hereunder. This exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or the loss results from the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property;

12. Errors in design, errors in processing, faulty workmanship or faulty materials, including any ensuing collapse;

13. Explosion or rupture or bursting of pressure vessels or pipes, or steam boilers, or steam engines, or steam turbines, or flywheels; any of which is owned, leased or operated by you;

14. Failure of power, communication, water or other utility service supplied to the described location, however caused. Failure of any utility service includes lack of sufficient capacity and reduction in supply. Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network;

15. The failure, malfunction or inadequacy of:
   a. Any of the following, whether belonging to you or to others:
      (1) Computer hardware, including microprocessors;
      (2) Computer application software;
      (3) Computer operating systems and related software;
      (4) Computer networks;
      (5) Microprocessors (computer chips) not part of any computer system; or
(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph a.(1)(a) above.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph a. (1) and a. (2) above;

We will not pay for repair, replacement or modification of any items in Paragraphs a. (1) and a. (2) above to correct any deficiencies or change any features;

16. Freezing and/or thawing of plumbing or heating systems;

17. “Fungus”, wet rot, dry rot and bacteria

This exclusion applies regardless of whether “fungus”, wet rot or dry rot bacteria arises from any other cause of loss, including but not limited to, a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except to the extent provided under A.2.b. Limited Coverage for “Fungus”, Wet Rot, Dry Rot and Bacteria;

18. Geomagnetic storms, solar flares, solar eruptions or bursts including plasma bubbles or ejections, magnetic field or magnetosphere fluctuations or disruptions, comets, asteroids, meteorites, or any falling spacecraft, part or fragment thereof;

19. Hostile or warlike action in time of peace or war, including:

a. Action in hindering, combating or defending against an actual, impending or expected attack by:
   (1) Any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
   (2) Military, naval or air forces; or
   (3) By any agent of any government, power, authority or forces;

b. Use of any weapon employing atomic fission or radioactive force whether in time of peace or war;

c. Insurrection, rebellion, revolution, civil war, usurped power or martial law or action taken by governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

20. Infidelity or any dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

a. Acting alone or in collusion with others; or
b. Whether or not occurring during the hours of employment;

21. Leakage of contents, breakage of glass or similar fragile materials, marring, scratching, exposure to light, contamination, change in flavor or color or texture or finish;

22. Mechanical breakdown, including rupture or bursting caused by centrifugal force;

23. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled;

24. Pilferage, burglary, larceny, looting, robbery, theft, or attempted theft;

25. “Pollutants”, including loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of “pollutants”, including but not limited to any cost or expense to:

a. Extract “pollutants” from land, air or water; or
b. Remove, restore or replace polluted land, air or water; or
c. Investigate any loss, injury, or damage, or for any cost, fine, or penalty or for any expense or claim or suit related to either a. or b. above;

26. Settling, shrinkage, subsidence or expansion of foundations, walls, floors, or ceilings;

27. Seizure or destruction of property by order of governmental authority;

28. “Terrorism”, including loss, damage, cost or expense caused by, resulting from or in connection with:
   a. Any act of “terrorism”;
   b. The use or threatened use of biological, chemical, radiological or nuclear substances for the apparent purpose of or with the result of harming or intimidating a civilian population, whether in time of peace or war, and regardless of who commits the acts; or
   c. Any action taken to control, counter, prevent, respond to, mitigate or suppress either a. or b. above;

This does not apply to “Certified Acts of Terrorism” if such coverage is purchased and made part of this policy;

29. Tsunami, waves, wave wash, wave action, tides, tidal waves, tidal water, storm surge, or their spray, all whether driven by wind or not;

30. Unexplained disappearance of property or loss or shortage of property disclosed on taking inventory;

31. Volcanic eruption, explosion or effusion, including any related shaking or trembling of the earth and/or ensuing “volcanic action”;

32. Water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, fire protective systems, or other equipment;

33. Wear and tear, depreciation, inherent vice, latent defect, gradual deterioration, decay, smog, nesting or infestation, vermin, rodents, termites or other insects including larvae or pupae thereof;

34. Your neglect to use all reasonable means to save and preserve property from further damage at and after the time of loss.

E. CANCELLATION POLICY CONDITION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

F. OTHER POLICY CONDITIONS

1. Changes

This policy contains all agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy’s terms can be amended or waived only by endorsement issued by us and made a part of this policy. Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person will not constitute a waiver or a change in any part of this policy or stop us from asserting any right(s) under the terms of this policy.
2. **Examination Of Your Books and Records**

   We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

3. **Inspections And Surveys**
   
a. We have the right to:
   
   (1) Make inspections and surveys at any time;
   
   (2) Give you reports on the conditions we find;
   
   (3) Recommend changes; and
   
   (4) Make appraisals and valuations.

b. We are not obligated to make any inspections, surveys, reports, appraisals, valuations or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. Valuations and appraisals do not constitute a recommendation regarding the adequacy of Limits of Insurance under this policy. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
   
   (1) Are safe or healthful;
   
   (2) Comply with laws, regulations, codes or standards.

c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or any organization which makes insurance inspections, surveys, reports or recommendations.

4. **Minimum Retained Premium**

   In the event of cancellation of this policy at your request, the policy Minimum Retained Premium will be the percentage of the policy premium shown in the Declarations at a maximum of 25%. Your failure to make a timely payment of premium will be considered a request by you for us to cancel. If we cancel for non-payment of premium, the minimum retained premium or minimum earned premium, whichever is greater, will be immediately due and payable.

5. **Premiums**

   The first Named Insured shown in the Declarations:
   
a. Is responsible for the payment of all premiums; and
   
b. Will be the payee for any return premiums we pay.

6. **Transfer Of Your Rights And Duties Under This Policy**

   Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

   If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

7. **All Risk Coverage Warranty**

   You warrant that the property insured is covered and at all times during the policy period will continue to be covered, by standard all risk insurance for the term of this policy, equivalent to Insurance Services Office, Inc. forms CP 0010 and CP 1030 or their equivalent(s) as approved by the insurance department of the state where the predominant exposure is located. All losses under this policy will be adjusted as though such coverage was in effect at the time of loss. It is agreed that your failure to comply with this warranty shall constitute a violation of a material warranty and make this policy voidable by us.

G. **LOSS CONDITIONS**
1. **Abandonment**

   There can be no abandonment of any property to us.

2. **Appraisal**

   If we and you disagree on the values of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
   
   a. Pay its chosen appraiser; and
   
   b. Bear the other expenses of the appraisal and umpire equally.

   If there is an appraisal, we will still retain our right to deny the claim.

3. **Brands And Labels**

   In the event of loss of or damage to labels, capsules or wrappers, the loss will be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.

   If branded or labeled merchandise covered by this policy is damaged and we elect to take all or any part of such merchandise at the value established by the terms of this policy, you may, at your own expense, stamp “salvage” on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise; but you must re-label the merchandise or containers in compliance with the requirements of law.

4. **Duties In The Event Of Loss Or Damage**

   a. You must see that the following are done in the event of loss or damage to Covered Property:

      (1) Notify the police if a law may have been broken.
      
      (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
      
      (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
      
      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our written consent.
      
      (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
      
      (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
      
      (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request.
      
      (8) Cooperate with us in the investigation or settlement of the claim.

   b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

5. **Excess Insurance**
Permission is granted to you to have excess insurance over the Limits of Insurance set forth in this policy without prejudice to this policy, and the existence of such insurance, if any, will not reduce any liability under this policy.

6. Loss Clause

Following an "earthquake shock" or "flood" loss, we have the option but not the duty of reinstating the Limits of Insurance shown in the Declarations for "earthquake shock" and "flood", for an additional premium.

7. Loss Payment

a. In the event of loss or damage covered by this policy, at our option, we will either:
   (1) Pay the value of lost or damaged property;
   (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
   (3) Take all or any part of the property at an agreed or appraised value; or
   (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

   We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this policy or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
   (1) We have reached agreement with you on the amount of loss; or
   (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.
8. **Other Insurance**
   a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limits of Insurance under this policy bears to the Limits of Insurance of all insurance covering on the same basis.
   b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limits of Insurance.

9. **Pair, Set Or Parts**
   a. **Pair or Set**
      In case of loss or damage to any part of a pair or set we may:
      (1) Repair or replace any part to restore the pair or set to its value before the loss; or
      (2) Pay the difference between the value of the pair or set before and after the loss.
   b. **Parts**
      In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

10. **Records and Inventory**
    You will keep accurate books, records and accounts in the following manner: A detailed and itemized inventory record of all property covered hereunder will be maintained and physical inventory will be taken periodically at intervals not more than 12 months apart.

11. **Recovered Property**
    If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.

12. **Single Loss Clause**
    Each loss by “earthquake shock” occasioned by any one disaster, loss; or series of disasters, or losses, arising out of any one event will constitute a single loss hereunder, provided, if more than one “earthquake shock” arising out of any one event occurs within any period of 168 hours during the policy period, such “earthquake shocks” will be deemed to be a single “earthquake shock” within the meaning hereof. We will not be liable for any loss caused by any “earthquake shock” occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.
    Each loss by “flood” occasioned by any one disaster, loss or series of disasters, or losses, arising out of any one event, that occurs within any period of 72 hours during the policy period will constitute a single loss hereunder.

13. **Stated Values**
    If at the time of loss, the values shown on the Declarations or the latest Schedule of Locations and Values are not individually stated for each building or contents at each location:
    a. The value for each building will be developed by multiplying the total reported building value by the proportion that the square footage of the individual building bears to the total square footage of all buildings contemplated in the total reported building value.
    b. The value of Contents at each location will be developed by multiplying the total reported Contents value by the proportion that the square footage of all buildings at the individual location bears to the total square footage of all buildings at all locations contemplated in the total reported Contents value.
The square footage of each separate building will be estimated or ascertained after a “loss occurrence” as necessary. For the purpose of this Loss Condition, each Coverage marked in the Declarations is deemed to be a separate Coverage.

In the event that the submission, application or Statement of Values does not provide a total stated value of one or more separate Coverage(s) by Location, but rather contains a total stated value for the separate Coverage(s) for all Locations on the policy, then the pro-rata factor for that coverage will be calculated as the square footage of the damaged building divided by the total square footage for all buildings covered under this policy.

Example:

The following example illustrates how a stated value is calculated under the conditions above. The amounts in the example shown may not be applicable to your policy. They are being used only to provide you with an example. Further, this example is not intended to be limited to determining the stated values of only individual buildings and contents, but rather is intended to be applicable to each separate Coverage marked in the Declarations.

In this example, there are three buildings at one location, with total building values for the location of $7,500,000 and total contents value for the location of $3,000,000.

<table>
<thead>
<tr>
<th>Building 1</th>
<th>Square Footage</th>
<th>Total Square Footage</th>
<th>Pro Rata Factor</th>
<th>Location Total Building Value</th>
<th>Building Stated Value</th>
<th>Location Total Contents Value</th>
<th>Contents Stated Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building 1</td>
<td>10,000</td>
<td>50,000</td>
<td>0.2</td>
<td>$7,500,000</td>
<td>$1,500,000</td>
<td>$3,000,000</td>
<td>$600,000</td>
</tr>
<tr>
<td>Building 2</td>
<td>25,000</td>
<td>50,000</td>
<td>0.5</td>
<td>$7,500,000</td>
<td>$3,750,000</td>
<td>$3,000,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Building 3</td>
<td>15,000</td>
<td>50,000</td>
<td>0.3</td>
<td>$7,500,000</td>
<td>$2,250,000</td>
<td>$3,000,000</td>
<td>$900,000</td>
</tr>
</tbody>
</table>

(1) As reported on the application or submission.
(2) The Pro-rata Factor is calculated by dividing the Square Footage of each building by the Total Square Footage Location.
(3) The Building Stated Value is calculated by multiplying the Pro-rata Factor times the Location Total Building Value.
(4) The Contents Stated Value is calculated by multiplying the Pro-rata Factor times the Location Total Contents Value.

14. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At Replacement Cost (without deduction for depreciation);

b. Replacement cost does not apply to:

  (1) Personal property of others;
  (2) Contents of a residence;
  (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
  (4) "Stock", unless the Including "stock" option is shown in the Declarations;
  (5) Manuscripts; or
  (6) Any item covered under the Valuable Papers and Records Endorsement, when attached to and made a part of this policy.

The items listed under b. above will be valued at actual cash value as of the time of loss or damage.
Under the terms of this Valuation Provision, Tenants' Improvements and Betterments are not considered to be the personal property of others.

c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the replacement cost valuation if you notify us of your intent to do so within 180 days after the loss or damage.

d. We will not pay on a replacement cost basis for any loss or damage:
   (1) Until the lost or damaged property is actually repaired or replaced; and
   (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:
(3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost. We will determine the proportionate value as follows:
   (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
   (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

   If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

   (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
   (1) The Limit of Insurance applicable to the lost or damaged property;
   (2) The cost to replace the lost or damaged property with other property:
      (a) Of comparable material and quality; and
      (b) Used for the same purpose; or
   (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

   If a building is rebuilt at a new location, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original location.

f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

H. ADDITIONAL CONDITIONS

1. Claims Against Third Parties

   In the event of any loss of or damage to the property covered hereunder you will immediately make claim in writing against the carrier(s), bailee(s) or others involved.

2. Concealment, Misrepresentation Or Fraud

   This policy is void in any case of fraud by you as it relates to this Coverage at any time. It is also void if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:
   a. This policy;
   b. The Covered Property;
c. Your interest in the Covered Property; or

d. A claim under this policy.

3. Legal Action Against Us

No one may bring a legal action against us under this policy unless:

a. There has been full compliance with all of the terms of this policy; and

b. The action is brought within 12 months after the date on which the direct physical loss or damage occurred.

However, if by the laws of the state within which this policy is issued such limitation is invalid, then any such claims will be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state.

4. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

5. Policy Period, Coverage Territory

Under this policy:

a. We cover loss or damage commencing:

(1) During the policy period shown in the Declarations; and

(2) Within the coverage territory.

b. The coverage territory is the "state" in which the location(s) described in the Declarations is located.

6. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

a. Prior to a loss to your Covered Property.

b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

(1) Someone insured by this insurance;

(2) A business firm:

(a) Owned or controlled by you; or

(b) That owns or controls you.

This will not restrict your insurance.

I. DEFINITIONS

The following definitions are hereby added to this policy.

1. “Automatic Sprinkler System” means:

a. Any automatic fire-protective or extinguishing system, including connected:

(1) Sprinklers and discharge nozzles;

(2) Ducts, pipes, valves and fittings;

(3) Tanks, their component parts and supports; and

(4) Pumps and private fire protection mains.
b. When supplied from an automatic fire-protective system:
   (1) Non-automatic fire-protective systems; and
   (2) Hydrants, standpipes and outlets.

2. “Certified 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.

3. “Earthquake Shock” is defined as – earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling unless as a direct result of such earth movement. All such sudden movements occurring within the space of a single hour shall be considered a single “shock.” All shocks occurring within a single 168 hour period during the policy shall be considered a single “earthquake shock.”

4. “Flood” means a general condition, whether temporary or permanent, of partial or complete inundation of normally dry land areas with water, mud, slurry or other liquid, arising from any of the following:
   a. The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
   b. The unusual and rapid accumulation or runoff of surface waters from any source or by their spray;
   c. Waters changing course;
   d. Waters rising;
   e. The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing;

   However, “flood” does not include inundation arising from tidal wave or tsunami.

5. “Fungus” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

6. “Loss occurrence” means any one loss or disaster; or series of losses, or disasters arising out of one event.

7. “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed; or any solid, liquid, gaseous or thermal irritant or contaminant which is discharged, dispersed, seeps, migrates, releases or escapes from any products, materials or supplies used in or incidental to the business of any insured.

8. “State” means one of the 50 United States of America and the District of Columbia.

9. “Stock” means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

10. “Terrorism” means an activity that involves a violent act or the use of force, including the threat of any such activity or the preparation for any such activity, that is committed for political, religious, ideological, economic, social, or cultural purposes, by any person or group(s) of persons, whether acting alone or on behalf of or in concert with or in connection with any organization(s), government(s), or other political entity(ies), and:
   a. Has been labeled, identified or described as a terrorist act by the executive branch of the United States government; or
   b. Causes either:
      (1) Damage to property:
      (2) Injury to person(s);
      (3) Disruptions of financial, governmental, transportation, communication, computer or utility services; or
c. Appears to be intended to:
   (1) Disrupt any segment of an economy;
   (2) Intimidate, harm, coerce or punish a civilian population;
   (3) Put the public, or any section of the public, in fear;
   (4) Influence the policy of a government by intimidation, coercion or punishment; or
   (5) Affect the conduct of a government by destruction, assassination, kidnapping or hostage-taking.

11. “Volcanic action” means the direct loss or damage resulting from the eruption, explosion or effusion of a volcano when the loss or damage is caused by airborne volcanic blast or airborne shock waves, ash, dust or particulate matter, or lava flow. Volcanic action includes the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the Covered Property.
ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
EXCESS PROPERTY INSURANCE

A. Our Limit of Insurance with respect to each and every “loss occurrence” will not exceed the Limits of Insurance for Building Ordinance shown in the Declarations. This Coverage does not increase our Limits of Insurance per “loss occurrence” nor the limit per policy period shown in the Declarations, regardless of whether one or more coverages or Covered Causes of Loss insured by this policy are involved in the “loss occurrence”.

B. Each coverage – Coverage A, Coverage B and Coverage C – is provided under this endorsement only if that Coverage(s) is shown in the Declarations and then only with respect to the buildings described in the Declarations or the Schedule of Locations and Values. The coverage provided by this endorsement will not apply unless and until the deductible shown in the Declarations has been satisfied and a claim payment is due to you for a covered loss.

C. Application Of Coverage(s)

The Coverage(s) provided by this endorsement apply only if both C.1. and C.2. are satisfied and are then subject to the qualifications set forth in C.3.

1. The ordinance or law:
   a. Requires the demolition of parts of the undamaged portion of the building at a location described in the Declarations;
   b. Regulates construction or repair of buildings, or establishes zoning or land use requirements at a location described in the Declarations; and
   c. Is in force at the time of loss.
   d. But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2. a. **Enforcement Caused By Covered Loss**
   The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
   b. **Enforcement Caused By Combination of Covered and Uncovered Loss**
   The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and both the covered and uncovered damage results in the enforcement of the ordinance or law.
   c. **Enforcement Caused By Uncovered Loss**
   But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

Under no circumstances will this endorsement cover any property which is excluded under this policy.

3. In the situation described in C.2.b. above, we will not pay the full amount of loss otherwise payable under the terms of Coverages A, B, and/or C of this endorsement. Instead, we will pay a proportion of such
loss: meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section H. of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages A, B and/or C of this endorsement.

D. We will not pay under Coverage A, B, or C of this endorsement for:

1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by “pollutants” or due to the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria; or
2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants”, “fungus”, wet or dry rot or bacteria.

E. Coverage

1. Coverage A – Coverage For Loss to the Undamaged Portion of the Building
   With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires the demolition of undamaged parts of the same building.

2. Coverage B – Demolition Cost Coverage
   With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property.

3. Coverage C – Increased Cost of Construction Coverage
   With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:
   a. Repair or reconstruct damaged portions of that building; and/or
   b. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;
   when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.
   However:
   c. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law;
   d. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

F. Loss Payment

1. All following loss payment provisions are subject to the apportionment procedures set forth in Section C.3. of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
   a. If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
(1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building at the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(2) The Limit of Insurance shown in the Declarations as applicable to the covered building.

b. If Replacement Cost Coverage applies and the property is not repaired or replaced, or if the Replacement Cost Coverage does not apply, we will not pay more than the lesser of:

(1) The actual cash value of the building at the time of loss; or

(2) The Limit of Insurance shown in the Declarations as applicable to the covered building.

3. Unless Paragraph F.5. applies, loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

a. The amount you actually spend to demolish and clear the site of the described premises; or

b. The applicable Limit of Insurance shown for Coverage B in the Declarations.

4. Unless Paragraph F.5. applies, loss payment under Coverage C – Increased Cost of Construction Coverage will be determined as follows:

a. We will not pay under Coverage C:

   (1) Until the property is actually repaired or replaced, at the same or another premises; and

   (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:

   (1) The increased cost of construction at the same premises; or

   (2) The applicable Limit of Insurance shown for Coverage C in the Declarations.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:

   (1) The increased cost of construction at the new premises; or

   (2) The applicable Limit of Insurance shown for Coverage C in the Declarations.

5. If a Combined Limit of Insurance is shown for Coverages B and C in the Declarations, Paragraphs F.3. and F.4. of this endorsement do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages B and C in the Declarations. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

b. With respect to the Increased Cost of Construction:

   (1) We will not pay for the increased cost of construction:

      (a) Until the property is actually repaired or replaced, at the same or another premises; and

      (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

G. Under this endorsement the company will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and
2. You failed to comply with.

H. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section C.3. of this endorsement).

Assume:

• Flood is a Covered Cause of Loss; wind is an excluded Cause of Loss.
• The building has a value of $200,000
• Total direct physical damage to building: $100,000
• The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
• Portion of direct physical damage that is covered (caused by flood): $30,000
• Portion of direct physical damage that is not covered (caused by wind): $70,000
• Loss under Ordinance or Law Coverage C of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most the company will pay under this endorsement for the Coverage C loss is $18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under Coverages A and B of this endorsement.

All other terms and conditions remain unchanged.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL FLOOD EXCLUSION

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
EXCESS PROPERTY INSURANCE FORM

A. We will not pay for loss, damage, cost or expense caused directly or indirectly by “flood”. Such loss or damage is excluded regardless of:
   1. The cause of the “flood”;
   2. Any other cause or event that contributes concurrently or in any sequence to the loss;
   3. Other causes of the loss; or
   4. Whether such loss or damage arises from an event that occurs suddenly or gradually, or involves isolated or widespread damage.

B. We will not pay for loss or damage resulting from waterborne material involved in the “flood”; whether driven by wind or not; or whether caused by natural, external, or man made forces.

C. We will not pay for loss or damage due to a “flood” which results from the intentional or negligent act, error, omission, or professional negligence of any party.

D. For the purposes of this endorsement,
   “Flood” means a general condition, whether temporary or permanent, of partial or complete inundation of normally dry land areas with water, mud, slurry or other liquid, arising from any of the following:
   a. The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
   b. The unusual and rapid accumulation or runoff of surface waters from any source or by their spray;
   c. Waters changing course;
   d. Waters rising;
   e. The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing;

   However, “flood” does not include inundation arising from tidal wave or tsunami.

This exclusion applies even though the loss or damage is contributed to in any manner by a Covered Cause(s) of Loss which is insured against in this policy.

All other terms and conditions remain unchanged.
COMMISSION MEMORANDUM NO. 2020.68

DATE: November 3, 2020

TO: SAWPA Commission

SUBJECT: Assessing Homelessness Impacts on Water Quality, Riparian and Aquatic Habitat in Upper Santa Ana River Watershed | Monitoring Program Phase 1A (This item is subject to the provisions of Project Agreement 25)

PREPARED BY: Mark Norton PE, Water Resources and Planning Manager

RECOMMENDATION

Staff recommends that the SAWPA Commission support inclusion of initial Phase 1A Monitoring Program to Assess Homelessness Impact on Water Quality in the Upper Santa Ana River Watershed estimated to cost $88,800 in the future SAWPA FY 2021-2022 Budget, subject to local match commitments.

DISCUSSION

During discussion of the Memorandum of Understanding between SAWPA and the Housing Authority of the City of Riverside in January 2018, correspondence was received from Eastern Municipal Water District and the Orange County Water District which requested SAWPA undertake a program of quantifying the water quality impacts of homelessness in the watershed. Responding to that request, SAWPA staff worked closely with member agency staff and general managers to consider a monitoring program. This staff group felt that it would be valuable to evaluate other monitoring efforts being conducted nearby in San Diego and elsewhere in California to resolve the question of how encampments of people experiencing homelessness impact water quality, riparian and aquatic habitat, but also indicated that it was likely that the Upper Santa Ana River watershed has unique characteristics that suggest the need for a local monitoring program.

To determine the correct course for the upper watershed, a competitive request for proposals was undertaken and a contract was awarded to GEI Consultants on Feb. 5, 2019. The scope of work included two tasks. The first task provides a literature review and assessment of existing information of what is known in the watershed and elsewhere about the linkages between water quality, riparian and aquatic habitat and encampments. This work includes research, and engagement with existing monitoring SAWPA Task Forces in the watershed. The draft Task 1 report results were shared with the SAWPA Commission on February 4, 2020.

The second task includes the preparation of a preliminary monitoring program, aligned with existing monitoring efforts in the upper watershed. Three characteristic encampments were to be considered for monitoring under the program design. The resulting technical memorandum discusses the methods, results, and implications of the monitoring effort, including a discussion of the relative impacts that encampments have as compared to other sources of impact. The draft Task 2 report results were shared with the SAWPA Commission on September 1, 2020.

Funding for the development study came from grant funding available from the Proposition 1 Integrated Regional Water Management, Disadvantaged Community Involvement (DCI) grant program. This was supported by the Technical Advisory Committee of the DCI Program and the SAWPA Commission using...
funding designated to DCI Program Technical Assistance for Community Needs. The contract was approved with GEI Consultants for an amount not-to-exceed $74,441.

The report is now complete and finalized. The report was shared with the SAWPA Member Agencies staff and GMs and after discussion supported SAWPA staff recommendation that potential implementation of Phase 1A monitoring program as defined in the GEI Consultants report be considered as part of the SAWPA FY21-22 budget. On Sept. 1, 2020, the SAWPA Commission received a report with report findings and decided to defer a decision to budget for the program for another two months to determine if there were other agencies who might be willing to support the monitoring program. Staff subsequently reached out to the Regional Board, cities, county flood control districts, county executive offices and others to seek support. Two local agencies have provided written commitments of $10,000 each to help support the program next fiscal year. These agencies include the RCFCWCD and SB Flood Control w-MS4 Co-Permittees. Other possible funding partners of the monitoring program will continue to be approached by SAWPA staff. Further, grant opportunities to help support the Phase 1A program will be investigated over the next six months.

The value of the monitoring program to SAWPA member agencies is reflected in the Critical Success Factors defined under the SAWPA Strategic Plan. Further, the monitoring will assist member agencies and others by providing important water quality data needed to support more cost-effective regulatory compliance. Also most SAWPA member agencies (IEUA, OCWD, WMWD, SBVMWD) are supporters of Upper SAR Habitat Conservation Plan where efforts are underway to develop and collect monitoring needed for the habitat conservation plan.

CRITICAL SUCCESS FACTORS

A strong reputation and sufficient capacity within SAWPA staff for strategic facilitation, planning, communication, leadership and community engagement.

Successful implementation of an integrated regional water resource plan that reflects the watershed management needs of the public and the environment.

Data and information needed for decision-making is available to all.

RESOURCE IMPACTS
Sufficient funding was made available through the DCI grant program to complete the original report. All future monitoring implementation would need to be budgeted from SAWPA member agencies and other funding partners in the future.

Attachments:
1. PowerPoint Presentation
Assessing Homelessness Impacts on Water Quality, Riparian and Aquatic Habitat in Upper Santa Ana River Watershed

Mark Norton, Water Resources & Planning Manager
SAWPA Commission | November 3, 2020
Item No. 6.B.
Project Scoping & Report

- In late 2018, Commission directed staff to hire consultant to conduct assessment of the homelessness impact on water quality, riparian and aquatic habitat in upper Santa Ana River Watershed.

- Contract for work was approved on Feb. 5, 2019 with GEI Consultants to conduct work for $74,441

- Report was funded by Prop 1 IRWM Disadvantaged Community Involvement Grant Program

- Report was officially completed and submitted to SAWPA 9/30/2020
Commission Direction to Staff 9-20

• Seek funding partners for proposed Phase 1A Monitoring Program
• Better define benefits & value to SAWPA Member Agencies to potentially include in FY21-22 Budget
• Report back to SAWPA Commission in two months
Background and Overview
Homeless Encampment Impact Monitoring Program – Phase 1A
Key Findings

- No studies found that directly tie water quality to homeless impacts
- Recently completed Middle Santa Ana River Synoptic Study found some evidence of human bacteria sources in river, but not consistent from week to week
- Transient nature of camps and differences in how they operate or handle waste made design of a preliminary monitoring program challenging
Key Findings

- Upper Santa Ana River Watershed - Five areas where homeless encampments concentrated:
  - Van Buren Boulevard bridge upstream to Anza Drain
  - Along the Tequesquite Landfill
  - Above and below the Mission Boulevard bridge crossing
  - Upstream of the 60 Freeway
  - Between the I-215 bridge and Tippecanoe Road
Three Proposed Phase 1A Monitoring Locations
Mission Boulevard Bridge
Preliminary Field Visits

Baseline Conditions
- Assess initial water quality, riparian habitat, and aquatic habitat conditions

Encampment Population Estimate
- Coordinate with Riverside County Point-in-Time Count
10 total monitoring events at each site

- Collect water samples for TSS, E. coli, and Human Fecal Genetic Marker 183

- Water Quality Parameters: Temp, pH, DO, Turbidity, EC

- Rapid Trash Assessment
Rapid Trash Assessment

- Level of trash
- Number of items found
- Threat to aquatic life
- Threat to human health
- Illegal Dumping
- Accumulation of Trash
Phase One: Alternative A

- One-year monitoring of four dry-weather events at each site and rapid trash assessment
- High flow suspension of recreation standards

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<td>Kickoff meeting and project management</td>
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<td>QAPP preparation</td>
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<td>Preliminary field visits</td>
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<td>Dry-weather event sampling</td>
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<td><strong>Total</strong></td>
<td><strong>$88,800</strong></td>
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Agencies contacted to help financially support:

- Santa Ana Regional Water Quality Control Board
- Riverside County Flood Control and Water Conservation District
- City of Riverside
- County of Riverside Executive Office
- San Bernardino County Executive Office
- Orange County Executive Office
Funding Partner Commitments for FY 21-22

- Riverside County Flood Control and Water Conservation District - $10,000
- San Bernardino County Flood Control w-MS4 Co-permittees - $10,000

Possible Funding Partner:
- SAWPA Member Agencies - $68,800
Why should SAWPA contribute?

- **Reflects SAWPA’s Mission and Goals**
  - 1. Create value by building relationships among regulators, SAWPA members, regulated parties…;
  - 2. Provide regional capacity and neutral venue for supporting multi-agency forum…;
  - 3. Assist in…, facilitation of stakeholder processes to address watershed-specific issues.

- Provides water quality data needed to support more cost-effective regulatory compliance

- Most SAWPA member agencies (IEUA, OCWD, WMWD, SBVMWD) are supporters of Upper SAR Habitat Conservation Plan - monitoring will be needed
Recommendation:

- Approve adding Phase 1A Dry Weather Monitoring Program in SAWPA FY 21-22 for future consideration.
COMMISSION MEMORANDUM NO. 2020.70

DATE: November 3, 2020

TO: SAWPA Commission

SUBJECT: Adopt Resolution No. 2020-08 | Amend Retention and Destruction of Agency Records Policy

PRESENTED BY: Rich Haller, General Manager

RECOMMENDATION
It is recommended that the Commission adopt Resolution No. 2020-08 amending the Retention and Destruction of Agency Records Policy.

DISCUSSION
As a public agency, SAWPA must operate transparently and accountably. SAWPA last updated its Retention and Destruction of Agency Records Policy (Policy) in September of 2012. Since that time, significant changes have occurred in current law and business practice. SAWPA retained the services of Gladwell Governmental Services, Inc, (GCS) to develop comprehensive records retention schedules for the Agency. GCS is an expert in special agency and municipal government records and has assisted over 200 California municipal governments and special districts with their records management and retention programs.

The updated records retention schedules were written interactively with all departments participating; the appropriate department manager has reviewed and approved all retention schedules. They provide clear, specific records descriptions and retention periods, and apply current law and technology to management of SAWPA’s records. It is standard business practice for California local governments to authorize the routine destruction of records that have exceeded their adopted retention period, upon the request of the department manager and with the consent in writing of the department manager and general counsel, which is provided in Resolution No. 2020-08.

RESOURCE IMPACTS
None.

Attachments:
1. Resolution No. 2020-08
   a. Retention and Destruction of Agency Records Policy (Policy No. ADMIN-2020-001)
   b. Retention Schedules
      • How to Use Records Retention Schedules
      • Records Retention Schedule Legend
      • Agency-Wide and Department Records Retention Schedules
   c. Destruction Authorization Forms
      • RM-1: Records Destruction Authorization Form
      • RM-2: Authorization to Destroy Paper After Imaging
   d. Approve Update to Retention Schedules (RM-3)
2. Resolution No. 2012-10
RESOLUTION NO. 2020-08

A RESOLUTION OF THE COMMISSIONERS OF THE SANTA ANA WATERSHED PROJECT AUTHORITY AMENDING ITS RETENTION AND DESTRUCTION OF AGENCY RECORDS POLICY

WHEREAS, the Santa Ana Watershed Project Authority (SAWPA) has determined the need to amend its Retention and Destruction of Agency Records Policy (Attachment No. 1) by updating retention schedules (Attachment No. 2), updating destruction authorization forms (Attachment No. 3), and continuing a policy review every three (3) years; and,

WHEREAS, SAWPA manages its records to ensure that all agency records will be retained as long as necessary and will be destroyed when no longer needed in accordance with the Retention and Destruction of Agency Records Policy and all relevant public records laws and regulations.

WHEREAS, SAWPA previously adopted Resolution 2012-10 Amending its Retention and Destruction of Agency Records Policy.

NOW, THEREFORE, BE IT RESOLVED that the SAWPA Commission hereby resolves that the Retention and Destruction of Agency Records Policy (Policy) is hereby adopted, as amended, maintaining formal guidelines regarding the retention of electronic media/email, updating retention schedules, updating destruction authorization forms, and continuing a policy review every three (3) years.

BE IT FURTHER RESOLVED that the SAWPA Commission hereby authorizes the destruction/disposition of any record in accordance with this amended Policy upon written approval by the Department Manager, the Clerk of the Board, and General Counsel.

BE IT FURTHER RESOLVED that with the consent of the Department Manager, General Manager, Clerk of the Board, and General Counsel, updates are hereby authorized to be made to the Policy, Retention Schedules, or Destruction Authorization Forms without further action by the Board of Commissioners.

BE IT FURTHER RESOLVED that Resolution No. 2012-10 is rescinded in its entirety.

ADOPTED this 3rd day of November, 2020.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: ________________________________
    David J. Slawson, Chair

Attest:

_____________________________________
    Kelly Berry, CMC
    Clerk of the Board
Attachments:
1. Retention and Destruction of Agency Records Policy (Policy No. ADMIN-2020-001)
2. Retention Schedules
   - How to Use Records Retention Schedules
   - Records Retention Schedule Legend
   - Agency-Wide, and Department Records Retention Schedules
3. Destruction Authorization Forms
   - RM-1: Records Destruction Authorization Form
   - RM-2: Authorization to Destroy Paper After Imaging
4. Approve Update to Retention Schedules (RM-3)
Policy Name: Retention and Destruction of Agency Records

History: Adopted September 18, 2012
Amended November 3, 2020

Application: SAWPA Staff

GENERAL POLICY:

As a public agency, SAWPA must operate transparently and accountably. Therefore, SAWPA records must be preserved for public review, with adequate safeguards against loss or destruction of records that are relevant to the agency’s business. In addition, SAWPA staff needs preserved and accessible information about the operation of SAWPA’s business, which includes extensive planning activities and building, operating, and maintaining a regional utility. At the same time, both SAWPA’s operational needs and the public’s right to information about SAWPA are frustrated if important records are overwhelmed by the retention of transitory, nonessential information.

It is therefore SAWPA’s policy that agency records will be managed and retained as long as necessary and destroyed when they are no longer needed, subject to all applicable laws and regulations regarding retention of specific types of records.

In addition, both SAWPA’s and the public’s interests are best served by ensuring that SAWPA’s records are as easily accessible and searchable as possible, that physical storage costs are minimized, and that the agency’s environmental footprint is reduced. Therefore, it is SAWPA’s policy to maintain and manage official records in electronic format, where possible. If an electronic record contains all significant details from the original and can be an adequate substitute for the original document for all purposes (in accordance with ANSI/AIIM Standards for Trustworthy Electronic Records), the electronic record becomes the agency’s official record, unless hard copy records are specifically required for disaster responses or other business purposes.

SPECIFIC PROVISIONS/PRACTICE:

Section 1. Legal Requirements

SAWPA will manage its records to ensure that all agency records will be retained as long as necessary and will be destroyed when they are no longer needed in accordance with this Policy and all relevant public records laws and regulations. For example, Government Code Sections 60200 through 60204 provide specific regulations for retention and destruction of records of special districts that can be referenced for the operations of SAWPA (even though SAWPA is not organized as a Special District.) Other relevant requirements include, but are not limited to, the Public Records Act, Public Contracts Code, and any applicable accounting standards.

Section 2. Definitions

Record: Any writing containing information relating to the conduct of SAWPA’s business prepared, owned, used, or retained by SAWPA, regardless of physical form or characteristics. For purposes of this definition of “record,” a “writing” means any handwriting, typewriting, printing, photographing, photocopying, transmitting by electronic mail, or facsimile, and every other means of recording upon any
tangible thing any form of communication or representation, including letters, words, pictures, sounds, symbols, or combinations thereof, regardless of the manner in which the record has been stored (California Government Code Section 6252 through Section 6257). Records include, for example, letters, memos, emails, technical reports, PowerPoint presentations, design drawings, documents, accounting documents, audio and video recordings, and photographs, etc. The words “record” and “document” are interchangeable in this Policy.

Official Record / Original Record: Those records defined as such in applicable statutes and in business practices of the entity responsible for retaining said documents or records. In the absence of applicable statutes, official records or documents are those defined in the entity’s business practices (2 CCR 22620.3(h)).

Vital Record: Those records that are needed for basic operations in the event of a disaster.

Historical Record: Any record that is deemed to have significant historical value to the formation or long-term operations of SAWPA.

Confidential Record: Records exempt from public disclosure, pursuant to California Government Code Section 6254.

**Section 3. Electronic Records are the Official Records:** SAWPA will strive to maintain and manage its agency records in an electronic format that meets all regulations and business needs. If an electronic record contains all significant details from the original and can be an adequate substitute for the original document for all purposes, the electronic record becomes the agency’s official record, unless hard copy records are specifically required for disaster responses or other business purposes.

**Section 4. Retention Schedules:** The Retention Schedules (Attachment No. 1) identify retention times of SAWPA records. Records shall be destroyed at the end of the retention time after approvals have been received via the appropriate Destruction Authorization Form (Attachment No. 2). Retention Schedules can be updated without further action by the Board of Commissioners, but must obtain the consent of the Department Manager, General Manager, Clerk of the Board, and General Counsel by utilizing the Approve Update to Retention Schedules form (RM-3) (Attachment No. 3).

**Section 5. Backups:** Staff will take reasonable and prudent measures to ensure that disaster-recovery backups are made of all electronic records, including off-site storage of these records on a weekly basis. These backups are for system restoration and disaster recovery purposes and are not designed to facilitate retrieval of deleted messages.

In addition to the backup of imaged records, hard copy vital records shall be protected from destruction in case of possible disasters. Vital records are identified in the Records Retention Schedule.

**Section 6. Email Policy:** An email message created or received is a record. However, most email is primarily for routine communication or information exchange and does not have lasting relevance to SAWPA’s business. Messages of this type should be deleted as a preliminary draft by the user as soon as no longer being used. SAWPA’s email system is configured to treat all email in individual accounts as having a 12-month retention, after which it will be deleted automatically. This automatic deletion will apply to all folders (inbox folders, sent file folders, draft file folders, deleted file folders etc.) stored on active email servers.
Users are therefore required within that time to identify email messages that have content that relates in a substantive way to the conduct of the public’s business and move them from the SAWPA’s email servers and into SAWPA’s record storage, i.e., OnBase Enterprise Content Management System (OnBase), in paper, or on Network Shared Drives.

**Roles and Responsibilities**

**IT Department will:**
- Establish and publish standards for email and IM account administration, storage allocations, and automatic archiving of messages to users’ local computer folders/files;
- Provide facilities and instructions for moving messages with lasting value to dedicated storage on departmental/office networked file systems;
- Provide the required end user training and help desk support;
- Remove deletion rights on server folders that are affected by a litigation hold;
- Suspend automatic deletion processes to preserve electronic records during a litigation hold.

**Department heads/managers** are responsible for:
- Providing records retention guidance to staff in accordance with this Policy and the Retention Schedules.

**Employees** are responsible for:
- Appropriately identifying and retaining messages with content that relates in a substantive way to the conduct of the public’s business in accordance with this Policy and the Retention Schedules;
- Seeking assistance from their respective department managers when unsure about how to categorize specific types of messages; and
- Employees who have been notified by management of a litigation hold are responsible for preserving all messages, records, and information that fall within the scope of the hold that they have downloaded and/or stored locally.

**Section 7. Document Destruction:** The destruction of certain records is authorized and directed after such records have been retained for the minimum time as set forth in the applicable Records Retention Schedule, after appropriate approvals have been obtained.

**Destruction Approval:**
- **RM-1: Records Destruction Authorization Form.** Utilize Form RM-1 (Attachment No. 2) to authorize the destruction of the record when the record has exceeded its retention period (in hard copy and/or electronic format), as provided for in the Records Retention Schedule.
- **RM-2: Authorization to Destroy Paper After Imaging.** Utilize Form RM-2 (Attachment No. 2) to authorize the destruction of the hard copy when the electronic records is to serve as the Official Record. Any hard copy record not expressly required by law to be filed and preserved for a specific period of time is hereby authorized to be destroyed after it is imaged in conformance with law and standards (if the electronic record contains all significant details from the original and can be an adequate substitute for the original document for all purposes).
**Policy Name**
Retention and Destruction of Agency Records

**Policy Number**
ADMIN-2020-001

**Date Authorized**
11-3-2020; Resolution No. 2020-08; CM#2020.70

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**Destruction Criteria:** Certain records are to be kept in hard copy format because it is needed for disaster response, the law requires it, or the record has historical or vital value. All other hard copy records are encouraged to be converted into electronic format in a manner that allows it to serve as the Official Record, and the hard copy destroyed to rely on the electronic record as the Official Record.

**Destruction Methods:** Upon receipt of an approved Destruction Authorization Form (RM-1 or RM-2), hard copy records may be destroyed by shredding (whether sent off-site to be shredded or shredded in house), or by recycling without shredding. Any record containing private information must be shredded.

**Section 8. Litigation Hold Directive:** When SAWPA becomes involved in litigation, or reasonably expects that it will become involved in litigation, a litigation hold will be placed on records related to the litigation. The litigation hold overrides normal destruction practices described in this Policy until the litigation hold is removed. The litigation hold applies to all records including all electronically stored information. While a litigation hold is in effect, no employee may alter or delete an electronic record that falls within the scope of that hold.

**Section 9. Managing Exempt and Confidential Records:** SAWPA is responsible for ensuring that exempt and confidential records are properly safeguarded. Electronic recordkeeping systems must have appropriate security in place to protect information that is confidential or exempt from disclosure. When providing access to or destroying electronic records containing confidential or exempt information, agencies must take steps to prevent unauthorized access to or use of the exempt or confidential information.

**Section 10. Long-Term Storage:**

**Off-site Storage of Archived Records:** The IT Manager and Records Manager, or designee, will maintain an offsite storage facility. Access to this area will be limited to the appropriate staff (i.e., Records Manager or designee, file managers, and/or officers of the Agency). Files will be stored in standard-sized records file boxes. Each file box will be labeled on the front with the contents, dates covered, and destruction date if applicable. Files are to be stored only in boxes with similar items, dates, and retention periods. A log will be maintained by the Records Manager or designee, of all off-site records/boxes and their location.

**Section 11. Retention and Destruction of Agency Records Policy Review:** Every three (3) years, Staff shall review this Policy to determine if any updates are necessary.

**Attachments:**
1. Retention Schedules
   a. How to Use Retention Schedules
   b. Records Retention Schedule Legend
   c. Agency-Wide and Department Records Retention Schedules
2. Destruction Authorization Forms
   a. RM-1: Records Destruction Authorization Form
   b. RM-2: Authorization to Destroy Paper After Imaging
3. Approve Update to Retention Schedules Form (RM-3)
A legend explaining the information presented in the retention schedule has been printed on the back of each page for your easy reference; an index to locate records is also provided.

The specified retention period applies regardless of the media of the record: If a record is stored on paper and a computer file on a hard drive, both records should be destroyed (or erased) after the specified period of time has elapsed.

Copies or duplicates of records should never be retained longer than the prescribed period for the original record.

**STRUCTURE: AGENCYWIDE, DEPARTMENTS & DIVISIONS**

The Agency-wide retention schedule includes those records all departments have in common (letters, memorandums, purchase orders, etc.). These records are NOT repeated in the Department retention schedule, unless that department is the Office of Record, and therefore responsible for maintaining the original record for the prescribed length of time.

Each department has a separate retention schedule that describes the records that are unique to their department, or for which they are the Office of Record. Where appropriate, the department retention schedules are organized by Division within that Department. If a record is not listed in your department retention schedule, refer to the Agency-wide retention schedule. An index will be provided for your reference.

**BENEFITS**

This retention schedule has been developed by Diane R. Gladwell, MMC, an expert in Municipal Government records, and will provide the Agency with the following benefits:

- Reduce administrative expenses, expedite procedures
- Free filing cabinet and office space
- Reduce the cost of records storage
- Eliminate duplication of effort within the Agency
- Find records faster
- Easier purging of file folders
- Determine what media should be used to store records

For questions, please contact the Agency Clerk.

**AUTHORIZATION TO DESTROY RECORDS:**

Destruction of an original record that has exceeded its retention period must be authorized according to Agency Policies & Procedures prior to destroying it.

- If there is a minimum retention ("Minimum 2 years"), destruction of the document must be authorized before it is destroyed, as it is an original record.

Copies, drafts, notes and non-records do NOT require authorization, and can be destroyed "When No Longer Required."

- If there is NOT a minimum retention ("When No Longer Required"), it does NOT need to be authorized prior to destruction, as it is a preliminary draft / transitory record or a copy.

On every page of the schedules (near the top, just under the column headings) are important instructions, including instructions regarding holds on destroying records. "Litigation, complaints, claims, public records act requests, audits and/or investigations suspend normal retention periods (retention resumes after settlement or completion)."
RECORDS RETENTION SCHEDULE LEGEND
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OFR (Office of Record): The department that keeps the original or “record copy.” Usually it is the department that originates the record, unless the item is for a Board of Directors meeting (then it is the Board Secretary.)

Records Description: The record series (a group of like records).

Transitory Records not retained in the ordinary course of business, that do NOT have substantive content: Preliminary drafts, notes, or interagency or intra-agency memoranda and records having only transitory value. Examples: Telephone messages, meeting room reservation schedules, logs, source records entered into a computer system that qualifies as a “trusted system”, etc.

Non-Record: Documents, studies, books and pamphlets produced by outside agencies, preliminary drafts not retained in the ordinary course of business.

Retention/Disposition:  
Active: How long the file remains in the immediate office area (guideline)  
Inactive: How long the file is in off-site storage, stored on Optical Disk or Microforms (guideline)  
Total Retention: The total number of years the record will be retained

For file folders containing documents with different retention timeframes, use the document with the longest retention time.  
P = Permanent  
Indefinite = No fixed or specified retention period; used for databases, because the data fields are interrelated.

Vital? = Those records that are needed for basic operations in the event of a disaster.

Media Options (guideline) – the form of the record:  
Mag = Computer Magnetic Media (hard drive, disks, tapes, USB Drives, thumb drives, etc.)  
Mfr = Microforms (aperture cards, microfilm, microfiche, or jackets)  
Ppr = Paper  
OD = Optical Disk, CD-r, DVD-r, WORM, or other media which does not allow changes

Scan / Import (guideline): “S” indicates the record should be scanned into the document imaging system;  
“I” indicates the record should be electronically imported into the document imaging system;  
“M” indicates the record should be microfilmed

Destroy Paper after Imaged & QC’d: “Yes” indicates the paper version may be destroyed IF the document has been imaged (electronically generated, scanned or imported, and both the images and indexing Quality Checked (“QC’d”). The electronic record or image must contain all significant details from the original and be an adequate substitute for the original document for all purposes, and other legal mandates apply. Includes all electronic records which are to serve as the Official Record.

Legend for legal citations ($: Section)  
CC: Civil Code (CA)  
CFC: California Fire Code  
EVC: Evidence Code (CA)  
FTB: Franchise Tax Board (CA)  
HUD: Housing & Urban Develop. (US)  
PC: Penal Code (CA)  
USC: United States Code (US)  
B&P: Business & Professions Code (CA)  
CCP: Code of Civil Procedure (CA)  
CFR: Code of Federal Regulations (US)  
FA: Food & Agriculture Code  
GC: Government Code (CA)  
LC: Labor Code (CA)  
R&T: Revenue & Taxation Code (CA)  
VC: Vehicle Code (CA)  
CBC: California Building Code  
CCR: California Code of Regulations (CA)  
EC: Elections Code (CA)  
FC: Family Code (CA)  
H&S: Health & Safety Code (CA)  
UFC: Uniform Fire Code  
W&I: Welfare & Institutions Code (CA)
# RECORDS RETENTION SCHEDULE: AGENCY-WIDE STANDARDS

<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
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</thead>
<tbody>
<tr>
<td>(OFR)</td>
<td></td>
<td>Active (in office)</td>
<td>Inactive (Off-site, or OD)</td>
<td>Total Retention Vital? Media Options Image: I=Import S=Scan Destroy Paper after imaged &amp; QC’d?</td>
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**Retentions apply to the “Lead Dept”; Use Agency-Wide together with Department schedules**

**Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.**

**HOLDS:** Litigation, complaints, claims, pending public records request, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

## AGENCY-WIDE (Used by All Departments)

<table>
<thead>
<tr>
<th>Lead Department</th>
<th>AW-001</th>
<th>Agreements &amp; Contracts - All Original Contracts or Agreements Signed by General Manager, and / or Approved by the Board of Directors</th>
<th>Send to Admin. Services / Contracts</th>
<th>Send to Admin. Services / Contracts</th>
<th>Yes: Before Completion Mag, OD, Ppr</th>
<th>S / I</th>
<th>Yes: After QC</th>
<th>Agency preference; Administrative Services / Contracts is Office of Record</th>
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<td>Agreement or Contract, Change Orders, Task Orders, Work Orders, Notices of Completion. Amendments</td>
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<td>Also see Grants. Covers E&amp;O Statute of Limitations (insurance certificates are filed with agreement); Published Audit Standards=4-7 years; Statute of Limitations: Contracts &amp; Spec’s=4 years, Wrongful Death=comp. + 5 years, Developers must retain their records for completion + 10 years; CCP §§336(a), 337 et. seq., GC §60201</td>
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<thead>
<tr>
<th>Lead Department</th>
<th>AW-002</th>
<th>Agreements &amp; Contracts - ADMINISTRATIVE RECORDS</th>
<th>Completion + 10 years</th>
<th>Completion + 10 years</th>
<th>Mag, OD, Ppr</th>
<th>S / I</th>
<th>Yes: After QC</th>
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<td>(Correspondence, project schedules, copies of invoices, backup, insurance certificates etc.) Also see grant retention, if applicable.</td>
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<tr>
<th>Lead Department</th>
<th>AW-003</th>
<th>Association Records (external associations - e.g., ACWA, etc.)</th>
<th>When No Longer Required</th>
<th>When No Longer Required</th>
<th>Mag, Ppr</th>
<th>Non-records; GC §60201 et seq.</th>
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<tr>
<th>Lead Dept.</th>
<th>AW-004</th>
<th>Clippings / Newspaper Clippings</th>
<th>When No Longer Required</th>
<th>When No Longer Required</th>
<th>Mag, Ppr</th>
<th>Non-records; GC §60201 et seq.</th>
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### Records Retention Schedule: Agency-Wide Standards

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<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
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<td>Inactive (Off-site, or OD)</td>
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<td>Total Retention</td>
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<td>Vital?</td>
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<td>Media Options</td>
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<td>Image: I=Import S=Scan</td>
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<td>Destroy Paper after Imaged &amp; QC’d?</td>
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**Retentions apply to the "Lead Dept.; Use Agency-Wide together with Department schedules**

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

**HOLDS:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

<table>
<thead>
<tr>
<th>Lead Dept.</th>
<th>AW-005</th>
<th>Committees, Task Forces, Associations, Commissions, &amp; Boards: <strong>External</strong> Organizations (e.g. Association of California Water Agencies, etc.)</th>
<th>When No Longer Required</th>
<th>When No Longer Required</th>
<th>Mag, Ppr</th>
<th>Non-records</th>
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<tbody>
<tr>
<td></td>
<td>AW-006</td>
<td>Copies or duplicates of any record</td>
<td>Copies - When No Longer Required</td>
<td>Copies - When No Longer Required</td>
<td>Mag, Ppr</td>
<td>GC §60200</td>
</tr>
<tr>
<td>Lead Dept.</td>
<td>AW-007</td>
<td>Correspondence - <strong>Regulatory Agencies</strong></td>
<td>Minimum 10 years</td>
<td>Minimum 10 years</td>
<td>Yes: While Active Issues</td>
<td>Mag, Ppr</td>
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<tr>
<td>Dept. that Authors Document or Receives the Agency's Original Document</td>
<td>AW-008</td>
<td>Correspondence - <strong>Routine</strong> (Content relates in a substantive way to the conduct of the public's business) (e.g. Administrative, Chronological, Communications, General Files, Letters, Memorandums, Miscellaneous Reports, Reading Files, Working Files, etc. Does NOT include Regulatory Agency Correspondence)</td>
<td>Minimum 2 years</td>
<td>Minimum 2 years</td>
<td>Mag, Ppr</td>
<td>Department preference; GC §60201</td>
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<td>Correspondence - <strong>TRANSITORY / PRELIMINARY DRAFTS</strong>, Interagency and Intraagency Memoranda not retained in the ordinary course of business</td>
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<td>Content NOT Substantive, or NOT made or retained for the purpose of preserving the informational content for future reference</td>
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<td>(e.g. calendars, checklists, e-mail or social media posting invitations, instant messaging, logs, mailing lists, meeting room registrations, supply inventories, telephone messages, text messages, transmittal letters, thank yous, requests from other cities, undeliverable envelopes, visitors logs, voice mails, webpages, etc.)</td>
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<td>When No Longer Required</td>
<td>When No Longer Required</td>
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<td>Mag, Ppr</td>
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<td>Electronic and paper records are filed and retained based upon their CONTENT. E-mails, electronic records, or social media postings where either the Content relates in a substantive way to the conduct of the public's business, or ARE made or retained for the purpose of preserving the informational content for future reference are saved by printing them out and placing them in a file folder, or saving them electronically. If not mentioned here, consult the Attorney to determine if a record is considered transitory / preliminary draft. GC §§60201, 6252, 6254(a); 64 Ops. Cal. Atty. Gen. 317 (1981); City of San Jose v. Superior Court (Smith), S218066, Supreme Court of California, 2017.</td>
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<td>AW-009</td>
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<td>Drafts &amp; Notes: Drafts that are revised (retain final version)</td>
<td>When No Longer Required</td>
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<td>Mag, Ppr</td>
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<td>As long as the drafts and notes are not retained in the &quot;Regular Course of Business&quot;. GC §60201, GC §6254</td>
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<td>AW-010</td>
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<td><strong>Active</strong> (in office)</td>
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<td><strong>TotalRetention</strong></td>
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<td><strong>Retention</strong></td>
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<td><strong>Options</strong></td>
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<td><strong>Image:</strong></td>
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<td><strong>Options:</strong></td>
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<td><strong>Destroy</strong></td>
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<td><strong>Paper</strong></td>
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</tbody>
</table>

**Comments / Reference**: As long as the drafts and notes are not retained in the "Regular Course of Business". GC §60201, GC §6254

**HOLDs**: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

- **Lead Dept.**: AW-010
  - FEMA or OES Claims (Federal Emergency Management Agency or Office of Emergency Services Claims)
  - Retention: 10 years
  - Comments: Send to Human Resources Upon Separation; Before Separation Mag, Ppr
  - Reference: As long as the drafts and notes are not retained in the "Regular Course of Business". GC §60201, GC §6254

- **Human Resources**: AW-011
  - Personnel Files - Department-level Copies
  - Retention: Send to Human Resources Upon Separation; Before Separation Mag, Ppr
  - Comments: Ensure records kept in Department files comply with Agency policy; Originals are maintained by Personnel. Supervisors notes should be maintained in a separate folder and be incorporated in the employee's annual performance review; 29 CFR 1602.31 & 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 60201

- **Human Resources**: AW-012
  - Personnel Files - Department-level Supervisor's Notes
  - Retention: When No Longer Required
  - Comments: Preliminary Drafts; Supervisors notes should be maintained in a separate folder and be incorporated in the employee's annual performance review; 29 CFR 1602.31 & 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 6021

- **Lead Dept.**: AW-013
  - Photographs, Videos (other than Board Meetings)
  - Retention: When No Longer Required
  - Comments: Preliminary drafts (the document that the photograph is used in is the final); GC §60201

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**Adopted:** 325
### RECORDS RETENTION SCHEDULE: AGENCY-WIDE STANDARDS

<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
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<td><strong>Inactive</strong> (Off-site, or OD)</td>
<td><strong>Total Retention</strong></td>
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**Retentions apply to the “Lead Dept”; Use Agency-Wide together with Department schedules**

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

**HOLDS:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion.)

---

**Authoring Dept.**

**AW-014**

Reference Materials: Policies, Procedures, Brochures, Manuals, Newsletters, & Reports: Produced by YOUR Department

Minimum of Superseded + 2 years

Minimum of Superseded + 2 years

Mag, OD, Ppr

S / I

Yes: After QC

Department Preference; GC §60201

---

**Lead Dept.**

**AW-015**

Unsuccessful Bids or Proposals

3 years

3 years

Mag, Ppr

Department Preference; GC §60201

---

**Lead Dept.**

**AW-016**

Reports and Studies - White Papers, Issue Papers, Position Papers, Scientific Studies (other than Annual Reports)

P

P

Mag, Ppr

Department Preference; GC §60201
# Records Retention Schedule: Agency-Wide Standards

## Office of Record Retention No. Records Description Retention / Disposition Comments / Reference

<table>
<thead>
<tr>
<th>OFR</th>
<th>AW-017</th>
<th>Training: ALL COURSE RECORDS / SYLLABUS, AND ROSTER OF ATTENDEES</th>
<th>Active (in office)</th>
<th>Inactive (Off-site, or OD)</th>
<th>Total Retention</th>
<th>Vital?</th>
<th>Media Options</th>
<th>Image: I=Import S=Scan</th>
<th>Destroy Paper after Imaged &amp; QC’d?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Includes Ethics, Harassment Prevention, Safety Training &amp; Tailgate Training Meetings (except for Information Technology / Software)</td>
<td>2 years</td>
<td>3 years</td>
<td>5 years</td>
<td></td>
<td>Mag, Ppr</td>
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</table>

Retentions apply to the “Lead Dept”; Use Agency-Wide together with Department schedules. Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

Holds: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

| Lead Dept. | AW-018 | Visitor Logs / Registers | 1 year | 1 year | Mag, Ppr | Department preference; Ethics Training is 5 years; Statewide guidelines propose 7 years; Calif. Labor Division is required to keep their OSHA records 7 years; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2 - 3 years for personnel actions; 8 CCR §3203 et seq., 29 CFR 1602.31; LC §6429(c); GC §§12946, 60201, 53235.2(b), 53237.2(b) | |

Department preference; GC §60201 et. seq.
### RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES
(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Media Options</th>
<th>Image:</th>
<th>Destroy Paper after Imaged &amp; QC’d?</th>
<th>Comments / Reference</th>
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</thead>
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<td>Inactive (Off-site, or OD)</td>
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</tr>
<tr>
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<td>Total Retention</td>
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<td>Vital?</td>
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<td>Media Options</td>
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</table>

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**HOLDS:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

**ADMINISTRATIVE SERVICES / BOARD ADMINISTRATION**

<table>
<thead>
<tr>
<th>Admin. Services / Board Admin.</th>
<th>BA-001</th>
<th>Agency Formation Records</th>
<th>2 years</th>
<th>P</th>
<th>P</th>
<th>Mag, OD, Ppr</th>
<th>S / I</th>
<th>Yes: After QC</th>
<th>Department preference (historical purposes); GC §60201</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-002</td>
<td>Agendas, Agenda Packets, Agenda Staff Reports - Ad-Hoc Committees</td>
<td>2 years</td>
<td>P</td>
<td>P</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>Yes: After QC</td>
<td>Department preference; GC §60201</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-003</td>
<td>Agendas, Agenda Packets, Agenda Staff Reports - LESJWA (Lake Elsinore &amp; San Jacinto Watersheds Authority)</td>
<td>2 years</td>
<td>P</td>
<td>P</td>
<td>Yes: Before Meeting Date</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>Yes: After QC</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-004</td>
<td>Agendas, Agenda Packets, Agenda Staff Reports - OWOW (One Water, One Watershed)</td>
<td>2 years</td>
<td>P</td>
<td>P</td>
<td>Yes: Before Meeting Date</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>Yes: After QC</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-005</td>
<td>Agendas, Agenda Packets, Agenda Staff Reports - Project Agreement Committees</td>
<td>2 years</td>
<td>P</td>
<td>P</td>
<td>Yes: Before Meeting Date</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>Yes: After QC</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-006</td>
<td>Agendas, Agenda Packets, Agenda Staff Reports - SAWPA Commission / Board</td>
<td>2 years</td>
<td>P</td>
<td>P</td>
<td>Yes: Before Meeting Date</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>Yes: After QC</td>
</tr>
</tbody>
</table>

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Adopted: 328
## RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES
(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
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<tbody>
<tr>
<td>(OFR)</td>
<td></td>
<td></td>
<td>Active (in office) Inactive (Off-site, or OD) Total Retention Vital? Media Options Image: I=Import S=Scan Destroy Paper after Imaged &amp; QC'd?</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-007</td>
<td>Commission Member Appointments / Resignations (Resolutions received from the Appointing JPA Member, or notifications of Resignations)</td>
<td>2 years P P</td>
<td>Mag, Ppr</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-008</td>
<td>Commission Member Correspondence</td>
<td>2 years 2 years</td>
<td>Mag, Ppr</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-009</td>
<td>Director's Handbook (Policy established in Agenda Packets and Minutes) When Superseded</td>
<td>When Superseded</td>
<td>Mag, Ppr</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-010</td>
<td>Ethics Training Certificates</td>
<td>5 years 5 years</td>
<td>Mag, Ppr</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-011</td>
<td>FPPC 700 Series Forms (Statement of Economic Interests): DESIGNATED EMPLOYEES &amp; CONSULTANTS (specified in the Agency's Conflict of Interest code)</td>
<td>7 years 7 years</td>
<td>Mag, Ppr</td>
</tr>
</tbody>
</table>

*If the record is not listed here, refer to the Retention for Agency-Wide Standards.*

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

**HOLDS:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
**RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES**
(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-012</td>
<td>FPPC 700 Series Forms (Statement of Economic Interests): PUBLIC OFFICIALS (elected &amp; not elected. Includes Agency Board Members, General Manager)</td>
<td>7 years</td>
<td>Vital? = 7 years, Media Options = Mag, Ppr</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-013</td>
<td>FPPC Form 801 (Gift to Agency Report)</td>
<td>7 years</td>
<td>Vital? = 7 years, Media Options = Mag, Ppr</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-014</td>
<td>FPPC Form 802 (Tickets Provided by Agency Report)</td>
<td>7 years</td>
<td>Vital? = 7 years, Media Options = Mag, Ppr</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-015</td>
<td>FPPC Form 803 (Behested Payment Report)</td>
<td>7 years</td>
<td>Vital? = 7 years, Media Options = Mag, Ppr</td>
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<td>Admin. Services / Board Admin.</td>
<td>BA-016</td>
<td>FPPC Form 804 (Agenda Report of New Positions)</td>
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<td>Admin. Services / Board Admin.</td>
<td>BA-017</td>
<td>FPPC Form 805 (Agency Report of Consultants)</td>
<td>P</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-018</td>
<td>FPPC Form 806 (Agency Report of Public Official Appointments)</td>
<td>7 years</td>
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### RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES
(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-019</td>
<td>FPPC Lobbyist Authorization / Reporting - FPPC Form 635 / 602</td>
<td>5 years</td>
<td>5 years</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-020</td>
<td>Historical Records</td>
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<td>Admin. Services / Board Admin.</td>
<td>BA-021</td>
<td>Minutes - LESJWA (Lake Elsinore &amp; San Jacinto Watersheds Authority)</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-022</td>
<td>Minutes - OWOW (One Water, One Watershed)</td>
<td>2 years</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-023</td>
<td>Minutes - Project Agreement Committees</td>
<td>2 years</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-024</td>
<td>Minutes - SAWPA Commission / Board</td>
<td>2 years</td>
<td>P</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-025</td>
<td>Notices: Affidavits of Postings and Publications</td>
<td>2 years</td>
<td>2 years</td>
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If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
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(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

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<td><strong>Inactive</strong> (Off-site, or OD)</td>
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<td><strong>Total Retention</strong></td>
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<td><strong>Vital?</strong></td>
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<th>Admin. Services / Board Admin.</th>
<th>BA-026</th>
<th>Oaths of Office</th>
<th>2 years</th>
<th>P</th>
<th>P</th>
<th>Mag, OD, Ppr</th>
<th>S / I</th>
<th>Yes: After QC</th>
<th>Department Preference; GC §60201</th>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-027</td>
<td>Ordinances</td>
<td>2 years</td>
<td>P</td>
<td>P</td>
<td>Yes (all)</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>No</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-028</td>
<td>Patents, Trade Marks, Service Marks (owned by the Agency)</td>
<td>2 years</td>
<td>P</td>
<td>P</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>No</td>
<td>Department preference (historical purposes); GC §60201</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-029</td>
<td>Public Records Act Requests, Requests for Certified Payroll Copies, Subpoenas for Records</td>
<td>2 years</td>
<td>2 years</td>
<td>Mag, Ppr</td>
<td>Department Preference; GC §60201</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-030</td>
<td>Recordings (Audio or Video) SAWPA Commission or LESJWA meetings</td>
<td>Until Minutes have been Approved, Minimum 90 days</td>
<td>Until Minutes have been Approved, Minimum 90 days</td>
<td>Mag</td>
<td>Video is required for 90 days; Audio Required for 30 days (or adoption of the minutes); GC §§54953.5(b; 26202.7</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-031</td>
<td>Records Destruction Authorization Forms and Lists</td>
<td>10 years</td>
<td>P</td>
<td>P</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
<td>Yes: After QC</td>
<td>Department Preference; GC §60201</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-032</td>
<td>Records Management: Index to Inactive Records / Records Stored in Records Center / Inventory of Records in Records Center</td>
<td>Indefinite</td>
<td>Indefinite</td>
<td>Mag, Ppr</td>
<td>Department Preference; GC §60201</td>
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</tbody>
</table>

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Adopted:
332
## RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES
(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

<table>
<thead>
<tr>
<th>Office of Record</th>
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<tbody>
<tr>
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</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-033</td>
<td>Records Retention Schedules; Approvals to Update Records Retention Schedules</td>
<td>10 years</td>
<td>P</td>
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<td></td>
<td>Mag, OD, Ppr</td>
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<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-034</td>
<td>Resolutions</td>
<td>2 years</td>
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<td></td>
<td>Yes (all)</td>
</tr>
<tr>
<td>Admin. Services / Board Admin.</td>
<td>BA-035</td>
<td>Secretary of State Statement of Facts</td>
<td>2 years</td>
<td>2 years</td>
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**ADMINISTRATIVE SERVICES / CONTRACTS**

<table>
<thead>
<tr>
<th>Office of Record</th>
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<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin. Services / Contracts</td>
<td>AS-001</td>
<td>Agreements &amp; Contracts - ALL Agreement or Contract, Change Orders, Task Orders, Work Orders, Notices of Completion, Amendments Capacity Agreements, Water Rights, JPAs, MOUs, etc.</td>
<td>Completion</td>
<td>P</td>
</tr>
<tr>
<td>Admin. Services / Contracts</td>
<td>AS-002</td>
<td>Deeds, Easements, Right of Ways, Encroachment Permits, Real Property, Right of Entry Permits, etc.</td>
<td>2 years</td>
<td>P</td>
</tr>
<tr>
<td>Admin. Services / Contracts</td>
<td>AS-003</td>
<td>Insurance Certificates</td>
<td>11 years</td>
<td>11 years</td>
</tr>
</tbody>
</table>

If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

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Adopted:
333
# RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES

(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(OFR)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Active (in office)</td>
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<td>Inactive (Off-site, or OD)</td>
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<td>Total Retention</td>
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<td></td>
<td></td>
<td>Vital?</td>
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<td></td>
<td>Media Options</td>
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<td></td>
<td></td>
<td></td>
<td>Image:</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Destroy Paper after Imaged &amp; QC’d?</td>
<td></td>
</tr>
</tbody>
</table>

If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

**HOLDS:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

## ADMINISTRATIVE SERVICES / CONTRACTS

<table>
<thead>
<tr>
<th>Admin. Services / Contracts</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AS-004</td>
<td>Insurance Policies (Agency Policies) - ALL</td>
<td>Expiration + 2 years</td>
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<td>Yes</td>
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<td>Mag, OD, Ppr</td>
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<td>S / I</td>
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<td></td>
<td>Yes: After QC</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 60201(d)(4)</td>
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<tr>
<td>Admin. Services / Contracts</td>
<td>AS-005</td>
<td>Unsuccessful Bids or Proposals</td>
<td>3 years</td>
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<td>3 years</td>
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<td></td>
<td>Yes: After QC</td>
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<td></td>
<td></td>
<td></td>
<td>Department preference; GC §60201</td>
<td></td>
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<td>Upon Sale of the Vehicle</td>
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<td>Mag, Ppr</td>
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## ADMINISTRATIVE SERVICES / GENERAL MANAGER

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<thead>
<tr>
<th>Admin. Services / General Manager's Office</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GMO-001</td>
<td>Lawsuits / Litigation, including Depositions</td>
<td>Final Resolution</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>All Settlement Agreements are retained by Board Administration with Contracts</td>
<td>5 years</td>
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<td></td>
<td></td>
<td></td>
<td>Final Resolution + 5 years</td>
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<td>Mag, Ppr</td>
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<td>S / I</td>
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<td></td>
<td>Yes: After QC</td>
<td></td>
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<tr>
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<td></td>
<td>Department Preference; Covers various statute of limitations; CCP §§ 337 et seq.; GC §§ 911.2, 60201(d)(4)</td>
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</tr>
<tr>
<td>Admin. Services / General Manager's Office</td>
<td>GMO-002</td>
<td>Projects &amp; Issues - Records with Substantive Content (Issues and/or projects will vary over time)</td>
<td>Minimum 2 years</td>
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<td></td>
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<td>Minimum 2 years</td>
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<td>Department preference; GC §60201</td>
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## ADMINISTRATIVE SERVICES / HUMAN RESOURCES

<table>
<thead>
<tr>
<th>Admin. Services / Human Resources</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AS-007</td>
<td>Affirmative Action Complaints - Department of Fair Employment &amp; Housing (DFEH) or Equal Opportunity Commission (EEOC)</td>
<td>Separation + 3 years</td>
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<td>Separation + 3 years</td>
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<td></td>
<td>Mag, Ppr</td>
<td></td>
</tr>
</tbody>
</table>

Department preference (same as the Personnel File); All State and Federal laws require retention until final disposition of formal complaint; State requires 2 years after action is taken; 2 CCR 11013(c); GC §§12946, 60218

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Adopted:

334
<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
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<td>Active (in office)</td>
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<td>Inactive (Off-site, or OD)</td>
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<td>Total Retention</td>
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<td>Vital?</td>
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<td>Image: I=Import S=Scan</td>
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<td></td>
<td>Destroy Paper after Imaged &amp; QC’d?</td>
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</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-008</td>
<td>Applications for Employment, Interest Cards or Resumes: Non-Solicited / Unsolicited / No open position (not hired)</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-009</td>
<td>Benefit Plans / Insurance Policies (Health, Dental, Deferred Compensation, Pension, etc.)</td>
<td>Plan Termination + 1 year</td>
<td>Plan Termination + 2 years</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-010</td>
<td>Classification and Compensation Studies / Surveys / Salary Surveys</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-011</td>
<td>DMV Pull Notices</td>
<td>When Superseded, or Upon Separation of Employee</td>
<td>When Superseded, or Upon Separation of Employee</td>
</tr>
</tbody>
</table>

If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
## RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES

(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

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</tr>
</thead>
<tbody>
<tr>
<td>(OFR)</td>
<td></td>
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</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-012</td>
<td>Drug and Alcohol Testing / D.O.T files (ALL Files - Random, Post-Accident &amp; Reasonable Suspicion Tests, refusals, annual summaries, etc.)</td>
<td>Active (in office)</td>
<td>Inactive (Off-site, or OD)</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-013</td>
<td>Employment Verifications</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-014</td>
<td>Grievances</td>
<td>Separation + 1 year</td>
<td>Separation + 6 years</td>
</tr>
</tbody>
</table>
# RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES

(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

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**Admin. Services / Human Resources**

<table>
<thead>
<tr>
<th>AS-015</th>
<th>I-9s</th>
<th>Separation + 3 years</th>
<th>Separation + 3 years</th>
<th>Yes: Until Separation</th>
<th>Mag, OD, Ppr</th>
<th>S / I</th>
<th>Yes: After QC</th>
<th>Required for 1 year from termination or 3 years from hiring, whichever is later; EEOC / FLSA / ADEA (Age) requires 3 years for “any other forms of employment inquiry”; State Law requires 2 -3 years; 8 CFR 274a.2; 29 CFR 1627.3(b)(1); GC §§12946, 60201</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>AS-016</th>
<th>Job Descriptions</th>
<th>Superseded + 1 years</th>
<th>2 years</th>
<th>Superseded + 3 years</th>
<th>Yes: Before Superseded</th>
<th>Mag, OD, Ppr</th>
<th>S / I</th>
<th>Yes: After QC</th>
<th>Department Preference; GC §60201</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>AS-017</th>
<th>OSHA Log 200, 300, 300A, 301, etc.</th>
<th>5 years</th>
<th>5 years</th>
<th>Mag, Ppr</th>
<th>Department Preference; Calif. Labor Division is required to keep their records 7 years; OSHA requires 5 years; State law requires 2 years; ; 8 CCR §3203(b)(1), 29 CFR 1904.33, OMB 1220-0029, 8 CCR 14300.33; GC §60201 et seq.; LC §6429c</th>
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</table>

<table>
<thead>
<tr>
<th>AS-018</th>
<th>Personnel Files - <strong>Benefits File</strong> Place in Official Personnel File upon Separation</th>
<th>Separation + 1 year</th>
<th>5 years</th>
<th>Separation + 6 years</th>
<th>Yes: Until Separation</th>
<th>Mag, OD, Ppr</th>
<th>S / I</th>
<th>Yes: After QC</th>
<th>Department preference; GC §§12946, 60201</th>
</tr>
</thead>
</table>

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Adopted: 337
### RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES
(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
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<tbody>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-019</td>
<td>Personnel Files - <strong>Medical File</strong> <em>(Includes pre-employment physicals, medical leaves, Respiratory Fit Tests and Pulmonary Tests)</em></td>
<td>Active (in office)</td>
<td>Inactive (Off-site, or OD)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Separation + 1 year</td>
<td>Whichever is Longer: Separation + 29 years, or Termination of Benefits + 5 years, or Death of Employee + 5 years</td>
<td>Whichever is Longer: Separation + 30 years, or Termination of Benefits + 5 years, or Death of Employee + 5 years</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-020</td>
<td>Personnel Files - <strong>Official Personnel File</strong> <em>(Includes Application, Awards, Backgrounds, DMV Reports, Disciplinary Actions, Certifications, Commendations, Disaster Service Workers Oaths, Evaluations, Grievances, Licenses, Personnel Action Forms, Policy acknowledgements, Waiver of responsibility for voluntary activities, Supplemental Life Insurance, 1094, 1095 Forms, W-4s, Limited Term Employment Contracts, etc. - Excludes Medical Records)</em></td>
<td>Separation + 1 year</td>
<td>5 years</td>
</tr>
</tbody>
</table>

*If the record is not listed here, refer to the Retention for Agency-Wide Standards.*

*Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.*

*HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).*

*Department preference; Files maintained separately; Claims can be made for 30 years for toxic substance exposure; 8 CCR §3204(d)(1) et seq., 8 CCR 5144, 8 CCR 15400.2; 29 CFR 1910.1020(d)(1)(i), GC §§12946, 60201; LC §1198.5*

*Department Preference; statute of limitations for retirement benefits is 6 years from last action; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2 -3 years; 29 CFR 1602.14, 1602.31 & 1627.3(b)(ii); GC §§12946, 60201; 29 USC 1113; GC §3105; LC §1198.5*
<table>
<thead>
<tr>
<th>Office of Record</th>
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<th>Records Description</th>
<th>Retention / Disposition</th>
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<tr>
<td>(OFR)</td>
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<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-021</td>
<td>Recruitment Files: Solicited (Not HIred) (Includes Applications (Unsuccessful), Advertisements, Interview Notes, Job Brochures, Test Data, Rating Sheets, Questions, Eligibility Lists, Reference Checks, etc.)</td>
<td>1 year After Hiring Decision</td>
<td>2 years</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-022</td>
<td>Subpoenas (Human Resources Only)</td>
<td>2 years</td>
<td>2 years</td>
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<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-023</td>
<td>Training: ALL Human Resource COURSE RECORDS / SYLLABUS, AND ROSTER OF ATTENDEES Includes Harassment Prevention, etc.</td>
<td>2 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-024</td>
<td>Unemployment Claims</td>
<td>Separation + 3 years</td>
<td>Separation + 3 years</td>
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</table>

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<td><strong>Inactive (Off-site, or OD)</strong></td>
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<td><strong>Total Retention</strong></td>
<td><strong>Vital?</strong></td>
<td><strong>Media Options</strong></td>
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<td><strong>Image:</strong></td>
<td><strong>Destroy</strong></td>
<td><strong>Paper after Imaged &amp; QC’d?</strong></td>
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<td><strong>Options</strong></td>
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<td><strong>I=Import</strong></td>
<td><strong>S=Scan</strong></td>
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<tr>
<td></td>
<td></td>
<td><strong>Yes: After QC</strong></td>
<td></td>
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### ADMINISTRATIVE SERVICES / MEETING SUPPORT - TASK FORCES, OWOW

<table>
<thead>
<tr>
<th>Office of Record</th>
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<th>Records Description</th>
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<th>Comments / Reference</th>
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<tbody>
<tr>
<td>Admin. Services / Human Resources</td>
<td>AS-025</td>
<td>Worker's Compensation Claims Files, including SDS / MSDS, Employee's Training Record, etc.</td>
<td>Close</td>
<td>10 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Whichever is Longer: Separation + 30 years, or Termination of Benefits + 5 years, or Death of Employee + 5 years</td>
<td>Yes: Until Separation</td>
<td>Mag, OD, Ppr</td>
</tr>
<tr>
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<td><strong>Yes: After QC</strong></td>
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</tbody>
</table>

Department preference; Claims can be made for 30 years for toxic substance exposure; 8 CCR 10102; 8 CCR 15400.2; 8 CCR 5144; 8 CCR §3204(d)(1) et seq., 29 CFR 1910.1020, GC §§12946, 60201. CCP §337 et seq.

<table>
<thead>
<tr>
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<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin. Services / Meeting Support</td>
<td>AS-026</td>
<td>Agendas, Handouts, Presentations - <strong>Task Forces:</strong> o Basin Monitoring Program Task Force o Emerging Constituents Program Task Force o Lake Elsinore and Canyon Lake TMDL Task Force o Middle Santa Ana River Watershed TMDL Task Force o Imported Water Recharge Workgroup o Regional Water Quality Monitoring Task Force o Santa Ana Sucker Conservation Team</td>
<td>10 years</td>
<td>10 years</td>
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<td></td>
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<td><strong>Yes: Before Meeting Date</strong></td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
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<td><strong>Yes: After QC</strong></td>
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Department preference; GC §60201

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<tbody>
<tr>
<td>Admin. Services / Meeting Support</td>
<td>AS-027</td>
<td>General Manager Meetings Agendas and Minutes</td>
<td>2 years</td>
<td>S / I</td>
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<td><strong>Yes: After QC</strong></td>
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Department preference; GC §60201
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</table>
| **Admin. Services / Meeting Support** | AS-028 | Minutes - Task Forces:  
- Basin Monitoring Program Task Force  
- Emerging Constituents Program Task Force  
- Lake Elsinore and Canyon Lake TMDL Task Force  
- Middle Santa Ana River Watershed TMDL Task Force  
- Imported Water Recharge Workgroup  
- Regional Water Quality Monitoring Task Force  
- Santa Ana Sucker Conservation Team | 10 years | 10 years | Yes: Before Meeting Date | Mag, OD, Ppr | S / I | Yes: After QC | Department preference; GC §60201 |
| **Admin. Services / Meeting Support** | AS-029 | Task Forces Audio or Video Recordings | Until Minutes have been Approved, Minimum 90 days | Until Minutes have been Approved, Minimum 90 days | Mag | | | Video is required for 90 days; Audio Required for 30 days (or adoption of the minutes); GC §§54953.5(b; 26202.7 |
| **Admin. Services / General Manager's Office / Public Affairs** | GMO-003 | Displays & Exhibits | When No Longer Required | When No Longer Required | Mag, Ppr | | | Non-records; GC §60201 et seq. |

If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
# Records Retention Schedule: Administrative Services

(Records Retention Schedule: Administrative Services.

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<tr>
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<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMO-004</td>
<td>Legislative Files: Correspondence Supporting or Opposing Legislation</td>
<td>Minimum 2 years</td>
<td>Minimum 2 years</td>
<td>Mag, Ppr</td>
</tr>
<tr>
<td>GMO-005</td>
<td>Presentations, Scripts, Talking Points, PowerPoint Presentations</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
<td>Mag, Ppr</td>
</tr>
<tr>
<td>GMO-006</td>
<td>Press Releases / Public Service Announcements</td>
<td>Minimum 2 years</td>
<td>Minimum 2 years</td>
<td>Mag, Ppr</td>
</tr>
<tr>
<td>GMO-007</td>
<td>Projects, Graphics, Publications, Reports provided for other Departments</td>
<td>Drafts - When No Longer Required</td>
<td>Drafts - When No Longer Required</td>
<td>Mag, Ppr</td>
</tr>
</tbody>
</table>

If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

Holds: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
# RECORDS RETENTION SCHEDULE: ADMINISTRATIVE SERVICES

(Board Administration, Contracts, General Manager, Human Resources, Public Affairs)

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<tbody>
<tr>
<td>(OFR)</td>
<td>GMO-008</td>
<td>Special Events, Tours, Maps, Water Education Programs</td>
<td>Minimum 2 years</td>
<td>Department preference; GC §60201</td>
</tr>
<tr>
<td>GMO-009</td>
<td>Waiver of Liability, Tours, Facilities Use</td>
<td>2 years</td>
<td>Mag, Ppr</td>
<td>Department preference; GC §60201</td>
</tr>
</tbody>
</table>

If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
# RECORDS RETENTION SCHEDULE: ENGINEERING

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<td>Inactive (Off-site, or OD)</td>
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<td>Total Retention</td>
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<td>Destroy Paper after Imaged &amp; QC’d?</td>
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If the record is not listed here, refer to the Retention for Agency-Wide Standards.

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

## ENGINEERING

### Capital Improvement Projects (CIP) - Where Engineering is the Lead:

#### Large Format Drawings

- Design Drawings (finals), Record Drawings ("As Built")
- Upon Completion
- P
- P
- Yes: Until Completed

- Mag, OD, Ppr
- S/I
- Yes: After QC

- For Disaster Recovery Purposes; Final environmental determinations are required to be kept a "reasonable period of time"; 14 CCR §15095(c); GC §60201 et seq.

### Capital Improvement Projects (CIP) - Where Engineering is the Lead:

#### Permanent File

- Agreements / Contracts (copies), Bid Package (Conformed, Successful Proposal), Board Letters (copy), Change Orders / Task Orders (copies), Consultant Proposals (Successful), CEQA / NEPA / Environmental, Final As-Built Drawings (Record Drawings), Inspection Pictures, Inspection Reports, Material Testing, Operations & Maintenance Manuals, Notice of Completion, Permits (Design, Environmental), Preliminary Design Report, Rights of Way / Easements (copies), Soils, Geotechnical Reports, Hydrology Reports, Specifications, Submittals, Surveys, etc.
- Upon Completion
- P
- P
- Yes: Until Completed

- Mag, OD, Ppr
- S/I
- Yes: After QC

- Department preference; retained for disaster preparedness purposes; Administrative Services / Contracts retains originals of contract, change orders, task orders, deeds, easements and rights of way; GC §60201

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**Adopted:**

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<table>
<thead>
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<tr>
<td>Engineering</td>
<td>EN-003</td>
<td>Capital Improvement Projects (CIP) - Where Engineering is the Lead: Administration - 10 year file</td>
<td>Active (in office)</td>
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<tr>
<td></td>
<td></td>
<td>Project Administration, Bid Summary, Bonds, Certified Payroll, Grant Documents, Errors &amp; Omissions, Insurance Certificates, Public Notices, Progress Payments, Punch Lists, Videos Post-Construction &amp; Pre-Construction, Consultant Proposals (Unsuccessful), Correspondence (Substantial Content), Engineer's Estimates, Memoranda, NPDES Permits &amp; Monitoring (Discharge Permits &amp; Monitoring), Phone Message Log, Printed E-mails, Project Manager's Notes, Project Schedules, Requests for Information, Claims, Correspondence (Content NOT Substantial), Permits (Construction &amp; Street Opening), Phone Message Log, Preliminary Notices, Stop Notices, etc.</td>
<td>Inactive (Off-site, or OD)</td>
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<td>Upon Completion</td>
<td>Total Retention</td>
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<td></td>
<td>10 years or After Funding Agency Audit, if required, whichever is longer</td>
<td>Completion + 10 years or After Funding Agency Audit, if required, whichever is longer</td>
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<td>Yes: Until Completed</td>
<td>Vital?</td>
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<tr>
<td>Engineering</td>
<td>EN-004</td>
<td>CEQA / NEPA Documents - Where Engineering is the Lead: Prepared for Agency Purposes</td>
<td>Active (in office)</td>
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<td></td>
<td>(Environmental Impact Reports (EIRs), Environmental Assessments, Negative Declarations, etc)</td>
<td>Inactive (Off-site, or OD)</td>
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<td>2 years</td>
<td>Total Retention</td>
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<td>Yes: Until Project Completed</td>
<td>Vital?</td>
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<tr>
<td>OR Water Resources &amp; Planning</td>
<td>EN-004</td>
<td>CEQA / NEPA Documents - Where Engineering is the Lead: Prepared for Agency Purposes</td>
<td>Active (in office)</td>
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<tr>
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<td>(Environmental Impact Reports (EIRs), Environmental Assessments, Negative Declarations, etc)</td>
<td>Inactive (Off-site, or OD)</td>
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<td>2 years</td>
<td>Total Retention</td>
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<td>Yes: Until Project Completed</td>
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HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

Some grant funding agencies require audits; Statute of Limitations for Errors & Omissions is 10 years; Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec’s=4 years, Wrongful Death=comp. + 5 years, Developers=comp. + 10 years; CCP §337 et. seq., GC §60201
<table>
<thead>
<tr>
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HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).

<table>
<thead>
<tr>
<th>Engineering</th>
<th>EN-005</th>
<th>CEQA / NEPA Documents: Prepared by others for NON-Agency Projects (Agency comments) (Environmental Impact Reports (EIRs), Environmental Assessments, Negative Declarations, etc)</th>
<th>When No Longer Required</th>
<th>When No Longer Required</th>
<th>Ppr</th>
<th>Non-records; GC §60200</th>
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</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>EN-006</td>
<td>Comment Letters: No Comment, Non-Interference Letters to City or County</td>
<td>2 years</td>
<td>2 years</td>
<td>Mag, Ppr</td>
<td>Department preference; GC §60201</td>
</tr>
<tr>
<td>Engineering</td>
<td>EN-007</td>
<td>Correspondence with Regulatory Agencies</td>
<td>Minimum 10 years</td>
<td>Minimum 10 years</td>
<td>Yes: While Active Issues</td>
<td>Mag, OD, Ppr</td>
</tr>
<tr>
<td>Engineering</td>
<td>EN-008</td>
<td>Environmental Agencies / Regulatory Agencies Permits (EPA, DHS / DPH, NPDES, etc.) Note: Does not include AQMD</td>
<td>Minimum Expiration + 10 years</td>
<td>Minimum Expiration + 10 years</td>
<td>Yes</td>
<td>Mag, OD, Ppr</td>
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### Records Retention Schedule: Engineering

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</tr>
<tr>
<td>Engineering OR Water Resources &amp; Planning</td>
<td>EN-009</td>
<td>Grants (SUCCESSFUL - all records - excludes FEMA or OES Claims)</td>
<td>After Funding Agency Audit, if required - Minimum 10 years</td>
<td>After Funding Agency Audit, if required - Minimum 10 years</td>
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<td></td>
<td>If Engineering is the Lead</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
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<tr>
<td>Engineering OR Water Resources &amp; Planning</td>
<td>EN-010</td>
<td>Grants: UNSUCCESSFUL (Applications, Correspondence, etc.)</td>
<td>2 years</td>
<td>2 years</td>
</tr>
</tbody>
</table>

- If the record is not listed here, refer to the Retention for Agency-Wide Standards.
- Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.
- HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion of litigation).

**Engineering OR Water Resources & Planning**

- EN-009: Grants (SUCCESSFUL - all records - excludes FEMA or OES Claims)
- EN-010: Grants: UNSUCCESSFUL (Applications, Correspondence, etc.)

**Retention Notes:**
- Active (in office)
- Inactive (Off-site, or OD)
- Total Retention
- Vital?
- Media Options
- Image: I=Import S=Scan
- Destroy Paper after Imaged & QC’d?

**Comments / Reference:**
- Agency Preference (may include records pertaining to independent contractor's compensation, or expense reimbursement); Meets auditing standards; Uniform Admin. Requirements for Grants to Local Governments is 3 years from expenditure report or final payment of grantee or subgrantee; 2 CFR 200.333; 24 CFR 91.105(h), 92.505, 570.490, & 570.502(a&b), 29 CFR 97.42; OMB Circular A-110 & A-133; GC §60201; GC §8546.7

**Department Preference:**
- Mag, Ppr

**Adopted:**
- GC §60201
<table>
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<tr>
<td>Engineering</td>
<td>EN-011</td>
<td>Real Estate Appraisal Reports - NOT Purchased Property</td>
<td>5 years</td>
<td>5 years</td>
<td></td>
<td>Yes: Before Purchase</td>
<td>Mag, OD, Ppr</td>
<td>S/I</td>
<td>Yes: After QC</td>
<td>Department preference (not accessible to the public until close of escrow); USPAP (Uniform Standards of Professional Appraisal Practice) ethical standards require appraisers to retain records for at least 5 years, or final disposition + 2 years, if used in a judicial proceeding; GC §§60201, 6254(h)</td>
</tr>
<tr>
<td>Engineering</td>
<td>EN-012</td>
<td>Real Estate Appraisal Reports - PURCHASED Property</td>
<td>P</td>
<td>P</td>
<td></td>
<td>Yes: Before Purchase</td>
<td>Mag, OD, Ppr</td>
<td>S/I</td>
<td>Yes: After QC</td>
<td>Department preference (not accessible to the public until close of escrow); USPAP (Uniform Standards of Professional Appraisal Practice) ethical standards require appraisers to retain records for at least 5 years, or final disposition + 2 years, if used in a judicial proceeding; GC §§60201, 6254(h)</td>
</tr>
<tr>
<td>Engineering</td>
<td>EN-013</td>
<td>Reports &amp; Studies (Geology, Hydrology, Soils, Water, etc.)</td>
<td>2 years</td>
<td>P</td>
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<td>P</td>
<td>Yes</td>
<td>S</td>
<td>Yes: After QC</td>
<td>Department Preference; GC §60201 et seq.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(OFR)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Engineering</td>
<td>EN-014</td>
<td>Utility Requests: <strong>Review of Design</strong> for USAs (Underground Utility Alerts) / Dig Alerts</td>
<td>Minimum 5 years</td>
<td>Mag, OD, Ppr</td>
</tr>
<tr>
<td><strong>PRE-TREATMENT</strong></td>
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<tr>
<td>Engineering / Pre-Treatment</td>
<td>EN-015</td>
<td>Chains of Custody / Water Analysis &amp; Sampling - Other than Specialized Tests</td>
<td>10 years</td>
<td>10 years</td>
</tr>
<tr>
<td>Engineering / Pre-Treatment</td>
<td>EN-016</td>
<td>Hazardous Materials Manifests / Asbestos Manifests</td>
<td>2 years</td>
<td>P</td>
</tr>
<tr>
<td>Operations OR Engineering / Pre-Treatment</td>
<td>EN-017</td>
<td>Incidents / Unauthorized Discharges: Pipeline Breaks, Spills, Investigations and Corrective Actions, Notice to Comply</td>
<td>Last Action + 5 years</td>
<td>Last Action + 5 years</td>
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<tr>
<td>Engineering / Pre-Treatment</td>
<td>EN-018</td>
<td>Pre-Treatment Database</td>
<td>3 years</td>
<td>3 years</td>
</tr>
</tbody>
</table>

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## RECORDS RETENTION SCHEDULE: ENGINEERING

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<tbody>
<tr>
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<tr>
<td>Engineering / Pre-Treatment</td>
<td>EN-019</td>
<td>Pre-Treatment Reports - <strong>Annual Reports</strong></td>
<td>P</td>
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<tr>
<td>Engineering / Pre-Treatment</td>
<td>EN-020</td>
<td>Pre-Treatment Reports - <strong>Semi-Annual Reports, Quarterly Reports</strong></td>
<td>3 years</td>
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<tr>
<td>Engineering / Pre-Treatment</td>
<td>EN-021</td>
<td>SARI (Santa Ana River Interceptor) / Brine Line - <strong>Line Direct Connection Permits / Businesses</strong></td>
<td>5 years</td>
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<tr>
<td>Engineering / Pre-Treatment</td>
<td>EN-022</td>
<td>SARI (Santa Ana River Interceptor) / Brine Line - <strong>Dump Station Records, Waste Manifests</strong></td>
<td>5 years</td>
<td>5 years</td>
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</table>

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## RECORDS RETENTION SCHEDULE: FINANCE

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<td>Paper after</td>
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<td>Imaged &amp;</td>
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<td>QC’ed?</td>
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<tr>
<td>(OFR)</td>
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<tr>
<td>Finance / General Accounting</td>
<td>FN-001</td>
<td>Financial System Database / ERP Database - Great Plains</td>
<td>Indefinite</td>
<td>Indefinite</td>
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<tr>
<td>Finance / General Accounting</td>
<td>FN-002</td>
<td>Audit Annual Reports / Audited Financial Statements / Comprehensive Annual Financial Report (CAFR) with Audit Management Letters / Audit Reports</td>
<td>5 years</td>
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</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-003</td>
<td>Audit Books / Work Papers</td>
<td>2 years</td>
<td>2 years</td>
</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-004</td>
<td>Audits - Single Audits / Federal Audits</td>
<td>5 years</td>
<td>P</td>
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<tr>
<td>Finance / General Accounting</td>
<td>FN-005</td>
<td>Bank Statements / Checking Account Reconciliation / Fiscal Agent Statements, Trustee Statements, Investment Account Statements, etc.</td>
<td>2 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Board Admin.</td>
<td>FN-006</td>
<td>Budgets: Adopted</td>
<td>5 years</td>
<td>P</td>
</tr>
<tr>
<td>Local Resources &amp; Finance / General Accounting</td>
<td>FN-007</td>
<td>Budgets: Proposed, Work Papers, Drafts, etc.</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-008</td>
<td>Cash Reconciliation</td>
<td>2 years</td>
<td>3 years</td>
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</table>

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<tr>
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<th>Retention No.</th>
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<th>Total Retention</th>
<th>Vital?</th>
<th>Media Options</th>
<th>Image: I=Import, S=Scan</th>
<th>Destroy Paper after Imaged &amp; QC’d?</th>
<th>Comments / Reference</th>
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</thead>
<tbody>
<tr>
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<tr>
<td>Finance / General Accounting</td>
<td>FN-009</td>
<td>Equipment Inventory</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
<td>Mag, Ppr</td>
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<td></td>
<td></td>
<td></td>
<td>Preliminary drafts (the Financial Database is the original); GC §60200</td>
</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-010</td>
<td>Financial Reports: Journals, Ledgers, General Ledger, Reconciliations, Registers, Reports, Transaction Histories, Balance Sheets, Budget Adjustments, (MONTHLY OR PERIODIC) Does NOT include year-end General Ledger.</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
<td>Mag, Ppr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Draft / Preliminary documents used to produce final year-end general ledger (financial database is the original); GC §60201</td>
</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-011</td>
<td>Fixed Assets Files</td>
<td>2 years</td>
<td>3 years</td>
<td>5 years</td>
<td>Mag, Ppr</td>
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<tr>
<td>Finance / General Accounting</td>
<td>FN-012</td>
<td>Fund Transfers / Wire Transfers / Adjustments</td>
<td>2 years</td>
<td>3 years</td>
<td>5 years</td>
<td>Mag, Ppr</td>
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</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-013</td>
<td>Investment Reports</td>
<td>2 years</td>
<td>3 years</td>
<td>5 years</td>
<td>Yes: Until Maturity</td>
<td>Mag, Ppr</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-014</td>
<td>Investments: LAIF (Local Agency Investment Fund)</td>
<td>2 years</td>
<td>3 years</td>
<td>5 years</td>
<td>Yes: Until Maturity</td>
<td>Mag, Ppr</td>
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<tr>
<td>Finance / General Accounting</td>
<td>FN-015</td>
<td>Journal Vouchers / Journal Entries</td>
<td>2 years</td>
<td>3 years</td>
<td>5 years</td>
<td>Mag, OD, Ppr</td>
<td>S/I</td>
<td>Yes: After QC</td>
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</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-016</td>
<td>Loans / SRF Loans (State Revolving Fund) Loans</td>
<td>Fully Paid + 5 years</td>
<td>Fully Paid + 5 years</td>
<td>Mag, OD, Ppr</td>
<td>S/I</td>
<td>Yes: After QC</td>
<td></td>
<td></td>
<td>Department Preference; Meets municipal government auditing standards; GC §60201</td>
</tr>
<tr>
<td>Board Admin.</td>
<td>FN-017</td>
<td>Rate Schedules (Brine Line)</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
<td>Mag, Ppr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Preliminary drafts (rates set by the Board); GC §60200</td>
</tr>
</tbody>
</table>

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</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-018</td>
<td>Rate Studies</td>
<td>10 years</td>
<td>10 years</td>
</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-019</td>
<td>SB 90 / Mandated Cost Reimbursement Claims</td>
<td>2 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Finance / General Accounting</td>
<td>FN-020</td>
<td>State Reports: State Controllers Report / Local Government Compensation Report, Public Self Insurer Report (SIP Report), etc.</td>
<td>2 years</td>
<td>3 years</td>
</tr>
</tbody>
</table>

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<tbody>
<tr>
<td>(OFR)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance / Accounts Payable &amp; Receivable</td>
<td>FN-021</td>
<td>1099’s 1096’s, W-9’s</td>
<td>2 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Finance / Accounts Payable &amp; Receivable</td>
<td>FN-022</td>
<td>Accounts Payable Source Records / Invoices &amp; Receivers / Credit Card Statements / Expense Reimbursement Reports / Petty Cash &amp; Reconciliation ALL</td>
<td>2 years</td>
<td>5 years</td>
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<tr>
<td>Finance / Accounts Payable &amp; Receivable</td>
<td>FN-023</td>
<td>Accounts Receivable / Billing</td>
<td>2 years</td>
<td>3 years</td>
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<tr>
<td>Finance / Accounts Payable &amp; Receivable</td>
<td>FN-024</td>
<td>Check Copies / Cancelled Checks (retained at bank)</td>
<td>2 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Finance / Accounts Payable &amp; Receivable</td>
<td>FN-025</td>
<td>Check Register (initialed by General Manager)</td>
<td>2 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Finance / Payroll</td>
<td>FN-026</td>
<td>Cancelled Payroll Checks</td>
<td>2 years</td>
<td>5 years</td>
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**RECORDS RETENTION SCHEDULE: FINANCE**

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<tr>
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<tr>
<td>Finance / Payroll</td>
<td>FN-027</td>
<td>DE-6 &amp; 941 Forms, DE-6 &amp; 941 Forms, DE-7, DE-9 DE-43, W-3, &amp; DE-166, IRS 5500 Forms (Employee Benefit Plans) - Quarterly Payroll Tax Returns</td>
<td>Active (in office) 2 years</td>
<td>5 years</td>
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<tr>
<td>Finance / Payroll</td>
<td>FN-028</td>
<td>Deferred Compensation Statements / Transactions / Balances - From Carriers</td>
<td>Inactive (Off-site, or OD) 7 years</td>
<td>7 years</td>
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<td>Finance / Payroll</td>
<td>FN-029</td>
<td>Garnishments Fully Satisfied or Separated + 2 years</td>
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<td>Finance / Payroll</td>
<td>FN-030</td>
<td>Payroll Checks 2 years</td>
<td>5 years</td>
<td>7 years</td>
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<td>Finance / Payroll</td>
<td>FN-031</td>
<td>Payroll Registers / Bi-Weekly Payroll Reports / Labor Hour Reports 2 years</td>
<td>5 years</td>
<td>7 years</td>
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<tr>
<td>Finance / Payroll</td>
<td>FN-032</td>
<td>PERS Reports 2 years</td>
<td>5 years</td>
<td>7 years</td>
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<tr>
<td>Finance / Payroll</td>
<td>FN-033</td>
<td>Reports: Vacation / Sick Leave Usage When No Longer Required</td>
<td>7 years</td>
<td>Mag, Ppr</td>
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<tr>
<td>Finance / Payroll</td>
<td>FN-034</td>
<td>Timesheets / Timecards / Pay sheets 2 years</td>
<td>5 years</td>
<td>7 years</td>
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## RECORDS RETENTION SCHEDULE: FINANCE

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<td>Inactive (Off-site, or OD)</td>
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<td>Mediation</td>
<td>Total Retention</td>
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<td>Mediation</td>
<td>Vital?</td>
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</tr>
<tr>
<td>Finance / Payroll</td>
<td>FN-035</td>
<td>W-2's</td>
<td>2 years</td>
<td>Department preference; IRS: 4 yrs after tax is due or paid; Ca. FTB: 3 years; Articles show 7 years; IRS Reg §31.6001-1(e)(2), R&amp;T §19530; 29 CFR 516.5 - 516.6, 29 USC 436, GC §60201(d)(12)</td>
</tr>
<tr>
<td>Finance / Purchasing</td>
<td>FN-036</td>
<td>Purchase Orders / Purchase Order Request Form / Requisitions</td>
<td>2 years</td>
<td>Department preference to be consistent with Accounts Payable; Some grant funding agencies require audits; Statute of Limitations for Errors &amp; Omissions doesn't apply; CCP §337 et. seq., GC §60201</td>
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<tr>
<td>Finance / Risk Manage.</td>
<td>FN-037</td>
<td>Claims - Public Injury, Property Damage</td>
<td>5 years</td>
<td>Department Preference; Covers various statute of limitations; CCP §§337 et seq.; GC §§ 911.2, 60201(d)(4)</td>
</tr>
</tbody>
</table>

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# RECORDS RETENTION SCHEDULE: INFORMATION SERVICES & TECHNOLOGY

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<tr>
<td></td>
<td></td>
<td></td>
<td>Destroy Paper after Imaged &amp; QC’d?</td>
<td></td>
</tr>
</tbody>
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**Office of Record**
- **Information Services & Technology**
- **IS&T-001**
- **IS&T-002**
- **IS&T-003**
- **IS&T-004**
- **IS&T-005**
- **IS&T-006**
- **IS&T-007**

**Records Description**
- Backups - **Daily / Hourly**
- Backups - **E-mail**
- Backups - **Weekly or Monthly**
- Enterprise System Catalogue (posted on line)
- Geographic Information System (GIS)
- Network Configuration Maps & Plans
- Projects, Strategic Plans, etc.

**Retention / Disposition**
- **When No Longer Required**
- **Superseded**
- **Indefinite**
- **When No Longer Required**
- **Superseded**
- **Indefinite**
- **When No Longer Required**
- **When No Longer Required**

**Comments / Reference**
- **Used for Disaster Recovery Purposes Only; Considered a copy and can be destroyed when no longer required; GC §60200 et seq.**
- **Used for Disaster Recovery Purposes Only; Considered a copy and can be destroyed when no longer required; GC §60200 et seq.**
- **Used for Disaster Recovery Purposes Only; Considered a copy and can be destroyed when no longer required; GC §60200 et seq.**
- **Required by SB 272; GC §60201 et seq.**
- **Data is interrelated; GC §60200, 60201 et seq.**
- **Preliminary documents not retained in the ordinary course of business; GC §60201 et seq.**
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**Information Services & Technology**

IS&T-008 Software Licenses, Warranties, Installation Media

When No Longer Used

When No Longer Used

Mag, Ppr

Department preference; GC §60201 et seq.

IS&T-009 Training: Information Technology / Software, etc.

When No Longer Required

When No Longer Required

Mag, Ppr

Department preference; GC §60201 et seq.

IS&T-010 Videos / Video Recordings - Building Security, Agency Operations, Parking Areas, etc.

For Videos of Board of Director's meetings, see Board Administration

When No Longer Required

When No Longer Required

Mag

Department preference; GC §60201 et seq.

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**HOLDS:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion.)
## RECORDS RETENTION SCHEDULE: OPERATIONS

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### OPERATIONS

<table>
<thead>
<tr>
<th>Operations</th>
<th>OPS-001</th>
<th>Backflow Testing / Cross Connection</th>
<th>3 years</th>
<th>2 years</th>
<th>5 years</th>
<th>Mag, OD, Ppr</th>
<th>S/i</th>
<th>Yes: After QC</th>
<th>Department Preference; Meets California Department of Health requirements; GC §60201; 17 CCR 7605(f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>OPS-002</td>
<td>Brine Line Data Tracking (used for User Billing)</td>
<td>10 years</td>
<td>10 years</td>
<td>Mag, OD, Ppr</td>
<td>S/i</td>
<td>Yes: After QC</td>
<td>Department preference (exceeds auditing standards); GC §60201</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>OPS-003</td>
<td>CCTV Inspection Tapes / Video Inspections / Video Tapes or Digital Recordings - Maintenance / Assessment</td>
<td>10 years</td>
<td>10 years</td>
<td>Mag, OD, Ppr</td>
<td>S/i</td>
<td>Yes: After QC</td>
<td>Department preference; GC §60201</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>OPS-004</td>
<td>Confined Space Entries / Hot Work Permits (Permitted entries into confined spaces such as sewers and storm drains in order to comply with regulations)</td>
<td>3 years</td>
<td>3 years</td>
<td>Mag, OD, Ppr</td>
<td>S/i</td>
<td>Yes: After QC</td>
<td>Department preference (2 years is required); 8 CCR 5157(d)(14) &amp; (e)(6); 29 CFR 1910.146(e)(6) GC §60201</td>
<td></td>
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<tr>
<td>Operations</td>
<td>OPS-005</td>
<td>Daily Safety Checklists / Pre-Starts / Commercial Vehicle Prestarts and Forklift Inspections</td>
<td>3 years</td>
<td>3 years</td>
<td>Mag, OD, Ppr</td>
<td>S/i</td>
<td>Yes: After QC</td>
<td>Department preference (Not a motor carrier; If a motor carrier, required for 3 and 14 months); 13 CCR 1234(e); 49 CFR 396.11(c)(2); 49 CFR 396.21(b)(1); GC §60201</td>
<td></td>
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<tr>
<td>Operations</td>
<td>OPS-006</td>
<td>Flow Meter Readings and Sampling Schedule</td>
<td>10 years</td>
<td>10 years</td>
<td>Mag, OD, Ppr</td>
<td>S/i</td>
<td>Yes: After QC</td>
<td>Department Preference (sewage sludge is required for 5 years); WC §13263.2(b) et seq.; 40 CFR 122.41(j)(2); GC §60201</td>
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# RECORDS RETENTION SCHEDULE: OPERATIONS

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<tr>
<td>Operations</td>
<td>OPS-007</td>
<td>Flow Meter Reports / Backups (used for User Billing)</td>
<td>5 years</td>
<td>Mag, OD, Ppr S/i Yes: After QC Department preference (meets auditing standards); GC §60201</td>
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<tr>
<td>Operations</td>
<td>OPS-008</td>
<td>Flow Meters - Calibration Records</td>
<td>5 years</td>
<td>Mag, OD, Ppr S/i Yes: After QC Department preference; GC §60201</td>
</tr>
<tr>
<td>Operations</td>
<td>OPS-009</td>
<td>Generator Operation Logs (ALL Generators)</td>
<td>5 years</td>
<td>Mag, OD, Ppr S/i Yes: After QC AQMD Rule 1470; Form 400–E–13a instructions, GC §60201</td>
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<tr>
<td>Operations</td>
<td>OPS-010</td>
<td>Hydrology Reports</td>
<td>10 years</td>
<td>Mag, Ppr Department preference; GC §60201</td>
</tr>
<tr>
<td>Operations OR Engineering / Pre-Treatment</td>
<td>OPS-011</td>
<td>Incidents / Unauthorized Discharges: Pipeline Breaks, Spills, Investigations and Corrective Actions, Notice to Comply</td>
<td>Last Action + 5 years</td>
<td>Mag, OD, Ppr S/i Yes: After QC Department Preference; Code of Federal Regulations requires 3 years; 40 CFR 122.41(j)(2) &amp; 40 CFR 141.33(b)(2); 22 CCR §64470</td>
</tr>
<tr>
<td>Operations</td>
<td>OPS-012</td>
<td>Labor Compliance / Consultant or Contractors / Prevailing Wages</td>
<td>10 years</td>
<td>Mag, OD, Ppr S/i Yes: After QC Department preference; GC §60201</td>
</tr>
<tr>
<td>Operations</td>
<td>OPS-013</td>
<td>Manuals: Operations &amp; Maintenance / Project Manuals (O&amp;M Manuals)</td>
<td>Disposal of Equipment</td>
<td>Mag, OD, Ppr S/i Yes: After QC Maintain copies as long as the infrastructure is in the field; GC §60201</td>
</tr>
<tr>
<td>Operations</td>
<td>OPS-014</td>
<td>Photos: NOT Underground Construction / Maintenance Projects</td>
<td>5 years</td>
<td>Mag, OD, Ppr S/i Yes: After QC Department preference; GC §60201</td>
</tr>
<tr>
<td>Operations</td>
<td>OPS-015</td>
<td>Photos: Underground Construction / Maintenance Projects</td>
<td>P</td>
<td>Mag, OD, Ppr S/i Yes: After QC Department preference; GC §60201</td>
</tr>
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<tr>
<td>Operations</td>
<td>OPS-016</td>
<td>Sanitary Sewer Overflows (SSOs)</td>
<td>5 years</td>
<td>Yes: Before Resolution</td>
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<tr>
<td>Operations</td>
<td>OPS-017</td>
<td>Sewer System Management Plans (SSMP) and Audits / Sanitary Spills Overflow Prevention Plan (SSOPP) and Sanitary Sewer Overflow Response Plan</td>
<td>Superseded</td>
<td>Superseded</td>
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<td>Operations</td>
<td>OPS-018</td>
<td>Specialized Studies: Chains of Custody / Water Analysis &amp; Sampling</td>
<td>10 years</td>
<td>10 years</td>
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<tr>
<td>Operations</td>
<td>OPS-019</td>
<td>Standard Operating Procedures / SOPs</td>
<td>When Superseded</td>
<td>When Superseded</td>
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<tr>
<td>Operations</td>
<td>OPS-020</td>
<td>State General Permit to Operate</td>
<td>Superseded</td>
<td>Superseded</td>
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<tr>
<td>Operations</td>
<td>OPS-021</td>
<td>Temporary Encroachment Permits / Cal Trans Permits / Right of Way Permits</td>
<td>2 years</td>
<td>2 years</td>
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<tr>
<td>Operations</td>
<td>OPS-022</td>
<td>Underground Service Alerts (USA’s) / Dig Alerts - Markings</td>
<td>3 years</td>
<td>3 years</td>
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<tr>
<td>Operations</td>
<td>OPS-023</td>
<td>Unsuccessful Bids or Proposals</td>
<td>3 years</td>
<td>3 years</td>
</tr>
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## RECORDS RETENTION SCHEDULE: OPERATIONS

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### Operations

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<tr>
<td>OPS-024</td>
<td>Vehicle &amp; Equipment Maintenance - Crane Inspections</td>
<td>Disposal + 5 years</td>
<td>Mag, OD, Ppr S/i Yes: After QC</td>
</tr>
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<td>Disposal + 5 years</td>
<td>Cranes inspections are required for 5 years; v8 CCR 344.80 &amp; 81; 8 CCR § 3203(b)(1); 49 CFR 396.21(b)(1); 49 CFR 396.3(c); CCP §337 et seq., 13 CCR 1234(f); GC §60201</td>
</tr>
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</table>

| OPS-025       | Vehicle & Equipment Maintenance - Excludes Cranes | Disposal + 1 year | Mag, OD, Ppr S/i Yes: After QC |
|               |                     | Disposal + 1 year | 8 CCR § 3203(b)(1); 49 CFR 396.21(b)(1); 49 CFR 396.3(c); CCP §337 et seq., 13 CCR 1234(f); GC §60201 |

### Division Providing Service / Work

<table>
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<tbody>
<tr>
<td>OPS-026</td>
<td>Work Orders / Service Requests / Investigations - CMMS DATABASE (Computerized Maintenance Management System)</td>
<td>Indefinite</td>
<td>Mag,</td>
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<td></td>
<td>Indefinite</td>
<td>Data is interrelated; GC §60201</td>
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</table>

| OPS-027       | Work Orders / Service Requests / Investigations - All Information Entered in CMMS Database | When No Longer Required | Mag, OD, Ppr S/i Yes: After QC Preliminary drafts (the database is the original); GC §60201 |

| OPS-028       | Work Orders / Service Requests / Investigations - NOT entered in CMMS Database (or partial information entered into CMMS Database) | 5 years | Mag, OD, Ppr S/i Yes: After QC |
|               | (Division providing service retains originals; Division requesting service is considered a copy) | 5 years | Department Preference; CCP §§340 et seq., 342, GC §60201 |

### Operations / Safety

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<tbody>
<tr>
<td>OPS-029</td>
<td>Calibration of Safety Equipment (Gas Detectors / Sniffers, etc.)</td>
<td>2 years</td>
<td>Mag, Ppr</td>
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<td>2 years</td>
<td>Department Preference; GC §60201</td>
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<tr>
<th>Operations / Safety</th>
<th>OPS-030</th>
<th>Elevator Permit</th>
<th>Superseded</th>
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<th>Department Preference; GC §60201 et seq.</th>
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<tr>
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<td>OPS-031</td>
<td>Emergency Exercises / Drills / After Action Reports</td>
<td>5 years</td>
<td>5 years</td>
<td>Mag, Ppr</td>
<td>Department Preference; GC §60201</td>
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<td>OPS-032</td>
<td>Emergency Response Plan / Risk &amp; Resiliency Assessment / Hazard Mitigation Plan</td>
<td>When Superseded - Minimum 2 years</td>
<td>When Superseded - Minimum 2 years</td>
<td>Mag, OD, Ppr</td>
<td>S / I</td>
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<td>OPS-033</td>
<td>Illness and Injury Prevention Program</td>
<td>Superseded</td>
<td>Superseded</td>
<td>Mag, Ppr</td>
<td>Department preference; GC §60201</td>
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<tr>
<td></td>
<td>OPS-034</td>
<td>Incident Reports / Auto Accidents / Third Party Claims</td>
<td>5 years</td>
<td>5 years</td>
<td>Mag, Ppr</td>
<td>Department Preference (meets auditing standards); GC §60201</td>
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<td>OPS-035</td>
<td>OSHA Inspections &amp; Citations</td>
<td>5 years</td>
<td>5 years</td>
<td>Mag, Ppr</td>
<td>Department Preference; Calif. Labor Division is required to keep their records 7 years; OSHA requires 5 years; State law requires 2 years; 8 CCR 14300.33(a); 29 CFR 1904.33, 29 CFR 1904.44; GC §60201 et seq.; LC §6429c</td>
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<tr>
<td></td>
<td>OPS-036</td>
<td>Safety Inspections - (conducted by the Agency - cubicles, etc.)</td>
<td>5 years</td>
<td>5 years</td>
<td>Mag, Ppr</td>
<td>Department Preference; Calif. Labor Division is required to keep their records 7 years; OSHA requires 5 years; 8 CCR 14300.33(a); 29 CFR 1904.33, 29 CFR 1904.44; GC §60201 et seq.; LC §6429c</td>
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### Records Retention Schedule: Operations

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<tr>
<td>Operations / Safety</td>
<td>OPS-037</td>
<td>SDS / MSDS Masters (Safety Data Sheets / Material Safety Data Sheets) / Chemical Use Report Form (or records of the chemical / substance / agent, where &amp; when it was used)</td>
<td>Superseded + 2 years</td>
<td>Provided by on-line service; Previous MSDS may be obtained from a service; MSDS may be destroyed as long as a record of the chemical / substance / agent, where &amp; when it was used is maintained for 30 years; Applies to qualified employers; Claims can be made for 30 years for toxic substance exposures; 8 CCR 3204(d)(1)(B)(2 and 3), 29 CFR 910.1020(d)(1)(ii)(B), GC §60201</td>
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<tr>
<td>Operations / Safety</td>
<td>OPS-038</td>
<td>Training: ALL Safety COURSE RECORDS / SYLLABUS, AND ROSTER OF ATTENDEES</td>
<td>2 years</td>
<td>Department preference; Ethics Training is 5 years; Statewide guidelines propose 7 years; Calif. Labor Division is required to keep their OSHA records 7 years; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2 - 3 years for personnel actions; 8 CCR §3203 et seq., 29 CFR 1602.31; LC §6429(c); GC §§12946, 60201, 53235.2(b), 53237.2(b)</td>
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**WATER RESOURCES & PLANNING**

**CEQA / NEPA Documents - Where Planning is the Lead:** Prepared for Agency Purposes (Environmental Impact Reports (EIRs), Environmental Assessments, Negative Declarations, etc)

- Engineering OR Water Resources & Planning
- WR&PL-001

- 2 years
- P
- P
- Yes: Until Project Completed
- Mag, OD, Ppr
- S / I
- Yes: After QC
- Usually filed in Project File; GC §60201

**Correspondence - Regulatory Agencies**
(U.S. Fish & Wildlife, U.S. Army Corps of Engineers, Santa Ana Regional Water Quality Control Board, etc.)

- Water Resources & Planning
- WR&PL-002

- Minimum 15 years
- Minimum 15 years
- Yes: While Active Issues
- Mag, OD, Ppr
- S / I
- Yes - After QC
- Department Preference; Some correspondence from Regulatory Agencies needs to be retained for long periods of time; GC §60201

**Grants (SUCCESSFUL - all records - excludes FEMA or OES Claims)**
If Water Resources & Planning is the Lead

- Engineering OR Water Resources & Planning
- WR&PL-003

- 2 years
- After Funding Agency Audit, if required - Minimum 10 years
- After Funding Agency Audit, if required – Minimum 10 years
- Mag, OD, Ppr
- S / I
- Yes: After QC
- Agency Preference (may include records pertaining to independent contractor’s compensation, or expense reimbursement); Meets auditing standards; Uniform Admin. Requirements for Grants to Local Governments is 3 years from expenditure report or final payment of grantee or subgrantee; 2 CFR 200.333; 24 CFR 91.105(h), 92.505, 570.490, & 570.502(a&b), 29 CFR 97.42; OMB Circular A-110 & A-133; GC §60201; GC §8546.7

**HOLDS:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(OFR)</td>
<td></td>
<td></td>
<td>Active (in office)</td>
<td>Inactive (Off-site, or OD)</td>
<td>Total Retention</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engineering OR Water Resources &amp; Planning</td>
<td>WR&amp;PL-004</td>
<td>Grants: UNSUCCESSFUL (Applications, Correspondence, etc.)</td>
<td>2 years</td>
<td>2 years</td>
<td>Mag, Ppr</td>
<td>Department Preference; GC §60201</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Groundwater Investigations, Studies, Recommendations, Reports (Basin Aquifers, Flow Pathways, Hazardous Spills and Cleanups, Water Levels, etc.)</td>
<td>WR&amp;PL-005</td>
<td>10 years</td>
<td>P</td>
<td>P</td>
<td>Mag, Mfr, OD, Ppr</td>
<td>Department Preference (drafts should be destroyed); GC §60201</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Groundwater Quality Data - Watershed-wide</td>
<td>WR&amp;PL-006</td>
<td>10 years</td>
<td>P</td>
<td>P</td>
<td>Mag, Mfr, OD, Ppr</td>
<td>Department Preference (drafts should be destroyed); GC §60201</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IRWMP (Integrated Regional Water Management Plan) , UWMP (Urban Water Management Plan) - Plans, Reports, Monitoring Reports</td>
<td>WR&amp;PL-007</td>
<td>10 years</td>
<td>P</td>
<td>P</td>
<td>Mag, OD, Ppr</td>
<td>Department preference; GC §60201 et seq.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Master Plans, Long Range Facility Plans, Watershed Plans</td>
<td>WR&amp;PL-008</td>
<td>10 years</td>
<td>P</td>
<td>P</td>
<td>Mag, OD, Ppr</td>
<td>Department preference; GC §60201 et seq.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Member Agency Agendas, Agenda Reports, Minutes, Studies, Reports, etc.</td>
<td>WR&amp;PL-009</td>
<td>Non-Record - When No Longer Required</td>
<td>Non-Record - When No Longer Required</td>
<td>Mag, Ppr</td>
<td>Not our Record</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NPDES Permits - Small Projects - Habitats, etc.</td>
<td>WR&amp;PL-010</td>
<td>Permit Expired + 3 years</td>
<td>Permit Expired + 3 years</td>
<td>Yes</td>
<td>Mag, OD, Ppr</td>
<td>Department Preference; NPDES Monitoring records required for 3 years in Federal law; 40 CFR §§122.21, 122.41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OWOW (One Water, One Watershed) - Pillars (Working Groups)</td>
<td>WR&amp;PL-011</td>
<td>When No Longer Required</td>
<td>When No Longer Required</td>
<td>Mag, OD, Ppr</td>
<td>Yes: After QC Preliminary drafts (final records are presented to the Board); GC §60201</td>
<td></td>
</tr>
</tbody>
</table>

*If the record is not listed here, refer to the Retention for Agency-Wide Standards.*

*Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.*

*HOLDS: Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).*

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Adopted: 366
<table>
<thead>
<tr>
<th>Office of Record</th>
<th>Retention No.</th>
<th>Records Description</th>
<th>Retention / Disposition</th>
<th>Comments / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(OFR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Resources &amp; Planning</td>
<td>WR&amp;PL-012</td>
<td>Proposed Projects that Affect Groundwater (Project Review and Comment)</td>
<td>10 years</td>
<td>P</td>
</tr>
<tr>
<td>Water Resources &amp; Planning</td>
<td>WR&amp;PL-013</td>
<td>Roundtables / Task Forces documents (Not Supported by Administrative Services)</td>
<td>10 years</td>
<td>P</td>
</tr>
<tr>
<td>Water Resources &amp; Planning</td>
<td>WR&amp;PL-014</td>
<td>Species Monitoring Data - Santa Ana Sucker Fish</td>
<td>10 years</td>
<td>P</td>
</tr>
<tr>
<td>Water Resources &amp; Planning</td>
<td>WR&amp;PL-015</td>
<td>Studies &amp; Reports: Emerging Constituents Monitoring</td>
<td>10 years</td>
<td>P</td>
</tr>
<tr>
<td>Water Resources &amp; Planning</td>
<td>WR&amp;PL-017</td>
<td>TMDLs - Lab Reports &amp; Chains of Custody / Tabular Summaries (Total Maximum Daily Loads)</td>
<td>10 years</td>
<td>P</td>
</tr>
<tr>
<td>Water Resources &amp; Planning</td>
<td>WR&amp;PL-018</td>
<td>TMDLs - Reports to the Santa Ana Regional Water Quality Control Board</td>
<td>10 years</td>
<td>P</td>
</tr>
<tr>
<td>Water Resources &amp; Planning</td>
<td>WR&amp;PL-019</td>
<td>Well Data</td>
<td>10 years</td>
<td>P</td>
</tr>
</tbody>
</table>

**If the record is not listed here, refer to the Retention for Agency-Wide Standards.**

Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.

**HOLDs:** Litigation, complaints, claims, pending public records act requests, audits, and/or investigations suspend normal retention periods (retention resumes after settlement or completion).
Form RM-1: RECORDS DESTRUCTION AUTHORIZATION FORM

The records listed below (or on the attached list) are **scheduled to be destroyed**, as indicated on the Records Retention Schedule.

The records are not the subject of any claim, litigation, investigation, or audit.

(List records here, or attach a list)

<table>
<thead>
<tr>
<th>Records Description</th>
<th>From (Start Date)</th>
<th>To (End Date)</th>
<th>Box #</th>
<th>Retention No.</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Check one option for destruction:

- [ ] Shredding is Required (Records contain private information)  OR
- [ ] Recycle (Records do NOT contain private information)

Employee Preparing Records:_______________________ Date:____________________

**DOCUMENTS HAVE BEEN REVIEWED AND APPROVED FOR DESTRUCTION**

______________________________  ___________________________
Department Head / Manager       Date:

______________________________  ___________________________
Clerk of the Board              Date:

______________________________  ___________________________
General Counsel                 Date:

Return this form to the Records Manager following approval (they coordinate the shredder arrangements)

(Complete after destruction has been performed, if done by Employees. If destruction is performed by a commercial vendor, have them provide you with a certificate.)

I HEREBY CERTIFY that the items listed above have been destroyed in accordance with policies and procedures:

______________________________  ___________________________
Employee Performing Destruction  Date:

Return this form to the Records Manager after completed

©1998-2020 Gladwell Governmental Services, Inc.
Form RM-2: AUTHORIZATION TO DESTROY PAPER AFTER IMAGING / TRUSTWORTHY ELECTRONIC RECORDS COMPLIANCE
(the paper media version of a record is destroyed, to rely on the image as the “Official Record”)

<table>
<thead>
<tr>
<th>Records Series Description</th>
<th>Start Date</th>
<th>End Date</th>
<th>Box #(s), if applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Optional Ongoing Authorization, After Review and Approval of Written Policies and Procedures:
☐ The above Records Series are approved for destruction on an on-going (day-forward) basis, provided they comply with written policies and procedures approved by the Clerk of the Board.

_________________________________________  ___________________________  ___________________________
Clerk of the Board  Date

Check one option for destruction:
☐ Shredding is Required (Records contain private information)  OR
☐ Recycle (Records do NOT contain private information)

I certify that the records listed above have been imaged in compliance with applicable state laws:

☐ Images have been quality checked, and contain all significant details from the original and are an adequate substitute for the original document for all purposes for which the document was created or maintained.

☐ Indexing has been verified / quality checked.

_________________________________________  ___________________________  ___________________________
Employee  Department / Division  Date

PAPER VERSION OF THE ABOVE RECORDS ARE APPROVED FOR DESTRUCTION (the imaged version becomes the original, and will be retained for the applicable retention period):

_________________________________________  ___________________________  ___________________________
Clerk of the Board  Date

Return this form to the originating department following approval.

(Complete after destruction has been performed, if done by Employees. If destruction is performed by a commercial vendor, have them provide you with a certificate.)

I HEREBY CERTIFY that the items listed above have been destroyed in accordance with policies and procedures:

_________________________________________  ___________________________  ___________________________
Employee  Department / Division  Date

Return this form to the Clerk of the Board department after completed.

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SUBJECT: UPDATE TO RECORDS RETENTION SCHEDULES

Department: ____________________________

Version Number Being Approved: _______

Attached are updated Retention Schedules for the above department showing proposed updates in “Track Changes” format.

The updates have been reviewed, approved, and made by the Agency’s records management consultant, who specializes in California local government records (Gladwell Governmental Services, Inc.).

Pursuant to the resolution originally adopting the records retention schedules, Resolution No. 2020-08, updates are authorized to be made without further action by the Board of Commissioners, but must obtain the consent of the General Manager, Clerk of the Board, and Executive Counsel.

I have reviewed and approved the proposed updates to the Records Retention Schedules.

______________________________________________         ________________
Department Manager       Date

______________________________________________         ________________
General Manager       Date

______________________________________________         ________________
Clerk of the Board       Date

______________________________________________         ________________
General Counsel       Date

Form RM-3 – Approve Update to Retention Schedules
RESOLUTION NO. 2012-10

A RESOLUTION OF THE COMMISSIONERS OF THE
SANTA ANA WATERSHED PROJECT AUTHORITY
AMENDING ITS RETENTION AND
DESTRUCTION OF AGENCY RECORDS POLICY

WHEREAS, the Santa Ana Watershed Project Authority (SAWPA) has determined the need to amend its Retention and Destruction of Agency Records Policy (Attachment No. 1) by incorporating formal guidelines regarding the retention of electronic media/email, updating retention schedules (Attachment No. 2), and establishing a policy review every three years; and

WHEREAS, SAWPA manages its records to ensure that all agency records will be retained as long as necessary, and will be destroyed when they are no longer needed in accordance with this policy and all relevant public records laws and regulations.

NOW, THEREFORE, BE IT RESOLVED that the SAWPA Commission hereby resolves that the Retention and Destruction of Agency Records Policy is hereby adopted, as amended, incorporating formal guidelines regarding the retention of electronic media/email, updating retention schedules, and establishing a policy review every three years.

BE IT FURTHER RESOLVED that the SAWPA Commission hereby authorizes the destruction/disposition of any record in accordance with this Amended Policy upon written approval by the General Manager or designee, Executive Counsel, Department Manager, and the Agency’s Records Manager or designee, of any request for “Authority to Destroy Obsolete Records” (Attachment No. 3); and

BE IT FURTHER RESOLVED that the SAWPA Commission rescinds Resolution No. 389 in its entirety, and authorizes the implementation of this Amended Policy to coincide with the OnBase Enterprise Content Management System application effective immediately.

ADOPTED this 18th day of September, 2012.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: [Signature]
Terry Catlin, Chair

Attachments:
1. Policy
2. Retention Schedule
3. “Authority to Destroy Obsolete Records” Form
Practice Name: Retention and Destruction of Agency Records

History:

Application: SAWPA Staff

GENERAL POLICY:

As a public agency, SAWPA must operate transparently and accountably. Therefore, SAWPA records must be preserved for public review, with adequate safeguards against loss or destruction of records that are relevant to the agency’s business. In addition, SAWPA staff needs preserved and accessible information about the operation of SAWPA’s business, which includes extensive planning activities and building, operating, and maintaining a regional utility. At the same time, both SAWPA’s operational needs and the public’s right to information about SAWPA are frustrated if important records are overwhelmed by the retention of transitory, nonessential information.

It is therefore SAWPA’s policy that agency records will be managed and retained as long as necessary and destroyed when they are no longer needed, subject to all applicable laws and regulations regarding retention of specific types of records.

In addition, both SAWPA’s and the public’s interests are best served by ensuring that SAWPA’s records are as easily accessible and searchable as possible, that physical storage costs are minimized, and that the agency’s environmental footprint is reduced. Therefore, it is SAWPA’s policy to maintain and manage official records in electronic format. Once physical records are converted to fully-legible electronic format, the electronic record becomes the agency’s official record, unless hard copy records are specifically required as provided herein.

SPECIFIC PROVISIONS/PRACTICE:

Section 1. Legal Requirements

SAWPA will manage its records to ensure that all agency records will be retained as long as necessary, and will be destroyed when they are no longer needed in accordance with this policy and all relevant public records laws and regulations. For example, Government Code Sections 60200 through 60204 provide specific regulations for retention and destruction of records of special districts that are applicable to the operations of SAWPA. Other relevant requirements include, but are not limited to, the Public Records Act, Public Contracts Code, and in applicable accounting standards.

Section 2. Definitions

Record – Any writing containing information relating to the conduct of SAWPA’s business prepared, owned, used, or retained by SAWPA, regardless of physical form or characteristics. For purposes of this definition of “record,” “writing” means any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, symbols, or combinations thereof, regardless of the manner in which the record has been stored. Records include, for example, letters, memos, emails, technical reports, PowerPoint presentations, design drawings, accounting documents, audio and video recordings, photographs, and contracts etc. The words “record” and “document” are interchangeable in this policy.
Original record - A hard copy that is handwritten or drawn or that includes official signatures, stamps, or seals. Originals are not automatically considered to be the primary record at SAWPA.

Vital record - Any record the permanent loss of which would be a substantial detriment to SAWPA’s ability to conduct business.

Historical record - Any record that is deemed to have historical value or significance to the formation or long-term operations of SAWPA.

Confidential record – Records exempt from public disclosure, pursuant to Section 6254 of the California Government Code.

Section 3. **Electronic Records are the Official Records** - SAWPA will maintain and manage its agency records in an electronic format. Once records are converted into a fully-legible electronic format, the electronic record becomes the agency’s official record and hard copies need not be retained unless the hard copy or original has been designated in the retention schedule as a vital record or as having intrinsic historical value.

Section 4. **Retention Schedule** - Attachment No. 1 identifies retention times of SAWPA records by categories. Records shall be destroyed at the end of the retention time. The Retention Schedule will be adopted by resolution of the SAWPA Commission.

Section 5. **Backups** – Staff will take reasonable and prudent measures to ensure that disaster-recovery backups are made of all electronic records, including off-site storage of these records on a weekly basis. However, backup copies of email and information management system files will be kept for no more than four (4) weeks. These backups are for system restoration and disaster recovery purposes, and are not designed to facilitate retrieval of deleted messages.

In addition to the backup of imaged records, hard copy vital records shall be protected from destruction in case of possible disasters, either through storage in fire-proof cabinets or storage off-site.. This may include information needed to file insurance claims (assets lists, insurance contacts, policy numbers), financial data for tax purposes (wages paid, income and expenses), contacts lists to inform or restart the business (vendors, customers, investors and employees), contracts and agreements, and any other data that would assist in rebuilding the business (business plans, intellectual property, or proprietary information).

Section 6. **Working Materials** – This policy does not require retention of working materials that occur as duplicates, cover copies, drafts, preliminary and interim versions, or other working materials needed by staff to perform their day-to-day job functions, but of only transitory significance. These materials may be destroyed as deemed appropriate by staff, and should not be retained when not in active use. If any working materials take on significance for SAWPA’s business, e.g. because of important annotations, they shall be scanned or converted to electronic format for appropriate filing and retention.

Section 7. **Email Policy** - An email message created or received is a record. However, most email is primarily for routine communication or information exchange, and does not have lasting relevance to SAWPA’s business. Messages of this type should be deleted by the user as soon as no longer being used. SAWPA’s email system is configured to treat all email in individual accounts as having a 12-month retention, after which it will be deleted automatically. This automatic deletion will apply to all folders (inbox folders, sent file folders, draft file folders, deleted file folders etc.) stored on active email servers.
Users are therefore required within that time to identify email messages that have continuing relevance to SAWPA’s business and move them into SAWPA’s record storage off of the email servers, i.e., OnBase Enterprise Content Management System (OnBase).

Roles and Responsibilities

IT will:
- Establish and publish standards for email and IM account administration, storage allocations, and automatic archiving of messages to users’ local computer folders/files;
- Provide facilities and instructions for moving messages with lasting value to dedicated storage on departmental/office networked file systems;
- Provide the required end user training and help desk support;
- Remove deletion rights on server folders that are affected by a litigation hold;
- Suspend automatic deletion processes to preserve electronic records during a litigation hold.

Department heads and managers are responsible for providing records retention guidance to staff in accordance with this policy and Retention Schedule.

Email users are responsible for:
- Appropriately identifying and retaining messages with more than transitory value in accordance with this policy and Retention Schedule;
- Seeking assistance from their respective department managers when unsure about how to categorize specific types of messages; and
- Employees who have been notified by management of a litigation hold are responsible for preserving all messages, records, and information that fall within the scope of the hold that they have downloaded and/or stored locally.

Section 8. Document Destruction - The destruction of certain records is authorized and directed after such records have been retained for the minimum time as set forth in the Records Retention Schedule.

Destruction Approval - Any hard copy record not expressly required by law to be filed and preserved for a specific period of time is hereby authorized to be destroyed after it is imaged in conformance with the requirements of Government Code Section 60203 by using the “Authority to Destroy Obsolete Records” form (Attachment No. 2). These approved request forms shall be maintained by the Records Manager, or designee.

Destruction Criteria - Certain records are to be kept in hard copy format permanently because either the law requires it or the record has historical or vital value. All other records will be destroyed at the end of their retention period once approved using Attachment No. 2 unless the destruction date is postponed by the General Manager, or designee.

Destruction Exemptions - No hard copy page of any record shall be destroyed before the end of its retention period if any page cannot be captured electronically with clean, full legibility.

Destruction Methods: Upon receipt of an approved “Authority to Destroy Records” form, hard copy records may be destroyed by shredding (whether sent off-site to be shredded or shredded in house), or by recycling without shredding. SAWPA has services in place for recycling of paper; however, shredding is the preferred method of document destruction.
Policy Name: Retention and Destruction of Agency Records

Policy Number: 4 of 4

Date/Authorized: 9-18-12

Section 9. Litigation Hold Directive – When SAWPA becomes involved in litigation, or reasonably expects that it will become involved in litigation, a litigation hold will be placed on records related to the litigation. The litigation hold overrides normal destruction practices described in this policy until the litigation hold is removed. The litigation hold applies to all records including all electronically stored information. While a litigation hold is in effect, no employee may alter or delete an electronic record that falls within the scope of that hold. Those employees are required to provide access to or copies of any electronic records that they have downloaded and saved, or moved to some other storage account or device.

Section 10. Managing Exempt and Confidential Records - SAWPA is responsible for ensuring that exempt and confidential records are properly safeguarded. Electronic recordkeeping systems must have appropriate security in place to protect information that is confidential or exempt from disclosure. When providing access to or destroying electronic records containing confidential or exempt information, agencies must take steps to prevent unauthorized access to or use of the exempt information.

Section 11. Public Information Requests - Addressed in a separate policy.

Section 12. Long-Term Storage

On-site Storage of Archived Records - Vital and historical hard copy records and records required by law to be maintained as hard copies will be maintained on site in metal fire-resistant file cabinets.

Off-site Storage of Archived Records - The IT Manager and Records Manager, or designee, will maintain an offsite storage facility. Access to this area will be limited to the appropriate staff (i.e., Records Manager or designee, file managers, and/or officers of the Agency). Files will be stored in file boxes. Each file box will be labeled on the front with the contents, dates covered, and destruction date if applicable. Files are to be stored only in boxes with similar items, dates, and retention periods. A log will be maintained by the Records Manager or designee, of all off-site records/boxes and their location.

Section 13. “Retention and Destruction of Agency Records” Policy Review - Staff shall review this policy every three years to determine if any updates are necessary.
### RETENTION SCHEDULE

#### Accounting/Finance

<table>
<thead>
<tr>
<th>Record/Category</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP Invoices/Vouchers</td>
<td>8 years</td>
</tr>
<tr>
<td>AR Invoices</td>
<td>8 years</td>
</tr>
<tr>
<td>Audit Reports</td>
<td>Permanent</td>
</tr>
<tr>
<td>Audit Work Papers</td>
<td>8 years</td>
</tr>
<tr>
<td>Bank Deposit</td>
<td>8 years</td>
</tr>
<tr>
<td>Bank Statements</td>
<td>8 years</td>
</tr>
<tr>
<td>Budgets – adopted</td>
<td>Permanent</td>
</tr>
<tr>
<td>Cash Receipts (checks)</td>
<td>10 years</td>
</tr>
<tr>
<td>Cash Reserve and Investment Reports</td>
<td>Permanent</td>
</tr>
<tr>
<td>Cash Transaction Reports</td>
<td>Permanent</td>
</tr>
<tr>
<td>Check Registers</td>
<td>10 years</td>
</tr>
<tr>
<td>Checks Paid and Cancelled</td>
<td>Permanent</td>
</tr>
<tr>
<td>Checks, Warrants</td>
<td>Permanent</td>
</tr>
<tr>
<td>Deposits</td>
<td>Permanent</td>
</tr>
<tr>
<td>Financial Indicators Reports</td>
<td>8 years</td>
</tr>
<tr>
<td>Financial Statements</td>
<td>Permanent</td>
</tr>
<tr>
<td>Journal Entries</td>
<td>Permanent</td>
</tr>
<tr>
<td>Labor Hour Reports</td>
<td>Permanent</td>
</tr>
<tr>
<td>Payroll Register/Records</td>
<td>10 years</td>
</tr>
<tr>
<td>Treasurer’s Reports</td>
<td>Permanent</td>
</tr>
<tr>
<td>Pay Sheets – SAWPA Commission/LESJWA Board</td>
<td>Permanent</td>
</tr>
<tr>
<td>Employee Timesheets</td>
<td>8 years</td>
</tr>
<tr>
<td>Employee W-9s</td>
<td>Permanent</td>
</tr>
</tbody>
</table>

#### Administration

<table>
<thead>
<tr>
<th>Record/Category</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correspondence and Email (NOTE - letters pertaining to any specific category identified herein are to be kept according to the retention schedule of the associated record/category)</td>
<td></td>
</tr>
<tr>
<td>Emails (NOTE - emails with business relevance to any specific category identified herein are to be moved within 12 months of generation into On Base and then retained according to the schedule of the associated record/category)</td>
<td></td>
</tr>
<tr>
<td>Public Outreach (i.e., SAWPA articles, newsletters, press releases, events, conferences, etc.)</td>
<td>4 years</td>
</tr>
<tr>
<td>Legislation</td>
<td></td>
</tr>
<tr>
<td>Speeches, Publications, Testimony</td>
<td>2 years</td>
</tr>
<tr>
<td>Facility Maintenance</td>
<td>Permanent</td>
</tr>
<tr>
<td>Library Resources</td>
<td>Permanent</td>
</tr>
<tr>
<td>Policies/Practices</td>
<td></td>
</tr>
</tbody>
</table>

#### Commission/LESJWA/Other JPA s

<table>
<thead>
<tr>
<th>Record/Category</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agenda Packets (related handouts)</td>
<td>Permanent</td>
</tr>
<tr>
<td>Closed Sessions</td>
<td>Permanent</td>
</tr>
<tr>
<td>Minutes</td>
<td>Permanent</td>
</tr>
<tr>
<td>Resolutions</td>
<td>Permanent</td>
</tr>
<tr>
<td>Ordinances</td>
<td>Permanent</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Campaign and FPPC filings</td>
<td>7 years</td>
</tr>
<tr>
<td>Commission Correspondence</td>
<td>Permanent</td>
</tr>
<tr>
<td>Commission Memoranda/Packets</td>
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</tr>
<tr>
<td>Joint Powers Authority/Amendments</td>
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</table>

Above schedule also refers to any and all future Joint Power Authorities that may be established by/through SAWPA.

### Contracts Administration

<table>
<thead>
<tr>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction - Change Orders, Task Orders</td>
</tr>
<tr>
<td>Construction – Contracts</td>
</tr>
<tr>
<td>Construction - General Service Agreements</td>
</tr>
<tr>
<td>Construction - RFP/Bid Documents, unawarded</td>
</tr>
<tr>
<td>Construction – RFP/Bid Documents, awarded</td>
</tr>
<tr>
<td>Construction - Request for Quotes</td>
</tr>
<tr>
<td>General Services – General Service Agreements (professional services/vendor)</td>
</tr>
<tr>
<td>General Services – Task Orders, Change Orders</td>
</tr>
<tr>
<td>Capacity Agreements</td>
</tr>
<tr>
<td>Multi-jurisdictional Pre-treatment Agreements</td>
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</table>

### Engineering

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</tr>
</thead>
<tbody>
<tr>
<td>As-built drawings</td>
</tr>
<tr>
<td>Field Reports</td>
</tr>
<tr>
<td>Final Shop Drawings</td>
</tr>
<tr>
<td>NEPA/CEQA Documents</td>
</tr>
<tr>
<td>Notices (i.e., Determination, Intent, Exemption, Proceed, Stop, Preliminary, Completion etc.)</td>
</tr>
<tr>
<td>Dig Alerts</td>
</tr>
<tr>
<td>Field Reports</td>
</tr>
<tr>
<td>Operation Reports</td>
</tr>
<tr>
<td>O&amp;M Manuals</td>
</tr>
<tr>
<td>Maps and Drawings</td>
</tr>
<tr>
<td>Construction Permits</td>
</tr>
<tr>
<td>Discharger Permits</td>
</tr>
<tr>
<td>Plans and Specifications</td>
</tr>
<tr>
<td>Project Correspondence</td>
</tr>
<tr>
<td>Project Schedules</td>
</tr>
<tr>
<td>Construction Project Photos</td>
</tr>
<tr>
<td>Request for Information (RFIs)</td>
</tr>
<tr>
<td>Utility Requests</td>
</tr>
<tr>
<td>SARI Meter Readings</td>
</tr>
<tr>
<td>Stringfellow</td>
</tr>
<tr>
<td>Technical Reference Papers/Studies/Reports</td>
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### Human Resources

<table>
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<tr>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment applications (non-employees)</td>
</tr>
<tr>
<td>Resumes (solicited and unsolicited)</td>
</tr>
<tr>
<td>Medical/Dental/Vision Benefits – employee</td>
</tr>
<tr>
<td>Correspondence</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>Employee Records</td>
</tr>
<tr>
<td>Employee Handbook</td>
</tr>
<tr>
<td>Job Descriptions</td>
</tr>
<tr>
<td>EEO Reports</td>
</tr>
<tr>
<td>Workers’ Compensation Reports</td>
</tr>
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* Refer to Accounting/Finance Section for additional employee records (i.e., W9, payroll, timesheets etc.)

### Information Technology

<table>
<thead>
<tr>
<th>Aerial Photos</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software Licenses and Manuals</td>
<td>Until superseded</td>
</tr>
<tr>
<td>Hardware Inventory</td>
<td>Until superseded</td>
</tr>
<tr>
<td>Hardware Warranty documents</td>
<td>Until superseded</td>
</tr>
<tr>
<td>IT Master Plan</td>
<td>10 years</td>
</tr>
<tr>
<td>GIS Maps/Drawings</td>
<td>5 years</td>
</tr>
<tr>
<td>GIS Storage Files</td>
<td>5 years</td>
</tr>
<tr>
<td>GIS Spatial Data</td>
<td>Until superseded</td>
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<tr>
<td>Network Diagrams</td>
<td>4 years (upon review for historical value)</td>
</tr>
<tr>
<td>Photo Gallery</td>
<td>4 years</td>
</tr>
<tr>
<td>Workplans</td>
<td></td>
</tr>
</tbody>
</table>

### Insurance

| Accident Reports               | 11 years                 |
| Appraisals                     | Permanent                |
| Claims – automobile            | 10 years                 |
| Claims – group life            | 4 years                  |
| Claims – hospital              | 7 years                  |
| Claims – loss or damage        | 7 years                  |
| Claims – Worker’s Comp         | 10 years                 |
| Expired policies (fire, life, etc.) | 10 years             |
| Expired policy (surety)        | 30 years                 |
| Certificates of Insurance      | 5 years, unless construction |

### Legal

| Affidavits                      | 10 years                 |
| Claims and Litigation           | Permanent                |
| Court Orders                    | Permanent                |
| Depositions                     | Permanent                |
| Legal Correspondence            | 10 years                 |
| Releases/Settlements            | 25 years                 |
| Subpoenas                       | Permanent                |

### Planning

<table>
<thead>
<tr>
<th>Task Forces (Meeting Agendas, Meeting Notes, Related Handouts, Budgets, Task Force Correspondence)</th>
<th>Permanent</th>
</tr>
</thead>
<tbody>
<tr>
<td>OWOW Documents</td>
<td>Permanent</td>
</tr>
<tr>
<td>OWOW Pillars, Steering Committee, Master Craftsmen</td>
<td>Permanent</td>
</tr>
</tbody>
</table>
### Purchasing

<table>
<thead>
<tr>
<th>Item</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bid, Awarded</td>
<td>7 years</td>
</tr>
<tr>
<td>Bid, Unawarded</td>
<td>2 years</td>
</tr>
<tr>
<td>Bid, Rejected</td>
<td>2 years</td>
</tr>
<tr>
<td>Purchase Orders/Requisitions/Work Orders</td>
<td>4 years</td>
</tr>
<tr>
<td>Purchase Order Requests</td>
<td>2 years after termination</td>
</tr>
<tr>
<td>Purchase Orders</td>
<td>4 years</td>
</tr>
<tr>
<td>Quotations</td>
<td>3 years</td>
</tr>
<tr>
<td>Work Orders</td>
<td>4 years</td>
</tr>
<tr>
<td>Correspondence</td>
<td>2 years</td>
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</table>

### Real Property

<table>
<thead>
<tr>
<th>Item</th>
<th>Retention Period</th>
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</thead>
<tbody>
<tr>
<td>Appraisals</td>
<td>Permanent</td>
</tr>
<tr>
<td>Damage Reports</td>
<td>7 years</td>
</tr>
<tr>
<td>Depreciation Schedules</td>
<td>3 years</td>
</tr>
<tr>
<td>Grant Deeds, Easements</td>
<td>Permanent</td>
</tr>
<tr>
<td>Leases</td>
<td>10 years</td>
</tr>
<tr>
<td>Office Inventory Records</td>
<td>6 years</td>
</tr>
<tr>
<td>Maintenance and Repairs</td>
<td>10 years</td>
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</tbody>
</table>

### Safety

<table>
<thead>
<tr>
<th>Item</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational Injuries/Illnesses</td>
<td>7 years after termination</td>
</tr>
<tr>
<td>Injury and Illness Prevention Safety Plan</td>
<td>Until superseded</td>
</tr>
<tr>
<td>Required training records (e.g. confined space)</td>
<td>Until validity expired</td>
</tr>
</tbody>
</table>

Approved: September 18, 2012
Attachment 2
AUTHORITY TO DESTROY OBSOLETE RECORDS

Record Type:
- Hard Copy
- Electronic

RETENTION SCHEDULE VERSION: Resolution No. 2012-10

<table>
<thead>
<tr>
<th>ITEM</th>
<th>RECORD SERIES TITLE</th>
<th>RETENTION</th>
<th>QUANTITY/COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Date of Records</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>FROM</td>
<td>TO</td>
</tr>
</tbody>
</table>

The above records are submitted for destruction in accordance with Resolution No. 2012-10.

Requested by: ___________________________ Date: ____________

Approved (Dept Manager): ___________________________ Date: ____________

Executive Counsel: ___________________________ Date: ____________

Approved (Records Manager): ___________________________ Date: ____________

General Manager: ___________________________ Date: ____________

NOTE: These approved forms must be retained by the Records Manager.
Below is a summary of cash transactions completed during the month in the Authority's checking account with US Bank. Attached are summaries by major revenue and expense classifications.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Receipts and Deposits to Account</td>
<td>$2,436,946.73</td>
</tr>
<tr>
<td>Net Investment Transfers</td>
<td>509,062.50</td>
</tr>
<tr>
<td>Cash Disbursements</td>
<td>(1,996,240.59)</td>
</tr>
<tr>
<td>Net Change for Month</td>
<td>$949,768.64</td>
</tr>
<tr>
<td>Balance at Beginning of Month</td>
<td>2,260,769.51</td>
</tr>
<tr>
<td>Balance at End of Month per General Ledger</td>
<td>$3,210,538.15</td>
</tr>
<tr>
<td>Collected Balance per Bank Statement</td>
<td>$3,220,606.07</td>
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</table>

**ACCOUNTS PAYABLE RECONCILIATION**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable Balance @ 07/31/2020</td>
<td>$6,782,888.65</td>
</tr>
<tr>
<td>Invoices Received for August 2020</td>
<td>510,059.86</td>
</tr>
<tr>
<td>Invoices Paid by check/wire during August 2020 (see attached register)</td>
<td>(1,754,271.91)</td>
</tr>
<tr>
<td>Accounts Payable Balance @ 08/31/2020</td>
<td>$5,538,676.60</td>
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</tbody>
</table>
## CASH RECEIPTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brine Line Operating Revenues</td>
<td>$1,367,522.20</td>
</tr>
<tr>
<td>Member Agency Contributions</td>
<td>$612,136.00</td>
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<tr>
<td>Participant Fees</td>
<td>$406,150.76</td>
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<tr>
<td>LESJWA Admin Reimbursement</td>
<td>$21,659.76</td>
</tr>
<tr>
<td>Other</td>
<td>$29,478.01</td>
</tr>
<tr>
<td><strong>Total Receipts and Deposits</strong></td>
<td><strong>$2,436,946.73</strong></td>
</tr>
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</table>

## INVESTMENT TRANSFERS

<table>
<thead>
<tr>
<th>Transfer of Funds:</th>
<th>Amount</th>
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<tbody>
<tr>
<td>From (to) US Bank (Bank fees)</td>
<td>$-</td>
</tr>
<tr>
<td>From (to) LAIF</td>
<td>$-</td>
</tr>
<tr>
<td>From (to) Legal Defense Fund</td>
<td>$-</td>
</tr>
<tr>
<td>From (to) LESJWA</td>
<td>$-</td>
</tr>
<tr>
<td>From (to) Investments</td>
<td>$509,062.50</td>
</tr>
<tr>
<td><strong>Total Investment Transfers</strong></td>
<td><strong>$509,062.50</strong></td>
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</table>

## CASH DISBURSEMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Check:</td>
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</tr>
<tr>
<td>Payroll</td>
<td>$-</td>
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<tr>
<td>Operations</td>
<td>$1,754,271.91</td>
</tr>
<tr>
<td><strong>Total Checks Drawn</strong></td>
<td><strong>$1,754,271.91</strong></td>
</tr>
<tr>
<td>By Cash Transfer:</td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>$162,011.85</td>
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<tr>
<td>Payroll Taxes</td>
<td>$79,179.55</td>
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<tr>
<td>Take Care (AFLAC)</td>
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<tr>
<td><strong>Total Cash Transfers</strong></td>
<td><strong>$241,968.68</strong></td>
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<tr>
<td><strong>Total Cash Disbursements</strong></td>
<td><strong>$1,996,240.59</strong></td>
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<tr>
<td>Category</td>
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</tr>
<tr>
<td>-------------------------</td>
<td>---------------</td>
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<tr>
<td>Auto Expense</td>
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<td>Credit Cards</td>
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<td>Director Costs</td>
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<td>Engineering Costs</td>
<td>EFT03520</td>
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<td>Equipment Rented</td>
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<td>Facility Repair &amp; Maintenance</td>
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<td>Facility Repair &amp; Maintenance</td>
<td>EFT03517</td>
</tr>
<tr>
<td>Facility Repair &amp; Maintenance</td>
<td>EFT03524</td>
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</tbody>
</table>

Santa Ana Watershed Project Authority
Check Detail
Aug-20

Page 1 of 3
<table>
<thead>
<tr>
<th>Category</th>
<th>Check #</th>
<th>Check Date</th>
<th>Type</th>
<th>Vendor</th>
<th>Check Amount</th>
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</thead>
<tbody>
<tr>
<td>Facility Repair &amp; Maintenance</td>
<td>EFT03545</td>
<td>8/27/2020</td>
<td>CHK</td>
<td>Douglas Environmental Group</td>
<td>$695.00</td>
</tr>
<tr>
<td>Facility Repair &amp; Maintenance Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$3,108.00</td>
</tr>
<tr>
<td>Insurance Expense</td>
<td>4429</td>
<td>8/13/2020</td>
<td>CHK</td>
<td>Zenith Insurance Company</td>
<td>$4,021.00</td>
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<tr>
<td>Insurance Expense Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,021.00</td>
</tr>
<tr>
<td>JPA Membership Dues</td>
<td>EFT03505</td>
<td>8/8/2020</td>
<td>CHK</td>
<td>Lake Elsinore &amp; San Jacinto Watersheds</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>JPA Membership Dues Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Lab Costs</td>
<td>EFT03504</td>
<td>8/8/2020</td>
<td>CHK</td>
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<td>Lab Costs</td>
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<tr>
<td>Lab Costs</td>
<td>EFT03518</td>
<td>8/13/2020</td>
<td>CHK</td>
<td>Camet Research</td>
<td>$1,357.50</td>
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<td>8/19/2020</td>
<td>CHK</td>
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<td>8/27/2020</td>
<td>CHK</td>
<td>E. S. Babcock &amp; Sons, Inc.</td>
<td>$2,458.00</td>
</tr>
<tr>
<td>Lab Costs Total</td>
<td></td>
<td></td>
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## Santa Ana Watershed Project Authority
### Check Detail
#### Aug-20

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#### Accounts Payable

- Checks: $1,656,243.94
- Wire Transfers: $98,027.97
  
  $1,754,271.91

- Take Care: $777.28
- Other: $241,191.40

Total Disbursements for August 2020

$1,996,240.59
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<th>Vendor Name</th>
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<th>Remaining Contract Amount</th>
<th>Notes/Comments</th>
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## Santa Ana Watershed Project Authority
### Consulting
#### Aug-20

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<th>Total Contract</th>
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$165,604.65
COMMISSION MEMORANDUM NO. 2020.66

DATE: November 3, 2020

TO: SAWPA Commission

SUBJECT: Inter-Fund Borrowing – August 2020

PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION
It is recommended that the Commission receive and file the informational report on short-term, cash-flow inter-fund borrowing.

DISCUSSION
On December 13, 2005, the Commission approved Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. Staff was directed to bring back an accounting of the loans each month for review when the total exceeded $250,000 in aggregate.

The following projects, with negative cash flow, are listed below with the amounts borrowed from SAWPA General Fund Reserves in August 2020. The total amount borrowed is over the aggregate $250,000 amount recommended in Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. The Commission has requested that this item be brought back each month as an informational item when the loan amount is over the $250,000 aggregate amount.

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<th>07/31/2020 Balance</th>
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<th>New Charges</th>
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General Fund Reserves Balance $2,218,712.18
Less Amount Borrowed 670,725.19
Balance of General Fund Reserves $1,547,986.99

The following table lists each fund that has a negative cash flow, the source of funding for the fund, how often the fund is billed, and the projected rate of payment for the fund.
NEGATIVE CASH-FLOW FUNDS

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<td>Up to 4 months</td>
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<tr>
<td>398 – Proposition 1 – DACI Grant</td>
<td>DWR – Prop 1 Grant</td>
<td>Monthly</td>
<td>Up to 4 months</td>
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<tr>
<td>477 – LESJWA Admin</td>
<td>Reimbursement from LESJWA</td>
<td>Monthly</td>
<td>2 to 4 weeks</td>
</tr>
<tr>
<td>504 - Proposition 84 Drought Projects</td>
<td>DWR – Prop 84 Grant</td>
<td>Monthly</td>
<td>Up to 4 months</td>
</tr>
<tr>
<td>504 – Proposition 84 SARCCUP Projects</td>
<td>DWR – Prop 84 Grant</td>
<td>Monthly/Quarterly</td>
<td>Up to 4 months</td>
</tr>
</tbody>
</table>

**Fund 130**
The outstanding balance of the funds due from DWR is the mandatory 10% retention from each invoice billed. Retention funds will not be released until the Proposition 84 Round I contract is completed. Retention should be released within the next few months.

**Fund 135**
This fund is for the administration of Proposition 84 Round II grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

**Fund 140**
This fund is for the administration of Proposition 84 Drought Round grant funds. These funds will be billed monthly and 10% will be withheld for retention.

**Fund 145**
This fund is for the administration of Proposition 84 Round 2015 grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

**Fund 150**
This fund is for the administration of Proposition 1 grant funds. Once the contract has been signed by DWR these funds will be billed quarterly and 10% will be withheld for retention.

**Fund 398**
This fund is for the Proposition 1 DACI grant project. These funds will be billed monthly and 10% will be withheld for retention.

**Fund 477**
Each month LESJWA is billed the cost for administering the JPA. Once the bill is received, LESJWA submits payment within two weeks.

**Fund 504**
This fund is for the implementation of drought related projects and SARCCUP projects which are administered through PA22 and PA23.
The following graph shows the total budget, total project costs to date, and the amount remaining on each grant.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Fund Name</th>
<th>Total Budget</th>
<th>Costs Through 08/31/2020</th>
<th>Remaining Grant Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>130</td>
<td>Proposition 84 Admin R1</td>
<td>$660,004</td>
<td>($571,491)</td>
<td>$88,513</td>
</tr>
<tr>
<td>135</td>
<td>Proposition 84 Admin R2</td>
<td>627,405</td>
<td>(578,764)</td>
<td>48,640</td>
</tr>
<tr>
<td>140</td>
<td>Proposition 84 Admin R3</td>
<td>887,860</td>
<td>(854,133)</td>
<td>33,727</td>
</tr>
<tr>
<td>145</td>
<td>Proposition 84 Admin R4</td>
<td>3,213,384</td>
<td>(822,595)</td>
<td>2,390,789</td>
</tr>
<tr>
<td>150</td>
<td>Proposition 1 Admin</td>
<td>TBD</td>
<td>(23,219)</td>
<td>TBD</td>
</tr>
<tr>
<td>398</td>
<td>Proposition 1 – DACI Grant</td>
<td>6,300,000</td>
<td>(4,168,308)</td>
<td>2,131,692</td>
</tr>
<tr>
<td>504</td>
<td>Prop 84 - Drought Projects</td>
<td>5,547,816</td>
<td>(3,482,114)</td>
<td>2,065,702</td>
</tr>
<tr>
<td>504</td>
<td>Prop 84 – 2015 Round (SARCCUP)</td>
<td>1,543,810</td>
<td>(598,444)</td>
<td>945,366</td>
</tr>
<tr>
<td></td>
<td>Totals</td>
<td>$18,780,279</td>
<td>($11,099,068)</td>
<td>$7,704,429</td>
</tr>
</tbody>
</table>

The following graph shows projected inter-fund loan balances, total unrestricted General Fund Reserves available for loans, and projected cash net of loans through June 2021. The projected loan balance is expected to remain over the $250,000 aggregate limit through June 2021 because of Proposition 1 and 84 grants but can be covered by General Fund Reserves without a major impact on cash flow.

**RESOURCE IMPACTS**

The funds borrowed from the General Fund Reserves will be paid back with interest when the funding is received. Interfund loans for grants are not charged interest unless the grant contracts specifically states that interest is eligible for reimbursement. There is sufficient cash available to cover proposed borrowings and to pay budgeted expenditures for the General Fund.

Attachments:

1. Resolution No. 452 | Amending the Inter-Fund, Inter-Project and Inter-Agency Loan Policy
RESOLUTION NO. 452

A RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY AMENDING THE INTER-FUND, INTER-PROJECT AND INTER-AGENCY LOAN POLICY

WHEREAS, the Commission of the Santa Ana Watershed Project Authority (hereafter "SAWPA") previously adopted, by minute action taken on August 3, 1996, an "Inter-Fund/Inter-Project Loan Policy" to regulate loans from one SAWPA Fund or Project to another SAWPA Fund or Project; and

WHEREAS, the Commission desires to amend the "Inter-Fund Fund/Project Loan Policy" by formally adopting such Policy, by way of this Resolution, regulating how and in what manner such inter-fund or inter-project loans are to take place and mandating that all such loans require Commission approval in advance as contemplated by the policy adopted on August 3, 1996.

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Santa Ana Watershed Project Authority hereby amends the following Loan Policy for any loan from one SAWPA Fund or Project to another SAWPA Fund or Project:

1. Loans from any SAWPA Fund or Project to another SAWPA Fund, Project or another public agency shall be approved in advance by the SAWPA Commission. The approval shall be in written format and include documentation of the specifics of the transaction. The approval shall include a finding that the loan will not expose the lending SAWPA Fund or Project to significant financial or operational risk.

2. Unless otherwise provided for by the Commission, the borrowing Fund, Project or public agency shall be required to repay the loan within a specific period of time and at a rate of interest as determined by the Commission. For the purposes of this policy, SAWPA's calculated quarterly rate of return may be used as the basis for interest payable on the outstanding principal for any loan. The period for repayment of the loan shall be determined by the Commission, but shall be no longer than the life of the lending Fund or Project.

3. The borrowing Fund's, Project's or public agency's repayment source shall be identified and included in the approval action by the Commission and the "loan documentation". The "loan documentation" shall include a written agreement, resolution or other document approved by the Commission setting forth all of the foregoing terms and conditions.
4. Loans to reimbursable SAWPA grant contract projects and related efforts for short-term (i.e., current fiscal year) operating cash flow purposes may be borrowed from the SAWPA General Fund Reserve without prior Commission approval. But all such loans shall be reported to the Commission within 30 days of each such loan. Such loans shall be paid off on a continuous basis. The total funds loaned for all such grant contract projects and related efforts shall not exceed $250,000.00 in the aggregate for each fiscal year, without prior written approval by the Commission. Payment of interest will be based on the actual interest that would have been earned by the SAWPA General Fund Reserve had those funds not been borrowed. Cash flow and receivables will be reported at least quarterly to forecast needs and demonstrate compliance.

5. Prior to June 30th of each year, staff shall provide to the Commission an annual written report of all such Inter-fund, Inter-project or Inter-agency loans, amounts repaid and any outstanding loan balances.

ADOPTED this 13th day of December 2005.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: [Signature]

Mark Bulot, Chair

CM 5716 InterFundLoan Policy Resolution dlw 12-06-05 rev FINAL
DATE: November 3, 2020
TO: SAWPA Commission
SUBJECT: Performance Indicators and Financial Reporting – August 2020
PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION
It is recommended that the Commission receive and file staff’s report.

DISCUSSION
The attached reports have been developed to keep the Commission informed as to SAWPA’s business and budget performance. These reports are categorized into the following groups: financial reporting, cash and investments, and performance indicators. They are explained in detail below. As new reports are developed, they will be added for the Commission’s review.

Financial Reporting

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet by Fund Type</td>
<td>Lists total assets, liabilities, and equity by fund type for a given period.</td>
</tr>
<tr>
<td>Revenue &amp; Expense by Fund Type</td>
<td>Lists total revenue and expenses by fund type for a given period.</td>
</tr>
<tr>
<td>Receivables Management</td>
<td>Shows total outstanding accounts receivable by age.</td>
</tr>
<tr>
<td>Open Task Order Schedule</td>
<td>Shows SAWPA’s total outstanding obligation for open task orders.</td>
</tr>
<tr>
<td>List of SAWPA Funds</td>
<td>Shows each SAWPA Fund with the fund description and fund group.</td>
</tr>
<tr>
<td>Debt Service Funding Analysis</td>
<td>Shows total annual income by source used to make debt service payments through debt maturity at FYE 2048.</td>
</tr>
<tr>
<td>Debt Service Payment Schedule</td>
<td>Shows total debt service interest and principal payments through debt maturity at FYE 2048.</td>
</tr>
</tbody>
</table>

Cash and Investments

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cash and Investments (chart)</td>
<td>Shows the changes in cash and investments balance for the last twelve months.</td>
</tr>
<tr>
<td>Cash Balance &amp; Source of Funds</td>
<td>Shows total cash and investments for all SAWPA funds and the types of investments held for each fund.</td>
</tr>
<tr>
<td>Cash &amp; Investments (pie chart)</td>
<td>Shows total cash and investments for all SAWPA funds and the percentage of each investment type.</td>
</tr>
<tr>
<td>Reserve Account Analysis</td>
<td>Shows changes to each reserve account for the year and projected ending balance for each.</td>
</tr>
<tr>
<td>Twelve Month Security Schedule (chart)</td>
<td>Shows the maturity dates for securities held and percentage of securities in each category.</td>
</tr>
</tbody>
</table>
Treasurer’s Report

Shows book and market value for both Treasury strips and securities held by the Agency.

**Performance Indicators**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Daily Flow by Month</td>
<td>Shows total flow in the Brine Line System by month compared to total treatment capacity owned. This is an indicator of the available capacity in the line. As we add yearly flows, it will show trends in flow throughout the year.</td>
</tr>
<tr>
<td>Summary of Labor Multipliers</td>
<td>Summarizes the information generated from the following two reports and compares the actual benefit and Indirect Cost Allocation rates to the total budgeted rates.</td>
</tr>
<tr>
<td>General Fund Costs</td>
<td>Lists total Fund No. 100 costs to date and the amount of those costs recovered through the Indirect Cost Allocation and member contributions.</td>
</tr>
<tr>
<td>Benefit Summary</td>
<td>Lists total employee benefit costs actual to budget and projects them through the end of the year. This report compares how the actual benefit rate compares to the budgeted rate.</td>
</tr>
<tr>
<td>Labor Hours Budget vs. Actual</td>
<td>Shows total budgeted hours for each project and compares them to the actual hours charged to each.</td>
</tr>
</tbody>
</table>

**RESOURCE IMPACTS**

Staff expects minimal impacts to SAWPA or its member agencies related to this effort.

**Attachments:**

1. Balance Sheet by Fund Type
2. Revenue & Expense by Fund Type
3. Accounts Receivable Aging Report
4. Open Task Order Schedule
5. List of SAWPA Funds
6. Debt Service Funding Analysis
7. Debt Service Payment Schedule
8. Total Cash and Investments (chart)
9. Cash Balance & Source of Funds
10. Reserve Account Analysis
11. Twelve-Month Maturity Schedule - Securities
12. Treasurer’s Report
13. Average Daily Flow by Month
14. Summary of Labor Multipliers
15. General Fund Costs
16. Benefits
17. Labor Hours Budgeted vs. Actual
## Santa Ana Watershed Project Authority
### Balance Sheet by Fund Type
#### For the One Month Ending Friday, July 31, 2020

### Assets

#### Current Assets

<table>
<thead>
<tr>
<th>Fund</th>
<th>General</th>
<th>Brine Line</th>
<th>Capital</th>
<th>OWOW</th>
<th>Roundtable</th>
<th>Fund Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$2,604,916.50</td>
<td>$52,025,398.01</td>
<td>$1,310,037.84</td>
<td>$952,368.21</td>
<td>$2,202,526.71</td>
<td>$59,095,247.27</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>408,804.00</td>
<td>1,992,198.49</td>
<td>0.00</td>
<td>5,683,471.16</td>
<td>1,043,420.76</td>
<td>9,127,894.41</td>
</tr>
<tr>
<td>Prepaids and Deposits</td>
<td>65,596.92</td>
<td>140,609.48</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>206,206.40</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>3,079,317.42</td>
<td>54,158,205.98</td>
<td>1,310,037.84</td>
<td>6,635,839.37</td>
<td>3,245,947.47</td>
<td>68,429,348.08</td>
</tr>
</tbody>
</table>

#### Fixed Assets

- **Property, Plant & Equipment less accum depreciation**
  - 1,531,802.52 | 80,542,935.55 | 0.00 | 0.00 | 0.00 | 82,074,738.07 |
- **Work In Process**
  - 0.00 | 0.00 | 389,473.60 | 0.00 | 0.00 | 389,473.60 |
| **Total fixed assets** | 1,531,802.52 | 80,542,935.55 | 389,473.60 | 0.00 | 0.00 | 82,464,211.67 |

#### Other Assets

- **Wastewater treatment/disposal rights, net of amortization**
  - 0.00 | 24,598,639.13 | 0.00 | 0.00 | 0.00 | 24,598,639.13 |
- **Inventory - Mitigation Credits**
  - 0.00 | 0.00 | 0.00 | 0.00 | 1,910,560.00 | 1,910,560.00 |
| **Total Other Assets** | 0.00 | 24,598,639.13 | 0.00 | 0.00 | 1,910,560.00 | 26,509,199.13 |

<table>
<thead>
<tr>
<th>Fund</th>
<th>General</th>
<th>Brine Line</th>
<th>Capital</th>
<th>OWOW</th>
<th>Roundtable</th>
<th>Fund Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>$4,611,119.94</td>
<td>$159,299,780.66</td>
<td>$1,699,511.44</td>
<td>$6,635,839.37</td>
<td>$5,156,507.47</td>
<td>$177,402,758.88</td>
</tr>
</tbody>
</table>

### Liabilities and Fund Equity

#### Current Liabilities

- **Accounts Payable/Accrued Expenses**
  - $791,921.95 | $815,668.66 | $1,341,482.82 | $4,698,070.16 | $133,539.79 | $7,780,683.38 |
- **Accrued Interest Payable**
  - 0.00 | 256,047.75 | 0.00 | 0.00 | 0.00 | 256,047.75 |
- **Customer Deposits**
  - 0.00 | 20,354.22 | 0.00 | 0.00 | 466,361.33 | 486,715.55 |
| **Total Liabilities** | 5,376,459.95 | 93,967,836.77 | 1,341,482.82 | 4,698,070.16 | 599,901.12 | 105,983,750.82 |

#### Noncurrent Liabilities

- **Long-term Debt**
  - 4,584,538.00 | 27,686,940.64 | 0.00 | 0.00 | 0.00 | 32,271,478.64 |
- **Deferred Revenue**
  - 0.00 | 65,188,825.50 | 0.00 | 0.00 | 0.00 | 65,188,825.50 |
| **Total Liabilities** | 5,376,459.95 | 93,967,836.77 | 1,341,482.82 | 4,698,070.16 | 599,901.12 | 105,983,750.82 |

#### Fund Equity

- **Contributed Capital**
  - 0.00 | 20,920,507.03 | 0.00 | 0.00 | 0.00 | 20,920,507.03 |
- **Retained Earnings**
  - 2,505,211.67 | 44,632,889.40 | 389,473.60 | 1,337,714.59 | 3,540,774.67 | 52,406,063.93 |
- **Revenue Over/Under Expenditures**
  - (3,270,551.68) | (221,452.54) | (31,444.98) | 600,054.62 | 1,015,831.68 | (1,907,562.90) |
| **Total Fund Equity** | (765,340.01) | 65,331,943.89 | 358,028.62 | 1,937,769.21 | 4,556,606.35 | 71,419,008.06 |

<table>
<thead>
<tr>
<th>Fund</th>
<th>General</th>
<th>Brine Line</th>
<th>Capital</th>
<th>OWOW</th>
<th>Roundtable</th>
<th>Fund Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities &amp; Fund Equity</strong></td>
<td>$4,611,119.94</td>
<td>$159,299,780.66</td>
<td>$1,699,511.44</td>
<td>$6,635,839.37</td>
<td>$5,156,507.47</td>
<td>$177,402,758.88</td>
</tr>
</tbody>
</table>
### Santa Ana Watershed Project Authority
#### Revenue & Expenses by Fund Type
##### For the One Month Ending Friday, July 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Brine Line Enterprise</th>
<th>Capital Projects</th>
<th>OWOW Projects</th>
<th>Roundtable Projects</th>
<th>Fund Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discharge Fees</td>
<td>$0.00</td>
<td>$955,840.73</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$955,840.73</td>
</tr>
<tr>
<td>Grant Proceeds</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>(4,825,335.83)</td>
<td>0.00</td>
<td>(4,825,335.83)</td>
</tr>
<tr>
<td>Financing Proceeds</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>21,593.49</td>
<td>21,593.49</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>0.00</td>
<td>955,840.73</td>
<td>0.00</td>
<td>(4,825,335.83)</td>
<td>21,593.49</td>
<td>(3,847,901.61)</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor</td>
<td>126,533.48</td>
<td>106,364.29</td>
<td>8,771.76</td>
<td>50,146.79</td>
<td>14,731.67</td>
<td>306,547.99</td>
</tr>
<tr>
<td>Benefits</td>
<td>42,114.71</td>
<td>48,183.02</td>
<td>3,973.61</td>
<td>22,716.50</td>
<td>22,215.35</td>
<td>123,661.29</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>0.00</td>
<td>160,397.34</td>
<td>13,227.82</td>
<td>75,621.37</td>
<td>271,461.88</td>
<td></td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>4,625.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>4,625.00</td>
</tr>
<tr>
<td>Consulting &amp; Professional Services</td>
<td>36,329.30</td>
<td>2,394.30</td>
<td>5,114.99</td>
<td>12,483.88</td>
<td>68,330.34</td>
<td>124,652.81</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>462.70</td>
<td>192,598.06</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>193,060.76</td>
</tr>
<tr>
<td>Repair &amp; Maintenance</td>
<td>6,111.17</td>
<td>1,940.29</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>8,051.46</td>
</tr>
<tr>
<td>Phone &amp; Utilities</td>
<td>16,107.07</td>
<td>826.17</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>16,933.24</td>
</tr>
<tr>
<td>Equipment &amp; Computers</td>
<td>40,086.89</td>
<td>34,977.84</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>75,064.73</td>
</tr>
<tr>
<td>Meeting &amp; Travel</td>
<td>350.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>350.00</td>
</tr>
<tr>
<td>Other Administrative Costs</td>
<td>26,129.90</td>
<td>7,186.82</td>
<td>356.80</td>
<td>65.00</td>
<td>10,050.00</td>
<td>43,788.52</td>
</tr>
<tr>
<td>Indirect Costs Applied</td>
<td>(271,461.88)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>5,508.79</td>
<td>14,916.27</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>20,425.06</td>
</tr>
<tr>
<td>Construction</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>(4,756,423.99)</td>
<td>0.00</td>
<td>(4,756,423.99)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>32,897.13</td>
<td>569,784.40</td>
<td>31,444.98</td>
<td>(4,595,390.45)</td>
<td>122,000.81</td>
<td>(3,839,263.13)</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>(32,897.13)</td>
<td>386,056.33</td>
<td>(31,444.98)</td>
<td>(229,945.38)</td>
<td>(100,407.32)</td>
<td>(8,638.48)</td>
</tr>
<tr>
<td><strong>Nonoperating Income (Expense)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member Contributions</td>
<td>680,340.00</td>
<td>0.00</td>
<td>0.00</td>
<td>830,000.00</td>
<td>20,000.00</td>
<td>1,530,340.00</td>
</tr>
<tr>
<td>Other Agency Contributions</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,096,239.00</td>
<td>1,096,239.00</td>
</tr>
<tr>
<td>Interest Income</td>
<td>0.00</td>
<td>(208,812.79)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>(208,812.79)</td>
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Aging Report
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## Brine Line Debt Service Funding Analysis

**Santa Ana Watershed Project Authority**  
**August 31, 2020**

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# CASH BALANCE & SOURCE OF FUNDS

*August 31, 2020*

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<tr>
<th>Reserve Accounts</th>
<th>Total</th>
<th>Checking (Cash)</th>
<th>LAIF Account</th>
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<th>Certificates of Deposit</th>
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<td>3,719,181</td>
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<td>Brine Line - OCSD Future Capacity</td>
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<td>-</td>
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<td>Brine Line - Flow Imbalance Reserve</td>
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<td>83,234</td>
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<td>$ 83,234</td>
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<td>Brine Line - Rate Stabilization Reserve</td>
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<td>Emerging Constituents TF</td>
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<td><strong>Total</strong></td>
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<td><strong>$ 3,211,038</strong></td>
<td><strong>$ 44,874,498</strong></td>
<td><strong>$ 466,361</strong></td>
<td><strong>$ 9,739,126</strong></td>
<td><strong>$ 1,246,922</strong></td>
<td><strong>$ 59,537,946</strong></td>
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</table>
Cash & Investments - August 2020
$59,537,946

LAIF, $44,874,498, 75%
Savings - EPA, $466,361, 1%
Checking Accounts, $3,211,038, 6%
CD's, $1,246,922, 2%
Securities, $9,739,126, 16%
<table>
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<th>Reserve Account</th>
<th>Balance @ 6/30/2020</th>
<th>Interest Earned</th>
<th>Fund Receipts/ Contributions</th>
<th>Debt Service Payments</th>
<th>Inter-Fund Loans</th>
<th>Fund Expenses</th>
<th>Balance @ 8/31/2020</th>
<th>Fund Changes</th>
<th>Balance @ 6/30/2021</th>
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<tbody>
<tr>
<td>Brine Line Operating Reserve</td>
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<td>13,873</td>
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<td>Pipeline Replacement</td>
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<td>21,429,829</td>
<td>5,608</td>
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<td>3,719,181</td>
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<td>284,792</td>
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<td>4,061,591</td>
<td>(736,069)</td>
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<td>544,647</td>
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<td>(420,458)</td>
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<td>(23,776)</td>
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<td><strong>Total</strong></td>
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<td><strong>142,828</strong></td>
<td><strong>3,574,132</strong></td>
<td><strong>(670,725)</strong></td>
<td><strong>(2,091,451)</strong></td>
<td><strong>55,250,362</strong></td>
<td><strong>(647,128)</strong></td>
<td><strong>54,603,234</strong></td>
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</tbody>
</table>
Twelve Month Maturity Schedule

Securities

- < 1 YR: 60%
- 1 to 2 YRS: 19%
- 2 to 3 YRS: 7%
- 3 to 4 YRS: 5%
- 4 to 5 YRS: 9%
TREASURER'S REPORT
As of August 31, 2020

<table>
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<tr>
<th>Type</th>
<th>Security</th>
<th>Purchase Date</th>
<th>Maturity Date</th>
<th>Unit Cost</th>
<th>Current Value</th>
<th>Market Value</th>
<th>Interest Rate</th>
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<td>FHLMC</td>
<td>9/16/2016</td>
<td>8/12/2021</td>
<td>100.00</td>
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<td>1/13/2022</td>
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<td>$500,000.00</td>
<td>$515,261.00</td>
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<td>6/10/2022</td>
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<td>FHLM</td>
<td>2/4/2020</td>
<td>12/13/2024</td>
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<td>$531,250.00</td>
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<td>FNMA</td>
<td>12/28/2015</td>
<td>12/28/2020</td>
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<td>$1,005,694.00</td>
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<td>6/16/2016</td>
<td>11/30/2020</td>
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<td>1/7/2025</td>
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<td>9/30/2020</td>
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<td>10/15/2018</td>
<td>5/3/2023</td>
<td>95.98</td>
<td>$479,898.50</td>
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<td>$527,299.00</td>
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<tr>
<td>CORP</td>
<td>Toyota Motor Credit Corp.</td>
<td>10/15/2018</td>
<td>9/20/2023</td>
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<td>$497,747.50</td>
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<td>4/19/2021</td>
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<td>$248,000.00</td>
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<tr>
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<td>American Express BK FSB</td>
<td>5/10/2017</td>
<td>5/10/2021</td>
<td>100.00</td>
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<td>$248,000.00</td>
<td>$248,000.00</td>
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<td>Sallie Mae BK SLT</td>
<td>7/1/2019</td>
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$10,759,611.25 $10,738,000.00 $10,738,000.00 10,968,762.50 2.014%
Average Daily Flow by Month

- Actual
- Owned
### SUMMARY OF LABOR MULTIPLIERS

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<th>Amount</th>
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<td>Total Payroll</td>
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<table>
<thead>
<tr>
<th>Description</th>
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<td>Gross Indirect Costs</td>
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<td>Less: Member Contributions &amp; Other Revenue</td>
<td>(75,000)</td>
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<td>Indirect Costs for Distribution</td>
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<table>
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<th>Rate</th>
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<tr>
<td>Indirect Costs</td>
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**FY 2020-21 Labor multiplier - thru 08/31/20**

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<th>Multiplier</th>
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<td>FY 2019-20</td>
<td>2.309</td>
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<td>FY 2018-19</td>
<td>2.059</td>
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<td>FY 2017-18</td>
<td>1.990</td>
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<tr>
<td>FY 2016-17</td>
<td>1.901</td>
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### INDIRECT COSTS
(to be Distributed)

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<th>G/L Acct.</th>
<th>Description</th>
<th>Actual thru 8/31/20</th>
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<td>51000</td>
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<td>Benefits</td>
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<td>60111</td>
<td>Tuition Reimbursement</td>
<td>$ -</td>
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<td>60112</td>
<td>Training</td>
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<tr>
<td>60113</td>
<td>Education</td>
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<tr>
<td>60114</td>
<td>Other Training &amp; Education</td>
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<td>60120</td>
<td>Audit Fees</td>
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<td>Other Contract Services</td>
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<td>60133</td>
<td>Employment Recruitment</td>
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<tr>
<td>60153</td>
<td>Materials &amp; Supplies</td>
<td>$ -</td>
</tr>
<tr>
<td>60154</td>
<td>Safety</td>
<td>$705</td>
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<tr>
<td>60155</td>
<td>Security</td>
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<tr>
<td>60156</td>
<td>Custodial Contract Services</td>
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<td>Landscaping Maintenance</td>
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<tr>
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<td>Facility Repair &amp; Maintenance</td>
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<td>60160</td>
<td>Telephone</td>
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<td>60161</td>
<td>Cellular Services</td>
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<td>Electricity</td>
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<td>60164</td>
<td>Water Services</td>
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<td>60170</td>
<td>Equipment Expensed</td>
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<tr>
<td>60171</td>
<td>Equipment Rented</td>
<td>$3,119</td>
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</table>

(Continued - next column)

<table>
<thead>
<tr>
<th>G/L Acct.</th>
<th>Description</th>
<th>Actual thru 8/31/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>60172</td>
<td>Equipment Repair / Maintenance</td>
<td>$118</td>
</tr>
<tr>
<td>60180</td>
<td>Computer Hardware</td>
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<tr>
<td>60181</td>
<td>Computer Software</td>
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<td>60182</td>
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<td>60183</td>
<td>Computer Supplies</td>
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<tr>
<td>60184</td>
<td>Computer Repair/Maint</td>
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</tr>
<tr>
<td>60190</td>
<td>Offsite Meeting/Travel Expense</td>
<td>$ -</td>
</tr>
<tr>
<td>60191</td>
<td>In House Meetings</td>
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<tr>
<td>60192</td>
<td>Conference Expense</td>
<td>$350</td>
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<tr>
<td>60193</td>
<td>Car, Repair, Maintenance</td>
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<tr>
<td>60200</td>
<td>Dues</td>
<td>$320</td>
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<tr>
<td>60202</td>
<td>Subscriptions</td>
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<td>60203</td>
<td>Contributions</td>
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<tr>
<td>60210</td>
<td>Bank Charges</td>
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<tr>
<td>6211</td>
<td>Shipping/Postage</td>
<td>$1,121</td>
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<tr>
<td>60212</td>
<td>Office Supplies</td>
<td>$10,767</td>
</tr>
<tr>
<td>60213</td>
<td>Offsite Storage</td>
<td>$2,738</td>
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<tr>
<td>48000</td>
<td>Commission Fees</td>
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<td>60221</td>
<td>Commission Mileage Reimb.</td>
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<tr>
<td>60222</td>
<td>Other Commission Expense</td>
<td>$ -</td>
</tr>
<tr>
<td>60230</td>
<td>Other Expense</td>
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<tr>
<td>60240</td>
<td>Building Lease</td>
<td>$891</td>
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<td>81010</td>
<td>Retiree Medical Expense</td>
<td>$22,783</td>
</tr>
<tr>
<td>80001</td>
<td>Insurance Expense</td>
<td>$10,798</td>
</tr>
<tr>
<td>80000</td>
<td>Building Repair/Replacement Reserve</td>
<td>$100,000</td>
</tr>
<tr>
<td>80000</td>
<td>Fixed Assets</td>
<td>$ -</td>
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</table>

Total Costs $520,035

- Direct Costs Paid by Projects $493,033
- Member Contribution Offset $75,000

$568,033

- Over (Under) Allocation % 10.8%
- Over (Under) Allocation of General Fund Costs $47,999
# BENEFITS SUMMARY
*(Distributed based on Actual Labor)*

<table>
<thead>
<tr>
<th>G/L Acct</th>
<th>Description</th>
<th>Budget</th>
<th>Actual @ 8/31/20</th>
<th>Projected FYE 2021</th>
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<tbody>
<tr>
<td>70101</td>
<td>FICA Expense</td>
<td>$212,968</td>
<td>$26,174</td>
<td>$157,046</td>
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<td>Medicare Expense</td>
<td>$61,259</td>
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<td>70103</td>
<td>State Unemployment Insurance</td>
<td>$5,145</td>
<td>-</td>
<td>$4,900</td>
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<tr>
<td>70104</td>
<td>Worker's Compensation Insurance</td>
<td>$46,882</td>
<td>$3,158</td>
<td>$42,000</td>
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<tr>
<td>70105</td>
<td>State Disability Insurance</td>
<td>$30,129</td>
<td>$3,850</td>
<td>$23,100</td>
</tr>
<tr>
<td>70106</td>
<td>PERS Pension Plan</td>
<td>$766,791</td>
<td>$97,014</td>
<td>$582,083</td>
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<tr>
<td>70111</td>
<td>Medical Expense</td>
<td>$630,327</td>
<td>$71,895</td>
<td>$431,369</td>
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<tr>
<td>70112</td>
<td>Dental Expense</td>
<td>$37,907</td>
<td>$4,255</td>
<td>$25,528</td>
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<tr>
<td>70113</td>
<td>Vision Insurance</td>
<td>$9,015</td>
<td>$1,183</td>
<td>$7,098</td>
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<td>70114</td>
<td>Life Insurance Expense</td>
<td>$16,462</td>
<td>$2,351</td>
<td>$14,106</td>
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<td>70115</td>
<td>Long Term Disability</td>
<td>$19,243</td>
<td>$2,655</td>
<td>$15,928</td>
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<td>70116</td>
<td>Wellness Program Expense</td>
<td>$3,500</td>
<td>$109</td>
<td>$652</td>
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<tr>
<td>70120</td>
<td>Car Allowance</td>
<td>$51,000</td>
<td>$7,500</td>
<td>$45,000</td>
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<tr>
<td><strong>Total Benefits</strong></td>
<td><strong>$1,890,627</strong></td>
<td><strong>$227,382</strong></td>
<td><strong>$1,392,247</strong></td>
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<tr>
<td><strong>Total Payroll</strong></td>
<td><strong>$4,173,739</strong></td>
<td><strong>$650,770</strong></td>
<td><strong>$3,669,588</strong></td>
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</tr>
<tr>
<td><strong>Benefits Rate</strong></td>
<td></td>
<td></td>
<td>45.3%</td>
<td>34.9%</td>
</tr>
</tbody>
</table>

**Benefits Rate**

|          | 45.3%   | 34.9%  | 37.9%   |
## Santa Ana Watershed Project Authority
### Labor Hours Budget vs Actual
#### Month Ending August 31, 2020

<table>
<thead>
<tr>
<th>Fund</th>
<th>Budget</th>
<th>Actual</th>
<th>%</th>
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<td>General Fund</td>
<td>25,990</td>
<td>3,429</td>
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<tr>
<td>135</td>
<td>Prop 84 - Round I Program Mgmt</td>
<td>305</td>
<td>60</td>
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<tr>
<td>140</td>
<td>Prop 84 - Drought Program Mgmt</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>145</td>
<td>Prop 84 - 2015 Program Mgmt</td>
<td>2,309</td>
<td>128</td>
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<tr>
<td>150</td>
<td>Prop 1 - Program Management</td>
<td>-</td>
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<tr>
<td>240</td>
<td>Brine Line Enterprise</td>
<td>21,975</td>
<td>3,397</td>
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<tr>
<td>320</td>
<td>Brine Line Protection</td>
<td>685</td>
<td>200</td>
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<tr>
<td>327</td>
<td>Reach IV-D Corrosion Repairs</td>
<td>-</td>
<td>320</td>
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<tr>
<td>370-01</td>
<td>Basin Planning General</td>
<td>1,545</td>
<td>302</td>
</tr>
<tr>
<td>370-02</td>
<td>USBR Partnership Studies</td>
<td>81</td>
<td>4</td>
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<tr>
<td>373</td>
<td>Watershed Management (OWOW)</td>
<td>1,790</td>
<td>224</td>
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<tr>
<td>374</td>
<td>Basin Monitoring Program TF</td>
<td>410</td>
<td>89</td>
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<tr>
<td>381</td>
<td>SAR Fish Conservation</td>
<td>210</td>
<td>72</td>
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<tr>
<td>384-01</td>
<td>MSAR TMDL TF</td>
<td>160</td>
<td>27</td>
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<tr>
<td>386MONIT</td>
<td>RWQ Monitoring TF</td>
<td>155</td>
<td>15</td>
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<tr>
<td>387</td>
<td>Arundo Removal &amp; Habitat Restoration</td>
<td>220</td>
<td>27</td>
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<tr>
<td>392</td>
<td>Emerging Constituents TF</td>
<td>45</td>
<td>19</td>
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<tr>
<td>398ADMIN</td>
<td>Prop 1 - DACI</td>
<td>4,140</td>
<td>260</td>
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<tr>
<td>477-02</td>
<td>LESJWA - Administration</td>
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<td>56</td>
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<tr>
<td>477TMDL</td>
<td>LESJWA - TMDL Task Force</td>
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<td>504-401IMPLE</td>
<td>Prop 84 - Final Round Implementation</td>
<td>375</td>
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<tr>
<td>504-401PA23</td>
<td>Prop 84 - Final Round PA23 Admin</td>
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<td>504-402RATES</td>
<td>Prop 84 - Final Round Water Rates</td>
<td>305</td>
<td>13</td>
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<tr>
<td>504-402SMART</td>
<td>Prop 84 - Final Round SmartScape</td>
<td>390</td>
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</table>

**Note:** Should be at 16.67% of budget for 2 months
Santa Ana Watershed Project Authority
PA25 - OWOW Fund - Financial Report
July 2020

Staff comments provided on the last page are an integral part of this report.

Overview
This report highlights the agency’s key financial indicators for the Fiscal Year-to-Date (FYTD) through July 2020 unless otherwise noted.

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Planning General</td>
<td>$460,814</td>
<td>$30,068</td>
<td>$46,900</td>
<td>($16,832)</td>
</tr>
<tr>
<td>USBR Partnership Studies</td>
<td>69,455</td>
<td>1,621</td>
<td>862</td>
<td>759</td>
</tr>
<tr>
<td>Watershed Mgmt. (OWOW)</td>
<td>449,871</td>
<td>37,489</td>
<td>39,248</td>
<td>(1,759)</td>
</tr>
<tr>
<td>Prop 84 - Administration</td>
<td>530,869</td>
<td>44,239</td>
<td>26,601</td>
<td>17,638</td>
</tr>
<tr>
<td>Prop 1 – Administration</td>
<td>-</td>
<td>-</td>
<td>10,902</td>
<td>(10,902)</td>
</tr>
<tr>
<td>Prop 1 – DACI</td>
<td>2,054,180</td>
<td>171,182</td>
<td>24,461</td>
<td>146,721</td>
</tr>
<tr>
<td>Prop 84 – Drought Projects</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prop 84 – SARCCUP &amp; Other</td>
<td>979,142</td>
<td>81,595</td>
<td>11,246</td>
<td>70,349</td>
</tr>
<tr>
<td>Prop 1 – Capital Projects</td>
<td>580,266</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$5,124,596</td>
<td>$366,194</td>
<td>$160,220</td>
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</tbody>
</table>

Budget to Actual Expenses - OWOW

![Graph](image-url)
## Budget to Actual Revenues - OWOW

<table>
<thead>
<tr>
<th>Concern</th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Planning General</td>
<td>$460,000</td>
<td>$360,000</td>
<td>$360,000</td>
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<tr>
<td>USBR Partnership Studies</td>
<td>70,000</td>
<td>20,000</td>
<td>20,000</td>
<td>-</td>
</tr>
<tr>
<td>Watershed Mgmt. (OWOW)</td>
<td>450,000</td>
<td>450,000</td>
<td>450,000</td>
<td>-</td>
</tr>
<tr>
<td>Prop 84 - Administration</td>
<td>530,869</td>
<td>44,239</td>
<td>26,601</td>
<td>(17,638)</td>
</tr>
<tr>
<td>Prop 1 – Administration</td>
<td>-</td>
<td>-</td>
<td>10,902</td>
<td>10,902</td>
</tr>
<tr>
<td>Prop 1 – DACI</td>
<td>2,054,180</td>
<td>171,182</td>
<td>24,461</td>
<td>(146,721)</td>
</tr>
<tr>
<td>Prop 84 – Drought Projects</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prop 84 – SARCCUP &amp; Other</td>
<td>979,142</td>
<td>42,988</td>
<td>11,246</td>
<td>(31,742)</td>
</tr>
<tr>
<td>Prop 1 – Capital Projects</td>
<td>642,668</td>
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<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$5,186,858</strong></td>
<td><strong>$1,088,409</strong></td>
<td><strong>$903,210</strong></td>
<td><strong>($185,199)</strong></td>
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</tbody>
</table>

---

*Note: The chart illustrates the distribution of budget and actual revenues across various categories.*
## Reserve Fund Balance - July

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Planning General</td>
<td>$330,612</td>
</tr>
<tr>
<td>USBR Partnership Studies</td>
<td>54,038</td>
</tr>
<tr>
<td>Watershed Management (OWOW)</td>
<td>402,968</td>
</tr>
<tr>
<td>Proposition 84 – SARCCUP &amp; Other</td>
<td>764,486</td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$1,552,104</strong></td>
</tr>
</tbody>
</table>

### Legend

<table>
<thead>
<tr>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="green-check" alt="Green Check" /></td>
<td>Ahead or Favorable Above +5% Favorable Revenue or Expense Variance</td>
</tr>
<tr>
<td><img src="green-check" alt="Green Check" /></td>
<td>On Track +5% to -2% Variance</td>
</tr>
<tr>
<td><img src="warning" alt="Warning" /></td>
<td>Behind -3% to -5% Variance</td>
</tr>
<tr>
<td><img src="red-x" alt="Red X" /></td>
<td>Concern Below -5% Variance</td>
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</tbody>
</table>

### Staff Comments

For this month’s report, the item(s) explained below are either “behind”, a “concern”, or have changed significantly from the prior month.

1) Total revenues are 17% below budget. Since this is the first month of the FYE 2021 Budget, projects tend to start out slowly. It is anticipated that all projects will be on track with the budget at the end of the fiscal year.
Overview
This report highlights the agency’s key financial indicators for the Fiscal Year-to-Date (FYTD) through August 2020 unless otherwise noted.

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Planning General</td>
<td>$460,814</td>
<td>$60,136</td>
<td>$93,786</td>
<td>$(33,651)</td>
</tr>
<tr>
<td>USBR Partnership Studies</td>
<td>69,455</td>
<td>3,243</td>
<td>1,149</td>
<td>2,094</td>
</tr>
<tr>
<td>Watershed Mgmt. (OWOW)</td>
<td>449,871</td>
<td>74,979</td>
<td>51,081</td>
<td>23,898</td>
</tr>
<tr>
<td>Prop 84 - Administration</td>
<td>530,869</td>
<td>88,478</td>
<td>54,080</td>
<td>34,398</td>
</tr>
<tr>
<td>Prop 1 – Administration</td>
<td>-</td>
<td>-</td>
<td>17,180</td>
<td>(17,180)</td>
</tr>
<tr>
<td>Prop 1 – DACI</td>
<td>2,054,180</td>
<td>342,363</td>
<td>46,141</td>
<td>296,223</td>
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<tr>
<td>Prop 84 – Drought Projects</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prop 84 – SARCCUP &amp; Other</td>
<td>979,142</td>
<td>163,190</td>
<td>28,402</td>
<td>134,788</td>
</tr>
<tr>
<td>Prop 1 – Capital Projects</td>
<td>580,266</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,124,596</strong></td>
<td><strong>$732,389</strong></td>
<td><strong>$291,819</strong></td>
<td><strong>$440,570</strong></td>
</tr>
</tbody>
</table>

**Budget to Actual Expenses - OWOW**

![Budget to Actual Expenses Chart]

*Staff comments provided on the last page are an integral part of this report.*
## Budget to Actual Revenues - OWOW

<table>
<thead>
<tr>
<th>Concern</th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Planning General</td>
<td>$460,000</td>
<td>$360,000</td>
<td>$360,000</td>
<td>$-</td>
</tr>
<tr>
<td>USBR Partnership Studies</td>
<td>70,000</td>
<td>20,000</td>
<td>20,000</td>
<td>-</td>
</tr>
<tr>
<td>Watershed Mgmt. (OWOW)</td>
<td>450,000</td>
<td>450,000</td>
<td>523,590</td>
<td>73,590</td>
</tr>
<tr>
<td>Prop 84 - Administration</td>
<td>530,869</td>
<td>88,478</td>
<td>54,080</td>
<td>(34,398)</td>
</tr>
<tr>
<td>Prop 1 – Administration</td>
<td>-</td>
<td>-</td>
<td>17,180</td>
<td>17,180</td>
</tr>
<tr>
<td>Prop 1 – DACI</td>
<td>2,054,180</td>
<td>342,363</td>
<td>46,141</td>
<td>(296,222)</td>
</tr>
<tr>
<td>Prop 84 – Drought Projects</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prop 84 – SARCCUP &amp; Other</td>
<td>979,142</td>
<td>85,975</td>
<td>18,528</td>
<td>(67,447)</td>
</tr>
<tr>
<td>Prop 1 – Capital Projects</td>
<td>642,668</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,186,858</strong></td>
<td><strong>$1,346,816</strong></td>
<td><strong>$1,039,519</strong></td>
<td>($307,298)</td>
</tr>
</tbody>
</table>

### Bar Chart

- **Budget**
- **Actual**

---

422
Reserve Fund Balance - August

<table>
<thead>
<tr>
<th>fund_type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Planning General</td>
<td>$442,725</td>
</tr>
<tr>
<td>USBR Partnership Studies</td>
<td>61,751</td>
</tr>
<tr>
<td>Watershed Management (OWOW)</td>
<td>552,804</td>
</tr>
<tr>
<td>Proposition 84 – SARCCUP &amp; Other</td>
<td>724,811</td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$1,782,091</strong></td>
</tr>
</tbody>
</table>

Legend

- **Ahead or Favorable**  Above +5% Favorable Revenue or Expense Variance
- **On Track**            +5% to -2% Variance
- **Behind**              -3% to -5% Variance
- **Concern**             Below -5% Variance

Staff Comments

For this month’s report, the item(s) explained below are either “behind”, a “concern”, or have changed significantly from the prior month.

1) Total revenues are 23% below budget. Since this is the second month of the FYE 2021 Budget, projects tend to start out slowly. It is anticipated that all projects will be on track with the budget at the end of the fiscal year.
### Overview

This report highlights the agency’s key financial indicators for the Fiscal Year-to-Date (FYTD) through July 2020 unless otherwise noted.

### Budget to Actual Expenses - Roundtables

<table>
<thead>
<tr>
<th></th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Monitoring TF</td>
<td>$339,272</td>
<td>$28,273</td>
<td>$29,532</td>
<td>($1,259)</td>
</tr>
<tr>
<td>SAR Fish Conservation</td>
<td>80,137</td>
<td>6,678</td>
<td>3,512</td>
<td>3,166</td>
</tr>
<tr>
<td>MSAR TMDL TF</td>
<td>417,267</td>
<td>156,689</td>
<td>135,864</td>
<td>20,825</td>
</tr>
<tr>
<td>RWQ Monitoring TF</td>
<td>426,489</td>
<td>35,541</td>
<td>47,599</td>
<td>(12,058)</td>
</tr>
<tr>
<td>Arundo Mgmt.</td>
<td>277,527</td>
<td>23,127</td>
<td>2,981</td>
<td>20,146</td>
</tr>
<tr>
<td>Emerging Constituents</td>
<td>40,297</td>
<td>3,358</td>
<td>3,919</td>
<td>(561)</td>
</tr>
<tr>
<td>LESJWA Admin</td>
<td>216,881</td>
<td>18,073</td>
<td>31,593</td>
<td>(13,520)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,797,871</strong></td>
<td><strong>$271,739</strong></td>
<td><strong>$255,000</strong></td>
<td><strong>$16,739</strong></td>
</tr>
</tbody>
</table>

#### Budget to Actual Expenses - Roundtables

**Graph:**
- **Y-axis:** Millions
- **X-axis:** Roundtables
- Blue bars represent the Annual Budget, and red bars represent the FYTD Actual.
## Budget to Actual Revenues - Roundtables

<table>
<thead>
<tr>
<th></th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Monitoring TF</td>
<td>$338,000</td>
<td>$338,000</td>
<td>$320,051</td>
<td>($17,949)</td>
</tr>
<tr>
<td>SAR Fish Conservation</td>
<td>29,000</td>
<td>29,000</td>
<td>10,000</td>
<td>(19,000)</td>
</tr>
<tr>
<td>MSAR TMDL TF</td>
<td>416,000</td>
<td>416,000</td>
<td>351,200</td>
<td>(64,800)</td>
</tr>
<tr>
<td>RWQ Monitoring TF</td>
<td>418,000</td>
<td>418,000</td>
<td>441,573</td>
<td>23,573</td>
</tr>
<tr>
<td>Arundo Mgmt.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Emerging Constituents</td>
<td>38,711</td>
<td>38,711</td>
<td>116,415</td>
<td>77,704</td>
</tr>
<tr>
<td>LESJWA Admin</td>
<td>216,881</td>
<td>27,240</td>
<td>31,593</td>
<td>4,353</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,456,592</strong></td>
<td><strong>$1,266,951</strong></td>
<td><strong>$1,270,832</strong></td>
<td><strong>$3,881</strong></td>
</tr>
</tbody>
</table>

---

### Budget to Actual Revenues - Roundtables

![Graph showing budget vs actual revenues for various roundtables.](image-url)
Total Cash & Investments - July

$2.2 Million

LAIF 79%

Legal Defense Fund 21%

Reserve Fund Balance - July

<table>
<thead>
<tr>
<th>Task Force</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Monitoring Task Force</td>
<td>$207,788</td>
</tr>
<tr>
<td>SAR Fish Conservation</td>
<td>128,688</td>
</tr>
<tr>
<td>Middle SAR TMDL Task Force</td>
<td>150,392</td>
</tr>
<tr>
<td>Regional Water Quality Monitoring Task Force</td>
<td>286,869</td>
</tr>
<tr>
<td>Arundo Management &amp; Habitat</td>
<td>958,914</td>
</tr>
<tr>
<td>Emerging Constituents Task Force</td>
<td>19,843</td>
</tr>
<tr>
<td>Legal Defense Fund</td>
<td>466,361</td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$2,218,855</strong></td>
</tr>
<tr>
<td>Legend</td>
<td>Compared to Budget</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------</td>
</tr>
<tr>
<td>![Green Checkmark]</td>
<td>Ahead or Favorable: Above +5% Favorable Revenue or Expense Variance</td>
</tr>
<tr>
<td>![Green Checkmark]</td>
<td>On Track: +5% to -2% Variance</td>
</tr>
<tr>
<td>![Bell]</td>
<td>Behind: -3% to -5% Variance</td>
</tr>
<tr>
<td>![Red X]</td>
<td>Concern: Below -5% Variance</td>
</tr>
</tbody>
</table>

### Staff Comments

For this month’s report, the item(s) explained below are either “behind”, a “concern”, or have changed significantly from the prior month.

1) Both expenses and revenues are on track with the budget.
Santa Ana Watershed Project Authority  
PA26 - Roundtable Fund - Financial Report  
August 2020

Staff comments provided on the last page are an integral part of this report.

### Overview
This report highlights the agency’s key financial indicators for the Fiscal Year-to-Date (FYTD) through August 2020 unless otherwise noted.

<table>
<thead>
<tr>
<th></th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Monitoring TF</td>
<td>$339,272</td>
<td>$56,545</td>
<td>$49,367</td>
<td>$7,178</td>
</tr>
<tr>
<td>SAR Fish Conservation</td>
<td>80,137</td>
<td>13,356</td>
<td>7,889</td>
<td>5,467</td>
</tr>
<tr>
<td>MSAR TMDL TF</td>
<td>417,267</td>
<td>180,378</td>
<td>151,708</td>
<td>28,670</td>
</tr>
<tr>
<td>RWQ Monitoring TF</td>
<td>426,489</td>
<td>71,082</td>
<td>92,941</td>
<td>(21,859)</td>
</tr>
<tr>
<td>Arundo Mgmt.</td>
<td>277,527</td>
<td>46,255</td>
<td>6,359</td>
<td>39,896</td>
</tr>
<tr>
<td>Emerging Constituents</td>
<td>40,297</td>
<td>6,716</td>
<td>4,671</td>
<td>2,045</td>
</tr>
<tr>
<td>LESJWA Admin</td>
<td>216,881</td>
<td>36,147</td>
<td>49,078</td>
<td>(12,931)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,797,871</strong></td>
<td><strong>$410,479</strong></td>
<td><strong>$362,013</strong></td>
<td><strong>$48,466</strong></td>
</tr>
</tbody>
</table>

### Budget to Actual Expenses - Roundtables

**Bar Chart**

- **Budget**
- **Actual**

---

Budget to Actual Expenses - Roundtables
## Budget to Actual Revenues - Roundtables

<table>
<thead>
<tr>
<th></th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Monitoring TF</td>
<td>$338,000</td>
<td>$338,000</td>
<td>$320,051</td>
<td>$(17,949)</td>
</tr>
<tr>
<td>SAR Fish Conservation</td>
<td>29,000</td>
<td>29,000</td>
<td>10,000</td>
<td>(19,000)</td>
</tr>
<tr>
<td>MSAR TMDL TF</td>
<td>416,000</td>
<td>416,000</td>
<td>351,200</td>
<td>(64,800)</td>
</tr>
<tr>
<td>RWQ Monitoring TF</td>
<td>418,000</td>
<td>418,000</td>
<td>441,573</td>
<td>23,573</td>
</tr>
<tr>
<td>Arundo Mgmt.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Emerging Constituents</td>
<td>38,711</td>
<td>38,711</td>
<td>116,415</td>
<td>77,704</td>
</tr>
<tr>
<td>LESJWA Admin</td>
<td>216,881</td>
<td>44,480</td>
<td>49,078</td>
<td>4,598</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,456,592</strong></td>
<td><strong>$1,284,191</strong></td>
<td><strong>$1,288,317</strong></td>
<td><strong>$4,126</strong></td>
</tr>
</tbody>
</table>

![Budget to Actual Revenues - Roundtables](chart.png)
Total Cash & Investments - August

$2.5 Million

LAIF 81%

Legal Defense Fund 19%

Reserve Fund Balance - August

<table>
<thead>
<tr>
<th>Task Force</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basin Monitoring Task Force</td>
<td>$391,342</td>
</tr>
<tr>
<td>SAR Fish Conservation</td>
<td>127,899</td>
</tr>
<tr>
<td>Middle SAR TMDL Task Force</td>
<td>160,767</td>
</tr>
<tr>
<td>Regional Water Quality Monitoring Task Force</td>
<td>331,742</td>
</tr>
<tr>
<td>Arundo Management &amp; Habitat</td>
<td>955,536</td>
</tr>
<tr>
<td>Emerging Constituents Task Force</td>
<td>71,845</td>
</tr>
<tr>
<td>Legal Defense Fund</td>
<td>466,361</td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$2,505,492</strong></td>
</tr>
</tbody>
</table>
### Legend

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
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<tr>
<td>![Green Checkmark]</td>
<td>Ahead or Favorable Above +5% Favorable Revenue or Expense Variance</td>
</tr>
<tr>
<td>![Green Checkmark]</td>
<td>On Track +5% to -2% Variance</td>
</tr>
<tr>
<td>![Warning Triangle]</td>
<td>Behind -3% to -5% Variance</td>
</tr>
<tr>
<td>![Red X]</td>
<td>Concern Below -5% Variance</td>
</tr>
</tbody>
</table>

### Staff Comments

For this month’s report, the item(s) explained below are either “behind”, a “concern”, or have changed significantly from the prior month.

1) Both expenses and revenues are on track with the budget.
# SAWPA OWOW Status Report

**7/1/20 thru 9/30/20**

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
<th>FUTURE TASKS/DEADLINES</th>
<th>FUTURE MEETING DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OWOW Planning</strong></td>
<td>Integrated Regional Water Management Planning and Grant Application Support for the Santa Ana River Watershed</td>
<td>• Staff worked with the Roundtable of IRWM Regions Network Coordinator to facilitate quarterly meetings with Roundtable members that include DWR staff to discuss pertinent topics. The Roundtable is currently working on the IRWM Region Assessment and coordinating with Maven’s Notebook (a California water news website) on a series of blogposts and webinars focused on educated water resource processional on IRWM. The Assessment involves interviewing at least 40 of the 48 IRWM regions across the State to understand what could be improved to enhance IRWM planning/programs and what are their success stories.</td>
<td>• Finalize the IRWM Regional Assessment in November 2020</td>
<td>11-19-20 OWOW Steering Committee meeting (virtual mtg)</td>
</tr>
</tbody>
</table>
| **Santa Ana River Watershed Feasibility Cloud Seeding Program** | Investigation of the feasibility and early design of a weather augmentation program for the Santa Ana River Watershed | • Work continues on the development of the Santa Ana River Watershed Weather Augmentation Feasibly Study. All draft task memorandums have been prepared and shared with the Technical Advisory workgroup.  
• A presentation reflecting the first task memorandum consisting of data collection and target areas was provided to the SAWPA Commission on May 19th A SAWPA commissioner and some SAWPA member agency GMs requested presentations about this program for their governing boards before the final report with recommendations are brought to the SAWPA Commission. SAWPA staff is working with the SAWPA member agencies to look at proposed dates for the next quarter. | • Based on preliminary feedback, it appears the Santa Ana River Watershed has several key locations in which cloud seeding could increase runoff by 5-15%.  
• The final report is expected by October 31, 2020.  
• Informational presentations will be shared with the SAWPA member agency governing boards who have requested them.  
• A final presentation by the consultant and SAWPA staff with recommendations to the SAWPA Commission will be made thereafter. | |
<table>
<thead>
<tr>
<th>PROJECT</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
<th>FUTURE TASKS/DEADLINES</th>
<th>FUTURE MEETING DATES</th>
</tr>
</thead>
</table>
| Santa Ana River Watershed Sustainability Assessment | Conduct an annual Watershed Sustainability Assessment                         | • As part of the adopted OWOW Update Year 2019 report, a pilot framework for conducting a watershed sustainability assessment was developed by Environmental Science Associates (led by Betty Andrews and Karen Lancellle) in collaboration with Peter Vorster of The Bay Institute, working with the Santa Ana Watershed Project Authority. It was financially supported by the California Department of Water Resources as a pilot effort to demonstrate a regional sustainability assessment as encouraged by recent and current versions of the California Water Plan. The assessment was conducted based on 2018 data.  
  • SAWPA finalized the update to the Santa Ana River Watershed Sustainability Assessment based on 2019 data. It was presented to and adopted by the Commission on September 1 and to the OWOW Steering Committee on September 24. | None at this time.                                                               | None at this time. |
| Prop 1 IRWM Disadvantaged Community Involvement (DCI) Program Implementation | Needs assessment, education and outreach, and technical assistance for disadvantaged, economically distressed and under-represented communities in the watershed | • Staff continued efforts to oversee and implement the sixteen IRWM grant funded Technical Assistance projects. This included coordination with each of the project proponents to confirm that projects are proceeding on schedule under the Covid-19 restrictions. It is been confirmed that all projects are proceeding near on schedule.  
  • Work relating to the Translation Services requests completed.  
  • Trust the Tap media kits remain available on the SAWPA website for water retailers use.  
  • CSU WRPI submitted final Community Water Intern program report. Work on the Community Water Intern program complete.  
  • CSU WRPI submitted the final write-up for the additional Tribal feedback sessions conducted in Orange County.  
  • Work relating to the Tribal Advisory Committee completed. Tom Keegan CRWA to prepares final activity deliverables.  
  • The Water Education Foundation submitted the final Statewide Best Practices Publication. Electronic and hardcopy versions of the report submitted to SAWPA in July.  
  • To address the COVID-19 restrictions CRWA continued to work on alternative plans to conduct the up to 10 Water Agency Trainings to support retail water agencies in the watershed.  
  • SAWPA staff continued to coordinate with LGC on the virtual statewide lessons learned summit. This quarter the Summit program agenda and list | SAWPA to continue to manage Technical Assistance (TA) funding projects through March 2021.  
  • Staff to incorporate additional OC tribal writeup into the Community Water Ethnography October 2020.  
  • Tom Keegan/CRWA to prepare a letter to inform Tribal representatives that work on the Tribal Advisory Committee is complete.  
  • Tom Keegan/CRWA to prepare a Tribal Action Plan to document the water resource needs of Tribes.  
  • Continue to post Trust the Tap campaign materials on SAWPA website (indefinitely).  
  • SAWPA to coordinate with various TA project partners | A status report will be provided at the 11-19-20 OWOW Steering Committee meeting. (virtual mtg)  
  DCI/Tribal Involvement Lessons Learned Summit Oct. 8th, 13th and 14th 2020 |
<table>
<thead>
<tr>
<th>PROJECT</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
<th>FUTURE TASKS/DEADLINES</th>
<th>FUTURE MEETING DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Drought Grant Program Implementation</td>
<td>Region-wide water demand reduction program for the Santa Ana River Watershed through the Project Agreement (PA) 22 Committee</td>
<td>• Staff drafted the high visibility turf removal (turf rebate) project completion report, a required deliverable which must be approved by DWR before the release retention payment to SAWPA and SAWPA’s project partners. Staff plans to finalize it in early October 2020. Staff began working on the technology and conservation tools project completion report and plan to finalize it by October/November 2020.</td>
<td>• Finalize the project completion report and receive retention payment from DWR.</td>
<td>10-10-20 PA 22 Committee meeting. (virtual mtg)</td>
</tr>
<tr>
<td>Santa Ana River Conservation and Conjunctive Use Program</td>
<td>Implementation of SARCCUP (which includes conjunctive use, fish habitat, invasive weed removal, and water</td>
<td>• The Department of Water Resources approved the SARCCUP grant agreement amendment in May 2020. Staff drafted the four SAWPA member agency sub-agreement amendments: EMWD, OCWD, SBVMWD and WMWD. It is estimated that they will all be adopted by December 2020.</td>
<td>• Answer DWR’s questions related to the amendment request.</td>
<td>Bi-weekly SARCCUP Planning Manager meetings.</td>
</tr>
</tbody>
</table>
### SAWPA OWOW Status Report
#### 7/1/20 thru 9/30/20

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
</tr>
</thead>
</table>
| (SARCCUP) Implementation | use efficiency programs) through the PA 23 Committee. | • SAWPA drafted a request for proposals for the new SARCCUP Water Use Efficiency Budget Assistance. The draft is being coordinated with the member agency staff and will be presented to the PA 22 Committee on November 10.  
• SARCCUP Partners continue to work on the draft Metropolitan Water District (MWD)-SARCCUP agreements. It is estimated the agreements will be adopted by all parties by November/December 2020. |
| Prop 84 IRWM Round 1 | Grant administration of Prop 84 IRWM Round 1 | • Staff continues to work with the agencies implementing the 15 projects involved in the first round of Prop 84 IRWM program to undertake all labor associated with interaction with DWR staff; project invoices processing including review, verification and submittal to DWR; project reporting review, verification and submittal to DWR; all DWR agreements, SAWPA Sub-agreements and Amendments preparation, processing and execution; DWR payment processing; project implementation inspection and verification; assembling, reviewing and submittal of Financial Statements; coordination and review of all Labor compliance; review and verification of all certifications, permits, and CEQA; project deliverables review, verification and submittal to DWR; project benefit assessment; review and verification of project monitoring plan; review and verification of project signage; review, verification and preparation of all documentation for audit review; grant administration budget preparation, monitoring, projections and assessment; SAWPA management review, oversight and direction regarding these defined tasks. |
| Prop 84 IRWM Round 2 | Grant administration of Prop 84 IRWM Round 2 | • Staff continues to work with the agencies involved in the 19 projects under the second round of Prop 84 IRWM program to undertake all labor associated with interaction with DWR staff; project invoices processing including review, verification and submittal to DWR; project reporting review, verification and submittal to DWR; all DWR agreements, SAWPA Sub-agreements and Amendments preparation, processing and execution; DWR payment processing; project implementation inspection and verification; assembling, reviewing and submittal of Financial Statements; coordination and review of all Labor compliance; review and verification of all certifications, permits, and CEQA; project deliverables review, verification and submittal to DWR; project benefit assessment; review and verification of project monitoring plan; review and verification of project signage; review, verification and preparation of all documentation for audit review; grant administration budget preparation, monitoring, projections and assessment; SAWPA management review, oversight and direction regarding these defined tasks. |

<table>
<thead>
<tr>
<th>FUTURE TASKS/DEADLINES</th>
<th>FUTURE MEETING DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA 23 Committee meeting on 10-6-20 (virtual mtg)</td>
<td></td>
</tr>
</tbody>
</table>
# SAWPA OWOW Status Report
## 7/1/20 thru 9/30/20

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>DESCRIPTION</th>
<th>STATUS</th>
<th>FUTURE TASKS/DEADLINES</th>
<th>FUTURE MEETING DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prop 84 IRWM Drought Round</td>
<td>Grant administration of Prop 84 IRWM Drought Round</td>
<td>Staff prepared three monthly progress report and invoices to the DWR during the reporting period.</td>
<td>Finalize three progress reports/invoices during the next quarter.</td>
<td>Upcoming Commission Meeting to provide update on Drought Grant</td>
</tr>
<tr>
<td>Prop 84 IRWM 2015 Round</td>
<td>Grant administration of Prop 84 IRWM 2015 Round</td>
<td>Staff prepared and reviewed the grant invoice and progress report for the second reporting period of 2020 that was due to DWR on September 30, 2020.</td>
<td>Submit the 3rd quarterly report/invoice of 2020 to DWR by December 31, 2020.</td>
<td>Bi-weekly SARCCUP Planning Manager meetings.</td>
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## Middle Santa Ana River (MSAR) Pathogen TMDL Task Force

**Project Description**: Implement TMDLs to address impairments to water quality relating to the fecal coliform objective established to protect the REC-1 use for waterbodies located within the Middle Santa Ana River Watershed.

**Status**:
- SAWPA continued Task Force Administration including management and review of consultant contracts, project invoices and annual Task Force budget.
- Task Force consultants, Tim Moore/Risk Sciences and Tess Dunham continued their effort to orchestrate the TMDL implementation strategy for the MSAR TMDL Task Force.
- The Task Force continued their effort to support the implementation of the Riverside / San Bernardino Counties CBRP in coordination with the MSAR TMDL Task Force.
- Task Force continued discussion of the next steps to be taken regarding the process to update the MSAR TMDLs.

**Future Tasks/Deadlines**:
- Prepare and distribute draft FY 2021-22 task force budget in November.
- Continue discussion of the next steps to be taken regarding the process to update the MSAR TMDLs.

**Future Meetings**:
- Task Force Meeting (virtual meeting) scheduled for October 21st.

## TMDL Task 3 Watershed Monitoring Program

**Project Description**: MSAR TMDL Compliance monitoring is now conducted as a component of the Santa Ana River Bacteria monitoring program implemented through the Regional Water Quality Monitoring (RWQM) Task Force.

**Status**:
- The RWQM Task Force consultant, CDM Smith continued to conduct annual SAR Regional Bacteria monitoring on behalf of the MSAR TMDL Task Force.
- The RWQM Task Force authorized SAWPA staff to issue an RFP seeking consultant to implement SAR Regional Bacteria monitoring program.

**Tasks/Deadlines**:
- 2020 Annual TMDL compliance monitoring to continue with regular scheduled monitoring through December 2020.
- The RWQM Task Force to select consultant to implement the SAR Regional Bacteria monitoring on behalf of the MSAR TMDL Task Force.

**Future Meetings**:
- Task Force to evaluate proposal and issue RFP for a special source evaluation study to support the MSAR TMDLs.

## TMDL Task 4 Source Evaluation and Management

**Project Description**: MSAR TMDL Task Force meetings continued to be used as a forum for stakeholders to update Regional Board staff on their CBRP implementation activities.

**Status**:
- SAWPA continued to act as the contracting party for the benefit of Task Force agencies to implement specific studies and projects to support each County's Comprehensive Bacteria Reduction Plan implementation activities.
- All current source evaluation work relating to the bacteria indicator TMDLs is being conducted through the individual Counties MS4 program to implement their respective Comprehensive Bacteria Reduction Plans.
- GEI Consultants presented the findings of SAWPA’s homelessness site impact assessment monitoring program to the Task Force.

**Tasks/Deadlines**:
- All current deliverables related to the implementation of the Counties Comprehensive Bacteria Reduction Plans are currently being addressed by individual agencies.
- Task Force to evaluate proposal and issue RFP for a special source evaluation study to support the MSAR TMDLs.
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| Lake Elsinore and Canyon Lake Nutrient TMDL Task Force | Implement TMDLs to address water quality issues relating to excess nutrients in Lake Elsinore and Canyon Lake. | • LESJWA continued Task Force administration including management and review of consultant contracts, project invoices and annual Task Force budget.  
• Staff continued to coordinate issues relating to stakeholder load/cost allocations, in-lake modeling, and the design on in-lake treatment projects with various consultants.  
• Staff met with CA Dept of Fish and Wildlife staff to discuss concerns and questions regarding their participation in the Task Force and compliance with the TMDLs. This was followed by a letter from CA Dept of Fish and Wildlife detailing their concerns and questions to be discussed with regional Board and the LE&CL TMDL Task Force.  
• Staff met with WRCAC to discuss concerns regarding their funding obligation to the Task Force, due to the significant reduction in Ag acreage in the San Jacinto Watershed.  
• Task Force consultants, Tim Moore/Risk Sciences and Tess Dunham continued their role of working with stakeholders on a long-term plan to revise and update the Lake Elsinore and Canyon Lake nutrient TMDLs.  
• CDM Smith continued their efforts to support the Task Force in the process to update the LE&CL TMDLs  
• Consultant team led by Tess Dunham began work on the preparation of the 2020 TMDL Compliance Report.  
• A preliminary analysis of TMDL compliance for 2020 conducted by the consultant team led by Tess Dunham showed that the Task Force stakeholders are predicted to be in compliance by December 31, 2020.  
• Tess Dunham reviewed each of the stakeholder permits and determined (based upon the preliminary analysis) that no Time Schedule Orders (TSO) with be required by the Task Force permit holders; however the decision to request a TSO is up to the individual stakeholders.  
• Regional Board continues their process to amend the Basin Plan to update the Lake Elsinore and Canyon Lake nutrient TMDLs. | • Prepare and distribute draft FY 2021-22 task force budget in November.  
• Staff to prepare a formal response to CA Dept of F&W to provide recommendations regarding their future participation in the Task Force.  
• Continue discussion with WRCAC to discuss their funding obligation due to the significant reduction in Ag acreage in the San Jacinto Watershed.  
• Regional Board Public Workshop to adopt the Revised LE&CL TMDLs has been likely postponed until winter 2020-21.  
• Continue work on the preparation of the 2020 TMDL Compliance Report.  
• Individual stakeholders requesting a TSO will need to submit that request to Regional Board by mid-November in order to go before the regional Board at the December 4th workshop. | Task Force Meeting (virtual meeting) is scheduled for October 19th. |
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| TMDL Task 4 Monitoring Program | • Wood Environmental Inc. continues to implement the Phase 2 TMDL Compliance Monitoring Program.  
| TMDL Task 9 Lake Elsinore TMDL Compliance Implementation Activities | • Work relating to the implementation of Lake Elsinore In-Lake Sediment Nutrient Reduction Plan performed in conjunction with the RCFC&WCD MS4 Comprehensive Nutrient Reduction Plan continued.  
• Staff submitted the 2019 LEAMS Accounting Report to Regional board for approval on August 31st.  
• Staff facilitated virtual LEAMS Operators meetings on July 30th and August 10th.  
• Wood Environmental submitted the draft Lake Elsinore Fishery Management Program to the Task Force for review and comment.  
• Tess Dunham prepared a draft letter requesting Regional Board to delist lake Elsinore for both total DDT and total PCBs based upon the results of fish tissue analysis conducted as part of the Lake Elsinore Fishery Management program. | • Wood Environmental to finalize the Lake Elsinore Fishery Management Program Report.  
• Submit a formal letter to Regional Board requesting the Regional Board to delist lake Elsinore for both total DDT and total PCBs based upon the results of fish tissue analysis conducted as part of the Lake Elsinore Fishery Management program.  
• Dr’s Horne and Anderson to submit a joint proposal for additional LEAMS analysis and review. | • LEAMS Operators meeting (virtual meeting) not scheduled. |
| TMDL Task 10 Canyon Lake TMDL Compliance Implementation Activities | • Work relating to the implementation of Canyon Lake In-Lake Sediment Treatment Evaluation performed in conjunction with the RCFC&WCD MS4 program Comprehensive Nutrient Reduction Plan continues.  
• LESJWA staff continued as the lead implementing agency for the Canyon Lake Alum application work.  
• Staff coordinated with Aquatechnex to plan the next Canyon Lake alum application for the week of October 12, 2020. | • The next Canyon Lake Alum Application is scheduled for the week of October 12, 2020. | |
<p>| TMDL Task 11 Model Update | • All modeling complete. | • CDM Smith to submit a proposal for addition Lake Elsinore and Canyon lake modeling. | |</p>
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<td>Basin Monitoring Program Task Force</td>
<td>Annual Monitoring Report</td>
<td>• A final copy of the 2019 Annual Report for the Santa Ana River Water Quality reflecting all comments received was finalized and sent to the Regional Board in late July 2020.</td>
<td>• Work on the draft 2020 Annual Report of Santa Ana River Water Quality will begin in February of 2021.</td>
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<td>Triennial Ambient Water Quality Update</td>
<td>Work on the Triennial Ambient Water Quality Update (AWQ) for the 1999-2018 is now complete reflecting all comments received including from the Regional Board. The final report with all deliverables was transmitted to the Regional Board on July 14, 2020. • Presentations about the final work product were provided to the Task Force on May 13th and June 24th, and to the SAWPA Commission on July 21st • The results of the recent Triennial Ambient Water Quality Update will be reflected in the Basin Plan Amendment that the Task Force’s consultants, Risk Sciences and KSC, are preparing • As indicated in the final report and in response to Regional Board recommendations, a task force scoping committee has been formed to look at modifying and streamlining the future Triennial Ambient Water Quality update process in line with the Recycled Water Policy Update. The first meeting of the Scoping Committee was held on Sept. 14, 2020</td>
<td>• The Regional Board is scheduled to receive a presentation about the Triennial Ambient Water Quality Update Report at their Oct. 16th Regional Board meeting. • The scoping committee is expected to meet again in Oct. 2020. An outline for prioritization of items to be scoped for future work will be prepared by Tess Dunham for review by the Scoping Committee.</td>
<td>October 26, 2020 Task Force meeting (virtual mtg)</td>
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<td>Santa Ana River Wasteload Allocation Update</td>
<td>All work on the Santa Ana River Wasteload Allocation (WLA) Update has been finalized and the final report was transmitted to the Regional Board on July 14, 2020. Drafts of the Basin Plan Amendment reflecting the work of the SAR Wasteload Allocation Update have been prepared by Risk Sciences and KSC and comments have been received and discussed at the Basin Monitoring Program Task Force on August 12th and Sept. 22nd. Work has commenced on the Substitute Environmental Document required for the Basin Plan Amendment (BPA) that will incorporate the SAR WLA results.</td>
<td>• Work will continue on the Regional Board Basin Plan Amendment with the goal of formal approval by the Regional Board before the end of the calendar year. The draft BPA is being prepared by Tim Moore and Tess Dunham. • The draft Substitute Environmental Document and Environmental Analysis as prepared by GEI Consultants Inc. is also anticipated to be approved by the Regional Board before the end of the calendar year.</td>
<td>October 26, 2020 Task Force Mtg (virtual mtg)</td>
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| Drought Policy       | • The Regional Board has included the creation of a new drought policy as one of their last Triennial Basin Plan Priorities.  
                       • Tim Moore of Risk Sciences worked with the BMP TF and the Southern California Salinity Coalition (SCSC) to develop an outline of the work necessary to justify a new Drought Policy.  
                       • In 2018 Southern California Salinity Coalition working with Joe LeClaire completed a report about the TDS trends due to the drought experienced by several So Cal agencies.  
                       • A draft outline for suggested revisions to waste discharge permits to accommodate changes under Drought scenarios was prepared by Risk Sciences and the Regional Board indicated their support for two of the four alternative approaches in June 2019. These changes were suggested as more expeditious and effective changes compared to trying to approve a new policy by the Regional Board.  
                       • Recommended permit changes to allow for Regional Board permit staff to remove TDS incremental limits as long as the SAR WLAs are met will be included in the Basin Plan Amendment currently under development. | • Work is continuing by Risk Sciences to prepare a draft Basin Plan Amendment which is anticipated to be brought to the Regional Board for approval before the end of 2020. | October 26, 2020 Task Force Mtg. (virtual mtg)                                                                                                                      |                                      |
<p>| Recycled Water Policy | • The possibility of changing the frequency of the Ambient Water Quality Update performed every three years to every five years was discussed in light of the recent amendment to the SWRCB Recycled Water Policy for Salt and Nutrient Management Plans. However, the Regional Board staff felt it was best to complete the next Triennial Ambient Water Quality Update in three years but to modify it to reflect compliance with all Recycled Water Policy update requirements so that it would be deemed acceptable by the SWRCB in 2024. The BMP TF scoping committee has commenced work on investigating any new requirements that may be necessary. | • The BMP TF scoping committee along with KSC will continue to meet bi-monthly to ensure that work is effectively scoped and ready to start next fiscal year to ensure the SWRCB Recycled Water Policy for Salt and Nutrient Management Plan requirements and deadlines are met. | Oct. 2020 Scoping Committee (virtual mtg)                                                                                                                        |                                      |</p>
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| Imported Water Rechargers Subcommittee | • The Imported Water Recharger Subcommittee last held a meeting on May 13th. A draft joint letter was discussed and subsequently finalized, signed by all active recharging agencies, and submitted by SAWPA to the Regional Board on Jun. 1, 2020. The Regional Board staff quickly responded on June 9, 2020 and indicated their approval of the requested time extension to the groundwater modeling schedule to accommodate the development of a water quality component to the SBVMWD- led Upper SAR Water Integrated Tool being developed by Geoscience.  
• The Subcommittee had discussed how the groundwater modeling requirements under the Cooperative Agreement could be merged with activities of the Basin Monitoring Program Task Force including the ambient water quality update conducted every three years and the Santa Ana River Wasteload Allocation.  
• The use of an extensive groundwater and surface water model called the Upper SAR Watershed Integrated Model being developed by Geoscience Inc. for SBVMWD and many other agencies involved with modeling SAR habitat conservation planning is contemplated. Though this model is a flow model, Geoscience is now working on creating a water quality component to look at TDS and nitrate levels.  
• All Rechargers continue to attend the coordination meetings held by Geoscience for the water quality component development of the Upper SAR Watershed Integrated Model. They also are participating in the BMP TF Scoping Committee meetings. | • The Amendment No. 1 to the Cooperative Agreement Amendment is anticipated to be signed by the Regional Board in the next quarter. | The Imported Water Rechargers Subcommittee will meet on a as needed basis with the next meeting anticipated to be in the next quarter. (virtual mtg) |
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| Emerging Constituents Program Task Force | Provide emerging constituents sampling report and watershed water quality outreach program | • The latest EC program sampling program was completed in August 2019. This sampling was conducted to test for not just ECs but also PFAS compounds from several major water sources in the watershed. This included all POTWs discharges, river flows and imported water sources.  
• The sampling results were compiled SAWPA staff based on lab results from all participating agencies and were analyzed by Risk Sciences. Risk Sciences completed the 2019 EC/PFAS Report in April 2020. The report was distributed to all EC Program Task Forces agencies, the Regional Board and posted on the SAWPA website.  
• Reports and presentations about the ECs/PFAS sampling results were shared with the SAWPA EC Program Task Force in Dec. - April 2020, with the SAWPA Commission in December 2019 and with the Regional Board on September 11, 2020.  
• All costs for preparing the EC sampling report including Risk Sciences input were paid by carryover funding. Local POTWs and MWDSC bore the cost of the additional ECs/PFAs sampling and lab analysis.  
• On June 22, the EC Program TF met to discuss current activity and responses by water agencies and the Regional Board with particular focus on PFAS. A presentation by EMWD regarding the MARB Plume Delineation Report for PFAS was heard and updates were received from the Regional Board on future monitoring requirements for PFAS. OCWD reps updated the TF on current efforts to conduct PFAS treatment at groundwater wells including pilot studies.  
• No meetings of the EC Program Task Force were held this quarter however, future meetings led by SAWPA and Tess Dunham will be held periodically to discuss lab methods, data interpretation and source tracking to support appropriate Regional Board monitoring requirements. | • Continue periodic coordination meetings and determine if regional action is desired and supported through the EC Program Task Force. | Nov. 2020 Task Force meeting (virtual mtg) |
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| Watershed water quality outreach program | • Work commenced with the new consultant, JPW Consultants for the Emerging Constituents Program Task Force in providing social media support for the Your So Cal Tap Water blog. Social media tools provide important outreach supporting trust in drinking water quality by the public.  
• This work is funded by a subset of the EC Program Task Force called the EC Public Outreach Workgroup. This work also includes month articles and quarterly videos.  
• A kickoff meeting with the consultant and the EC Program Public Outreach Workgroup was held on July 8th and then again on August 12th to review a Marketing Campaign Framework and a calendar of future articles.  
• The first article by JPW Communications was posted in late September 2020 and will continue monthly through the Your So Cal Tapwater blog, Facebook and Twitter. | • Quarterly coordination meetings with JPW Consultants and EC Program TF Public Outreach Workgroup will be held. All meetings are held virtually due to COVID-19.                                                                 | EC Program TF Public Outreach Workgroup will meet again in Oct. 2020 (virtual mtg)     |
| Reclamation So Cal Studies              | Support regional studies with Bureau of Reclamation                          | • SAWPA continued to coordinate with Bureau of Reclamation staff on the Water Management Options Pilot/Decision Support Tool regarding analyzing high resolution imagery across the watershed, Southern Orange County and the southern ends of the WMWD/EMWD services areas.  
• Staff met with the SAWPA member agencies water conservation staff and got PA 22 Committee approval of the estimated cost and imagery type for the upper watershed at their July 14 meeting. | • Provide the Bureau with the feedback on which imagery to use for the watershed.  
• Imagery for Orange County to be ready for analysis by USBR in December 2020. | November 10 PA 22 Committee meeting (virtual mtg)                                                                 |
| Santa Ana River Fish Conservation Task Force | Determine the reasons for the decline of the Santa Ana sucker fish (Catostomus santaanae) in the Santa Ana Watershed and implement projects that will benefit the species. | • Staff coordinated with San Bernardino County Department of Public Works and other partners on potential patrol sweeps for off-road vehicle trespassers in the Santa Ana River.  
• Staff finished analyzing the latest 2019 Riverwalk data and compare it to the past 13 years of Riverwalk data (2006 to 2018). Staff is working on updating the ranking methodology that is used to score each of the Riverwalk data points’ habitat quality.  
• Staff worked with SAWA to replant/manage 0.3 acres of vegetation as part of the mitigation for the habitat project constructed by the Team near the Van Buren Blvd. Bridge in October 2018.  
• Staff worked with OCWD and other partners on the second phase of construction for the rock habitat project near the Van Buren Blvd. Bridge crossing in the Santa Ana River. | • Publishing of the 2019 Santa Ana Riverwalk Atlas  
• Construct second phase of habitat project in mid-October 2020.  
• Finish Riverwalk data analysis in November 2020. | 2020 Riverwalk data gathering on October 15th.                                                                 |
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| Regional Water Quality Monitoring Task Force | Implement a coordinated regional water quality monitoring program in the Santa Ana River watershed to meet the requirements of the amended Recreational Use Water Quality Standards and Implementation Plan requirements of the Santa Ana Basin Plan, and to assist Regional Board with future triennial reviews of the Basin Plan. | • SAWPA continued Task Force Administration including management and review of consultant contracts, project invoices and annual Task Force budget.  
  Task Force consultant, CDM Smith, continued to support the Task Force in regulatory efforts related to bacteria.  
  Task Force consultant, CDM Smith, continues to conduct annual SAR Regional Bacteria monitoring on behalf of the regional Water Quality Monitoring Task Force and MSAR TMDL Task Force.  
  Task Force authorized SAWPA staff to issue a RFP seeking consultant to oversee and implement SAR Regional Bacteria monitoring program.  
  GEI Consultants presented the findings of SAWPA’s homelessness assessment to the Task Force. | • 2020 Annual SAR Regional Bacteria monitoring to continue with regular scheduled monitoring through December 2020.  
  • Prepare and distribute draft FY 2021-22 task force budget in November.  
  • Select consultant to implement the SAR Regional Bacteria monitoring on behalf of the Regional Water Quality Monitoring Task Force and MSAR TMDL Task Force. | 10-21-20 Task Force Meeting (virtual meeting) |
| Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) | Support lake quality improvement projects at Lake Elsinore and Canyon Lake | • LESJWA Board last met virtually on June 18th and at this meeting the LESJWA Board approved a new General Services Agreement and Task Order with DeGrave Communications to continue education and outreach support services for the next three years and a General Services Agreement and Task Order with CDM Smith, Inc. to further support the LE&CL TMDL adoption process and provide technical support services for the LE/CL TMDL Task Force. Information reports were provided about the LEAPS project, the Prop 1 IRWM grant funding with the City of Lake Elsinore to investigate efficient algae removal technologies and the LE/CL TMDL Task Force work  
  • LESJWA Board did not meet during the past quarter due to a lack of business action items. Reports of a minor fish kill at Lake Elsinore mostly affecting carp were shared with the Board.  
  • SAWPA staff continues to support LESJWA as administrator for the LESJWA JPA, LE/CL TMDL Task Force with task force meetings and various committee meetings held virtually every 1-2 months. | • LESJWA staff is supporting work to plan and implement the next alum application in Canyon Lake in Oct. 2020. | 10-15-20 LESJWA Board Meeting (virtual mtg) |
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| Provide education and outreach | • Liselle DeGrave of DeGrave Communications continues her support to LESJWA now with her contract extended for the next three years. Joint meetings with the consultant, LESJWA member agency PR staff and the SAWPA staff are held on a quarterly basis for coordination and are described as the LESJWA Education and Outreach Committee.  
• The last meeting was held virtually on July 20, 2020. Outreach associated with the Fish Survey, a communication plan for FY20-21, LESJWA website update ideas, branding ideas and future grant application support activities.  
• Work commenced on updating and redesigning the LESJWA Website based on a small contract with Sol Media, the SAWPA webmaster, and support from DeGrave Communications. Work on the redesign is going well and is expected to be completed the next quarter. | • Continue education and outreach support.  
• The new LESJWA website redesign will be shared with the LESJWA Board at their Oct. 15th meeting | 10-19-20 LESJWA Education & Outreach Meeting (virtual mgt) |
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| So Cal Salinity Coalition (SCSC) | Support regional salt management and practices in Southern California | • The SCSC held its quarterly Board virtual meeting on Sept. 3, 2020. Kevin Hardy, SCSC Administrator, officiated the Zoom meeting.  
• SCSC staff shared financial reports and sought approval on SCSC tax returns to be filed. All expense and revenue reports along with the 2019 tax returns were approved by the SCSC Board.  
• Mr. Hardy discussed the SCSC Graduate Fellowship with recommendations by a review committee consisting of three of the SCSC Board member reps including SAWPA staff. The recommended student fellowship request agreed to by the review committee was supported unanimously by the SCSC Board.  
• Options for a new logo for SCSC were shared by SCSC staff and a final logo was approved by the SCSC Board. SCSC staff will commence work on finalizing the SCSC Website redesign along with outreach material.  
• Mr. Hardy discussed the SCSC Applied Research Program Solicitation with the SCSC Board and an updated proposal solicitation form for member agency projects was agreed upon. The SCSC member agencies are encouraged to submit the form to request funding for any salinity related study or research they may be interested in.  
• The SCSC Board also discussed the 2021 Salinity Summit and agreed that a virtual event should be organized. Mr. Hardy said that NWRI which he administers is having their main event soon as a virtual event so they will learn from it. A 2-3-hour virtual Salinity Summit is envisioned before June of 2021. More details to follow.  
• A presentation was received from California Urban Water Agencies administrator, Wendy Broley, and she discussed her organization’s efforts to partner with other agencies on brine management outreach support. After the presentation, the SCSC Board indicated their support for the partnership and providing $5000 for support of brine management education and outreach particularly in light of a recent LA Waterkeeper lawsuit win to compel the SWRCB to determine if wastewater flows to the ocean was deemed “wasteful” and “unreasonable”. Concerns were expressed that such determinations may negatively impact brine disposal needs and management. Outreach and education materials are necessary to address these needs as future legislation is proposed, as in past years, to try to mandate 100% recycling of all wastewater flows. | • Follow up work will continue the budgeted joint studies and outreach particularly on the salinity management study among SCSC, Reclamation and MWDSC.  
• Deadline for research grant applications from the SCSC Board agencies will be early November 2020. | 11-5-20 SCSC Board Officers Meeting (virtual mtg)  
12-10-20 SCSC Board Meeting (virtual mtg) |
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| **Santa Ana River Parkway and Open Space Plan Technical Advisory Committee** | • Help identify priorities and values for the Santa Ana River Parkway and Open Space Plan  
• Identify project selection criteria and projects for inclusion in the Parkway Plan  
• Provide input and feedback on the Plan throughout its development | • Staff reviewed various draft plans for trail construction near Prado Dam and the Green River Golf Course. The plans were prepared by the Riverside County Regional Park and Open-Space District (County Parks).  
• Staff coordinated with Patricia Lock-Dawson, consultant to County Parks, on the quarterly Local Advisory Group meetings. Staff attended the recent meeting on September 17. | • SAWPA to review Riverside County Parks’ plans for trail construction near Prado Dam and the Green River Golf Course. | **Santa Ana River Trail – Prado Area Coordination Meeting – October 15, 2020 (virtual mtg)**  
**Upcoming Local Advisory Group meeting (still to be scheduled for this winter)** |
<p>| <strong>Water Energy Community Action Network (WECAN)</strong> | Support water and energy efficiency on disadvantaged communities in the watershed. | • Staff worked with the City of Riverside on their State of California Transformative Climate Communities grant application which was awarded by the Strategic Growth Council (SGC) in June. SAWPA is now working with the City on executing a grant sub-agreement which would provide approximately $590,000 in grant funding for the WECAN program. The grant will offer around 100 single-family homes with no cost replacement of turf lawns with ‘water-wise’ landscaping (xeriscaping), including efficient drip emitters. It is estimated that reducing water use on 100,000 square feet would save 4.4 million gallons of water per year (equivalent to 13.5 acre-feet). | • By December 2020 or January 2021, execute a grant sub-agreement with the City of Riverside after Riverside executes their own contract with the funding agency – SGC. | <strong>Periodic conference calls with City of Riverside.</strong> |</p>
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| Forest First    | Support collaborative partnership among Forest Service and downstream stakeholders to develop methods to ensure the resiliency of the forests and headwaters within the Santa Ana River Watershed | ● No major activities completed this quarter.                           | ● Utilize the final results from the Dr. Underwood research to evaluate the economic benefits of water supply/quality of forest projects in the watershed.  
● Overlay U.S. Forest Service sub-watershed prioritization mapping with water agency facilities to plan the implementation of forest and water-related multi-benefit projects. | Forest First meeting in late 2020.                                        |
| Arundo Removal  | Remove non-native plant species, particularly arundo donax, using SAWPA’s Arundo Removal mitigation bank credit funding | ● Staff coordinated with the Riverside County Regional Park and Open-Space District (County Parks) on exploring options to improve the Santa Ana River Mitigation Bank so that customers with various mitigation needs can receive bank credit.  
● In mid-July staff met with County Parks and the California Department of Fish and Wildlife (CDFW) to discuss the history of the existing bank and the different options to improve it. Staff is working with County Parks to draft a regulatory compliance consultant scope of work to assist with improving the mitigation bank.  
● Staff is working with potential consultants to assist with the Arundo Headwaters Project and received land ownership information for most of the approximately 300-acre project area from them. | ● Acquire services of a consultant to conduct outreach to landowners for the Arundo Headwaters Project using existing outreach material.  
● Acquire the services of a regulatory compliance consultant to vet the price per acre to charge for an improved mitigation bank. | Attend a bi-monthly Santa Ana River Watershed Weed Management Area meeting to update them on the upper watershed project as well as the outreach material.  
Attend an upcoming meeting (likely mid October 2020) with CDFW to further discuss the mitigation bank. |
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Triennial Ambient Water Quality Update for TDS and Nitrogen in the SARW

On October 16, 2020 SAWPA Planning Department Manager, Mark Norton and WSC Consulting, Michael Cruikshank, provided a presentation to the Regional Board to present the results of the latest Triennial Ambient Water Quality Update for Nitrogen and TDS in the Santa Ana River Watershed. Mr. Norton emphasized the benefits of the SAWPA Basin Monitoring Program Task Force which collaborated with the Regional Board to implement and fund this effort among 20 water resource agencies who participate in the task force.

Canyon Lake Alum Application

On October 12th - 15th the Lake Elsinore and San Jacinto Watersheds Authority (LESJWA), with funding support of the Lake Elsinore/Canyon Lake TMDL Task Force, implemented another alum application in Canyon Lake to assist with the suppression of excessive phosphorus in the lake and help meet the compliance requirements of the Regional Board’s Canyon Lake TMDLs. Alum has a proven track record of success and is safe to both humans and aquatic life. Drinking water quality is not affected by this treatment. The treatment is important since Canyon Lake is fed by stormwater runoff that carries high levels of nutrients including nitrogen and phosphorus that hurt water quality and threaten aquatic life.
**Euclid Avenue (Reach IV-A and IV-D) MAS Rehabilitation Project**

The contractor has completed entries into the six Maintenance Access Structures (MAS) to confirm measurements for the fabrication of the steel plates and fabricated fitting. Caltrans is reviewing the contractor’s traffic control plan for work along State Route 83 (Euclid Avenue). SAWPA staff and TRC Companies are continuing to review submittals and requests for information from the Contractor.

**Alcoa Dike – Lower Reach IV-B/C.R.C. Lateral Utility Protection Project**

The contractor has mobilized about 80% of the de-watering and by-pass equipment to the Reach IV-B site. Potholing for utilities is complete. Delivery of the 18” and HOBA pipe fittings is expected by October 15th. Delivery of the 36” HDPE pipe is expected by October 21st. Fusing of the by-pass highline is expected the week of October 12th. SAWPA staff and TRC Companies continue to review submittals from the Contractor. Pipeline removal and installation is anticipated for late October early November.

**Permitting and Pretreatment Program Quarterly Monitoring and Inspections**

SAWPA Permitting and Pretreatment staff completed 27 monitoring (or sampling) events and 12 inspections at SAWPA permitted discharger facilities for the 4th quarter (July through September).
Overview

This report highlights the agency’s key financial indicators for the Fiscal Year-to-Date (FYTD) July 2020 unless otherwise noted.

Budget to Actual Expenses by Fund Type

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$680,339</td>
<td>$148,362</td>
<td>$137,229</td>
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<tr>
<td>Brine Line Enterprise</td>
<td>12,401,418</td>
<td>1,033,451</td>
<td>839,169</td>
<td>194,282</td>
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<tr>
<td>Debt Service Fund</td>
<td>2,835,027</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Project Fund</td>
<td>1,549,029</td>
<td>129,086</td>
<td>31,445</td>
<td>97,641</td>
</tr>
<tr>
<td>OWOW Fund</td>
<td>5,124,596</td>
<td>366,194</td>
<td>160,219</td>
<td>205,975</td>
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<tr>
<td>Roundtable Fund</td>
<td>1,797,871</td>
<td>271,739</td>
<td>255,001</td>
<td>16,738</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$24,388,280</strong></td>
<td><strong>$1,948,832</strong></td>
<td><strong>$1,423,063</strong></td>
<td><strong>$525,769</strong></td>
</tr>
</tbody>
</table>

Budget to Actual Expenses by Fund Type

![Budget to Actual Expenses by Fund Type Chart](chart.png)
### Budget to Actual Revenues by Source

<table>
<thead>
<tr>
<th></th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
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</thead>
<tbody>
<tr>
<td>Member Contributions</td>
<td>$1,530,340</td>
<td>$1,530,340</td>
<td>$1,530,340</td>
<td>$-</td>
</tr>
<tr>
<td>Participant Fees</td>
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<td>1,093,536</td>
<td>1,096,239</td>
<td>2,703</td>
</tr>
<tr>
<td>Discharge Fees</td>
<td>12,401,418</td>
<td>1,033,451</td>
<td>995,520</td>
<td>(37,931)</td>
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<tr>
<td>Interest &amp; Investments</td>
<td>675,000</td>
<td>12,500</td>
<td>18,267</td>
<td>5,767</td>
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<tr>
<td>Use of Reserves</td>
<td>3,709,056</td>
<td>129,086</td>
<td>995,520</td>
<td>(97,641)</td>
</tr>
<tr>
<td>Other</td>
<td>206,881</td>
<td>17,240</td>
<td>21,660</td>
<td>4,420</td>
</tr>
<tr>
<td>Operating Transfers</td>
<td>133,000</td>
<td>133,000</td>
<td>133,000</td>
<td>-</td>
</tr>
<tr>
<td>Grant Proceeds</td>
<td>3,572,232</td>
<td>258,409</td>
<td>73,211</td>
<td>(185,198)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$24,109,263</td>
<td>$4,207,562</td>
<td>$3,899,682</td>
<td>($307,880)</td>
</tr>
</tbody>
</table>

**Concern**

- **Member Contributions**: The budget and actual revenues match perfectly, showing no variance.
- **Participant Fees**: The actual revenue slightly exceeds the budget, with a favorable variance of $2,703.
- **Discharge Fees**: The actual revenue is significantly lower than the budget, with an unfavorable variance of $37,931.
- **Interest & Investments**: The actual revenue is slightly higher than the budget, with a favorable variance of $5,767.
- **Use of Reserves**: The actual revenue is significantly lower than the budget, with an unfavorable variance of $97,641.
- **Other**: The actual revenue is slightly higher than the budget, with a favorable variance of $4,420.
- **Operating Transfers**: The actual revenue matches the budget, showing no variance.
- **Grant Proceeds**: The actual revenue is significantly lower than the budget, with an unfavorable variance of $185,198.

The total budget revenue is $24,109,263, while the actual revenue is $3,899,682, resulting in an unfavorable variance of $307,880.
### Reserve Fund Balance – July

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>General Fund</td>
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<td>OWOW Fund</td>
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<td>Roundtable Fund</td>
<td>2,218,855</td>
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<td>Capital Projects</td>
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<td>Self Insurance</td>
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<td>OCSD Rehabilitation</td>
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<td>Capacity Management</td>
<td>11,910,170</td>
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<tr>
<td>Future Capacity</td>
<td>1,823,486</td>
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<tr>
<td>Rate Stabilization</td>
<td>1,021,832</td>
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<tr>
<td>Flow Imbalance</td>
<td>84,213</td>
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<tr>
<td>Brine Line Operating</td>
<td>3,843,401</td>
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<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$59,095,247</strong></td>
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</table>
**Legend**

<table>
<thead>
<tr>
<th>Compared to Budget</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Green Check]</td>
<td>Ahead or Favorable</td>
</tr>
<tr>
<td>![Green Check]</td>
<td>Above +5% Favorable Revenue or Expense Variance</td>
</tr>
<tr>
<td>![Green Check]</td>
<td>On Track</td>
</tr>
<tr>
<td>![Green Check]</td>
<td>+5% to -2% Variance</td>
</tr>
<tr>
<td>![Alert]</td>
<td>Behind</td>
</tr>
<tr>
<td>![Alert]</td>
<td>-3% to -5% Variance</td>
</tr>
<tr>
<td>![Red X]</td>
<td>Concern</td>
</tr>
<tr>
<td>![Red X]</td>
<td>Below -5% Variance</td>
</tr>
</tbody>
</table>

**Staff Comments**
For this month’s report, the item(s) explained below are either “behind”, a “concern”, or have changed significantly from the prior month.

Total revenues are 7% below budget. The variance is due to Capital Projects and Proposition 1 and 84 grants. It is expected that total revenues will be on track with the budget by the end of the year.

Expenses are also down by 27% from the budget because of those projects as well.
Staff comments provided on the last page are an integral part of this report.

Overview

This report highlights the agency’s key financial indicators for the Fiscal Year-to-Date (FYTD) August 2020 unless otherwise noted.

### Budget to Actual Expenses by Fund Type

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$680,339</td>
<td>$196,723</td>
<td>$246,703</td>
<td>$(49,980)</td>
</tr>
<tr>
<td>Brine Line Enterprise</td>
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<td>1,705,875</td>
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</tr>
<tr>
<td>Debt Service Fund</td>
<td>2,835,027</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Project Fund</td>
<td>1,549,029</td>
<td>258,172</td>
<td>51,367</td>
<td>206,805</td>
</tr>
<tr>
<td>OWOW Fund</td>
<td>5,124,596</td>
<td>732,389</td>
<td>291,819</td>
<td>440,570</td>
</tr>
<tr>
<td>Roundtable Fund</td>
<td>1,797,871</td>
<td>410,479</td>
<td>362,013</td>
<td>48,466</td>
</tr>
</tbody>
</table>

Total $24,388,280 $3,664,667 $2,657,777 $1,006,890

### Budget to Actual Expenses by Fund Type

- **General Fund**: $680,339 Budget vs $246,703 Actual, favorable variance of $(49,980)
- **Brine Line Enterprise**: $12,401,418 Budget vs $1,705,875 Actual, favorable variance of 361,029
- **Debt Service Fund**: $2,835,027 Budget vs $1,705,875 Actual, favorable variance of 361,029
- **Capital Project Fund**: $1,549,029 Budget vs $51,367 Actual, favorable variance of 206,805
- **OWOW Fund**: $5,124,596 Budget vs $291,819 Actual, favorable variance of 440,570
- **Roundtable Fund**: $1,797,871 Budget vs $362,013 Actual, favorable variance of 48,466

Total $24,388,280 Budget vs $2,657,777 Actual, favorable variance of $1,006,890
## Budget to Actual Revenues by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Annual Budget</th>
<th>FYTD Budget</th>
<th>FYTD Actual</th>
<th>Favorable (Unfavorable) Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Contributions</td>
<td>$1,530,340</td>
<td>$1,530,340</td>
<td>$1,530,340</td>
<td>$-</td>
</tr>
<tr>
<td>Participant Fees</td>
<td>1,881,337</td>
<td>1,096,711</td>
<td>1,169,829</td>
<td>73,118</td>
</tr>
<tr>
<td>Discharge Fees</td>
<td>12,401,418</td>
<td>2,068,555</td>
<td>1,985,481</td>
<td>(83,074)</td>
</tr>
<tr>
<td>Interest &amp; Investments</td>
<td>675,000</td>
<td>25,000</td>
<td>20,259</td>
<td>(4,741)</td>
</tr>
<tr>
<td>Use of Reserves</td>
<td>3,709,056</td>
<td>258,172</td>
<td>51,367</td>
<td>(206,805)</td>
</tr>
<tr>
<td>Other</td>
<td>206,881</td>
<td>34,480</td>
<td>354,139</td>
<td>319,659</td>
</tr>
<tr>
<td>Operating Transfers</td>
<td>133,000</td>
<td>133,000</td>
<td>133,000</td>
<td>-</td>
</tr>
<tr>
<td>Grant Proceeds</td>
<td>3,572,232</td>
<td>516,816</td>
<td>135,929</td>
<td>(380,887)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,109,263</strong></td>
<td><strong>$5,663,074</strong></td>
<td><strong>$5,380,344</strong></td>
<td><strong>($282,730)</strong></td>
</tr>
</tbody>
</table>

### Graph

The graph illustrates the comparison between the budget and actual revenues for various sources. The "Member Contributions" and "Participant Fees" show a favorable variance, while "Discharge Fees" and "Interest & Investments" show an unfavorable variance. "Use of Reserves" and "Other" have significant variances, with "Use of Reserves" being much larger. "Operating Transfers" and "Grant Proceeds" show the least variance.

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460
Total Cash & Investments - August

Reserve Fund Balance – August

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,547,987</td>
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<td>Building Fund</td>
<td>669,455</td>
</tr>
<tr>
<td>OWOW Fund</td>
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<td>Roundtable Fund</td>
<td>2,505,492</td>
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<td>Self Insurance</td>
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<td>Debt Retirement</td>
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</tr>
<tr>
<td>Pipeline Replacement</td>
<td>21,429,829</td>
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<tr>
<td>OCSD Rehabilitation</td>
<td>3,719,181</td>
</tr>
<tr>
<td>Capacity Management</td>
<td>11,910,170</td>
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<tr>
<td>Future Capacity</td>
<td>1,823,486</td>
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<tr>
<td>Rate Stabilization</td>
<td>1,021,832</td>
</tr>
<tr>
<td>Flow Imbalance</td>
<td>83,234</td>
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<tr>
<td>Brine Line Operating</td>
<td>4,596,194</td>
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<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$59,537,946</strong></td>
</tr>
</tbody>
</table>
Legend

**Compared to Budget**

- **Ahead or Favorable**: Above +5% Favorable Revenue or Expense Variance
- **On Track**: +5% to -2% Variance
- **Behind**: -3% to -5% Variance
- **Concern**: Below -5% Variance

**Staff Comments**

For this month’s report, the item(s) explained below are either “behind”, a “concern”, or have changed significantly from the prior month.

Total revenues are 5% below budget. The variance is due to Capital Projects and Proposition 1 and 84 grants. It is expected that total revenues will be on track with the budget by the end of the year.

Expenses are also down by 27% from the budget because of those projects as well.
October 9, 2020

To: Santa Ana Watershed Project Authority

From: Michael Boccadoro
Beth Olhasso
Maddie Munson

RE: October Report

Overview:

While it is officially fall, summer temperatures continue to persist throughout the state causing water demand to remain at high, summer levels. Carryover storage in California’s reservoirs has gotten the state through the record breaking heat this summer and could really use a strong winter snowpack to replenish supplies after a dismal winter of 2020. San Luis Reservoir, the main south-of-Delta storage facility for the State Water Project, is at 98 percent of average and 47 percent capacity for this time of the year. Oroville is at 74 percent of average and 45 percent capacity.

Governor Newsom recently announced a series of climate related goals and objectives aimed at transitioning the state to zero emission vehicles and away from fossil fuel-based energy resources. He asked CA agencies to look at how the state and speed up transition to zero-carbon resources ahead of the state’s 2045 carbon neutrality goal. Additionally, he signed an Executive Order that would mandate the sale of new electric-only passenger vehicles starting in 2035. Provisions regarding off-road equipment and heavy-duty and trucks are confusing and concerning in the EO and require further discussion with the administration and regulators. Additionally, he signed a separate Executive Order focused on biodiversity that sets a state goal to conserve 30 percent of the state’s land and ocean waters by 2030.

The State Water Resources Control Board (SWRCB) recently released a report “Co-Digestion Capacity in California” that found that at least half of the state’s landfill bound food waste could be diverted to POTWs for co-digestion.

The Office of Environmental Health Hazard Assessment (OEHHA) is looking to add PFOA to the Proposition 65 list of carcinogens warning list. Such an addition could open up sources of PFOA to litigation. With research on how PFOA moves through POTWs, there could be a concern about possible consequences should the chemical be listed.

The 2019-2020 Legislative session ended late into the night of August 31. The session was significantly disrupted by the pandemic and concluded with a small number of water-related bills making it to the Governor’s desk. SAWPA member agencies were able to help play great defense on bills that were late gut and amends that would have had some significant adverse impacts on the agency. SB 1386 (Moorlach) on ratepayer assessment of water from fire hydrants and AB 2560 (Quirk) on notification and response level establishment procedures at the SWRCB were both signed by the Governor.
Water Supply Conditions
While it is officially fall, summer temperatures continue to persist throughout the state causing water demand to remain at high, summer levels. Carryover storage in California’s reservoirs has gotten the state through the record-breaking heat this summer and the state could really use a strong winter snowpack to replenish supplies after a dismal winter of 2020. San Luis Reservoir, the main south-of-Delta storage facility for the State Water Project, is at 98 percent of average and 47 percent capacity for this time of the year. Oroville is at 74 percent of average and 45 percent capacity.

Drought conditions are about normal for this time of the year, with about 84 percent of the state experiencing at least abnormally dry conditions. Surprisingly, it is the northern portion of the state that is struggling with more serious drought conditions, where normally Southern California is more dry.
**Governor Focuses on Climate Issues**  
**Executive Order on Zero Emission Vehicles (ZEV)**

On September 23 Governor Newsom issued an executive order directed at transitioning California away from gas/diesel based transportation. EO N-79-20 sets forth the following goals:

1. Transition to zero-emissions vehicles and equipment by type by the following timelines:
   a. Passenger cars and trucks by 2035,
   b. Drayage trucks by 2035,
   c. Off-road vehicles and equipment by 2035, and
   d. Medium- and heavy-duty vehicles by 2045.

The EO directs CARB to develop and propose regulations to implement and ultimately meet the aforementioned goals/timelines. The EO also states CARB shall act consistently with technological feasibility and cost-effectiveness.

The EO is unclear on the regulations for off-road and medium and heavy-duty vehicles. A plain reading of the text reads that all vehicles will have to be replaced by 2035 and 2045, respectively. WCA staff has conferred with the administration who have hinted that this was an error that will be clarified in the rulemaking process.

2. CARB, California State Transportation Agency (CalSTA), and other state agencies shall develop a Zero-Emissions Vehicle Market Development Strategy by January 31, 2021, and update that strategy every three years.

3. CARB, the California Energy Commission (CEC), and other state agencies shall use their exiting authority to accelerate deployment of fueling and charging options for ZEVs, which an emphasis on equitable deployment in all communities including low-income and disadvantaged communities.

4. By July 15, 2021, CalSTA, Caltrans, and the California Transportation Commission (CTC) shall identify near term actions, and investment strategies, to improve clean transportation, sustainable freight and transit options, while continuing a “fit-it-first” approach to our transportation system.

5. The Labor and Workforce Development Agency in consultation of other state agencies and departments shall, by July 15, 2021, develop and implement a “Just Transition Roadmap” for transitioning fossil fuel dependent jobs into the clean/green economy and opportunities created by the transition to zero-emission vehicles.

6. Related to the transition away from fossil fuels, California Environmental Protection Agency shall expedite regulatory processes to repurpose and transition up-and downstream oil facilities; develop and pursue strategies to continue to reduce carbon intensity of fossil fuels; and manage and expedite the closure and remediation of former oil extraction sites.

**Acceleration of Climate Goals**

With the backdrop of wildfire behind him, Governor Newsom asked officials at the California Environmental Protection Agency and the California Natural Resources Agency to look through the list of the state's prescriptive goals and "dust off our current processes, our current strategies, and accelerate all of them across the board." This includes broad decarbonization policies as well as measures to electrify transportation, land use efforts, and industrial and agricultural policies.
The Governor specifically references SB 100 (de Leon 2018), which sets the state on a path to achieve 100 percent renewable and zero-carbon electricity by 2045, as a nice goal, but states it is “inadequate to meet the challenges of the state.”

Between the ZEV EO and the request to accelerate zero-carbon electricity goals, 2021 will likely have a significant number of bills dealing with these issues, in addition to regulatory action.

**Governor issues Executive Order to Conserve 30 Percent of State’s Land and Coastal Water**

Governor Newsom signed Executive Order EO-N-82-2020 requiring 30 percent of the state's land and coastal water to be conserved by 2030. The EO is similar to AB 3030 (Kalra) which failed passage in the 2020 legislative session. The 30 percent by 2030 is an international movement at the United Nations to protect 30 percent of the world's land and oceans by 2030 that has been agreed to by at least 30 other nations. The EO is more focused on carbon sequestration as a major part of his plan to curb emissions in California.

The order directs state agencies, through the to-be-formed Biodiversity Collaborative, to deploy a number of strategies to store carbon in the state’s natural and working lands and remove it from the atmosphere. The order also sets a first-in-the-nation goal to conserve 30 percent of the state’s land and coastal water by 2030 to fight species loss and ecosystem destruction.

Specifically, state agencies are directed to pursue innovative actions, strategies and partnerships to maximize the full climate benefits of our natural and working land, through:

- Healthy soils management, including planting cover crops, hedgerows and compost applications;
- Wetlands restoration to protect coastal areas;
- Active forest management to reduce catastrophic risk and restore forest health; and
- Boosting green infrastructure in urban areas like trees and parks.

The Order directs the Collaborative and the Natural Resources Agency to send a report to the Governor by February 1, 2022 outlining strategies to achieve the 30% by 2030 goal.

The order does not reference water in the same way that AB 3030 (Kalra) did. The EO focuses on costal biodiversity rather than urban water usage. As the strategies to implement the EO are proposed and discussed over the coming months, it will be important to monitor and engage as appropriate if efforts to curb ocean discharge or other strategies that would effect urban water, wastewater and recycled water usage are proposed.

After the announcement there was a call with Secretaries Crowfoot (Natural Resources), Blumenfeld (CalEPA) and Ross (CA Department of Food and Agriculture), below are the highlights:

- "Focuses on nature-based solutions to address climate change"
- Conserve 30% of lands and coastal waters by 2030
  - have not defined what that means in EO, but commit to a collaborative process to achieve the goal- through the CA Biodiversity Collaborative
- Funding-- still assessing fiscal impacts of pandemic. The state is not in a position to talk about major new investments in these priorities. Will use existing resources to start on these goals. Focus on the pathway so that when the state recovers, the plan is. Focus on advancing innovation with non-governmental partners and climate catalyst fund.
• Biodiversity collaborative will be organized in the Natural Resources Agency--Jennifer Norris-Secretary of Biodiversity and Habitat leading but will have a collaborative team with state agencies and non-state partners.
• Fresh waters and included in "Land"- very vague statement that will need more elaboration.

**SWRCB Report on Co-Digestion at POTWs Released**
The SWRCB recently released a report by Carollo Engineers, “Co-Digestion Capacity in California” that finds that at least half of California’s landfill-bound food waste could be processed through wastewater treatment plants throughout the state. The study also finds that POTWs could profit by processing food waste while reducing GHGs by an estimated 2.4 million metric tons of CO2-equivalent per year. The report also noted that it will likely take around one billion dollars of statewide capital investment to adequately upgrade facilities.

**PFOS Proposed to be Added to CA Prop 65 Cancer Listing**
The Office of Environmental Health Hazard Assessment (OEHHA) is preparing to prioritize a list of seven chemicals for potential addition to the state’s Proposition 65 warning law carcinogen list, including perfluorooctane sulfonate (PFOS). The Carcinogen Identification Committee’s (CIC) consideration of PFOS is facing significant concern from the chemical industry, whose representatives state that there is not enough data to show the substance is carcinogenic. A recent technical report by the National Toxicology Program found rare evidence of carcinogenic activity in lab rats exposed to PFOA. A Prop 65 listing could bolster tort suits.

Comments are due to the committee on October 19, ahead of their November 17 virtual meeting.

**New Members of the California Water Commission**
On September 30, Governor Newsom appointed two new members to the California Water Commission. Both will need Senate confirmation when the Legislature returns, but they can serve until their confirmation.

**Samantha F.V. Arthur**, 35, of Sacramento, has been appointed to the California Water Commission. Arthur has been Working Lands Program Director at Audubon California since 2019, where she has held multiple positions since 2014, including Conservation Project Director and Conservation Project Manager. She was a Strategic Planning and Policy Intern at the California Association of Resource Conservation Districts from 2013 to 2014 and a Land Protection Specialist at Big Sur Land Trust from 2010 to 2012. Arthur earned a Master of Science degree in Environmental Science and Management from the University of California, Santa Barbara.

**Alexandre B. Makler**, 52, of Berkeley, has been appointed to the California Water Commission. Makler has been Senior Vice President, West Region of Calpine Corporation since 2014, where he has held multiple positions since 1999, including Vice President of Strategic Origination and Development and Vice President/Assistant General Counsel. He was an Associate at Pillsbury Winthrop from 1998 to 1999 and at Curtis, Mallet-Prevost, Colt & Mosle from 1995 to 1998. He earned a Juris Doctor degree from the University of California, Berkeley School of Law.

**Legislative Update**
As reported last month, the Legislature concluded the 2019-2020 Legislative Session late into the night on August 31. The COVID-19 pandemic drastically altered business in the Capitol with members asked to shelve any bills not related to the pandemic, homelessness, economic recovery or wildfire.
Members also had to grapple with the estimated $54 billion budget shortfall facing the state due to the COVID-19 crisis. The Legislature ultimately passed a budget that assumes significant funding from the federal government, but has “trigger cuts” included should the funding not materialize. Even with the trigger cuts, should federal funding fail to appear, the Legislature and the Governor will have to make some significant cuts either in a special session or in January when they return. The Governor has not indicated he is going to call a special session. On September 30, the Governor issued a statement about the latest federal package proposal. He noted that if passed and signed by the President, the $436 billion in assistance for state and local governments, if provided by October 15, would “help California avoid difficult reductions in the 2020-21 fiscal year. Since then, the President has said that there will be no relief bill until after the election. It remains unclear what the Governor’s next steps will be.

Ultimately, members were unable to craft an economic stimulus package before the end of session and no climate resilience bond was passed for the November ballot. The next opportunity for a bond will be on the March of 2022 ballot.

The Governor had until September 30 to act on all of the measures sent to him by the Legislature- There were only a couple of water-related measures pending on his desk.

AB 2560 (Quirk) is CMUA and OCWD’s bill on procedures for establishing notification and response levels at the SWRCB. The measure has easily moved through the Assembly and Senate committee and full house processes and is on the Governor’s desk for signature. The SWRCB voiced some concerns over the bill, but ultimately, the Governor signed the measure.

SB 1386 (Moorlach) is the bill addressing the class action lawsuit on the how water from fire hydrants is treated under Prop. 218. IEUA has joined a very long list of supporters of this legislation and the bill moved easily through the Assembly and the Senate and was signed by the Governor.

Barring no special session, members will return to their districts for the fall campaign season and return to Sacramento in December for a swearing in ceremony and in January to begin the 2021-2022 Legislative Session.