



ABAG PLAN Corporation Summary of Property Insurance

Background: In 1992, ABAG PLAN Corporation began its property insurance program by forming a self-insured pool to cover losses up to \$100,000. The PLAN purchases an insurance policy to cover losses above \$100,000.

Coverage Provided: Property insured includes: all buildings, structures, vehicles, personal property, data processing equipment, contractors equipment, extra expenses, data processing extra expenses, valuable papers, records, fine arts, business interruption, transit, and errors and omissions.

Locations Covered: All scheduled locations of buildings, structures and assets owned, leased or rented by covered members.

Deductibles:
\$5,000 all property
\$10,000 all vehicles
\$100,000 ABAG PLAN Corporation

Policy Term: July 1, 2007 to July 1, 2008

Covered Entities:

American Canyon, Atherton, Benicia, Burlingame, Campbell, Colma, Cupertino, Dublin, East Palo Alto, Foster City, Gilroy, Gilroy Water Treatment, Half Moon Bay, Hillsborough, Los Altos, Los Altos Hills, Los Gatos, Millbrae, Milpitas, Morgan Hill, Newark, Pacifica, Portola Valley, Ross, San Bruno, San Carlos, San Mateo, Saratoga, South San Francisco, Suisun City, Tiburon, and Woodside

Please see attached summary confirmation of coverage for more details.

This summary is for informational purposes only and does not alter, amend or change the coverage. Please refer to the Memorandum of Coverage and policy for actual terms conditions & exclusions.

EVIDENCE OF PROPERTY INSURANCE

ISSUE DATE (MM/DD/YY)

07/06/07

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER

ALLIANT INSURANCE SERVICES, INC.
600 MONTGOMERY STREET, 9TH FLOOR
SAN FRANCISCO, CA 94111-2711
PH (415) 403-1400 / FAX (415) 402-0773
LICENSE NO. 0C36861

COMPANY

VARIOUS PER ATTACHED SCHEDULE

CODE**SUB-CODE****INSURED**

PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)

ABAG PLAN CORPORATION
101 8TH STREET
OAKLAND, CA 94607

EVIDENCE NUMBER

PEPIP0708

POLICY NUMBER

SEE ATTACHED SCHEDULE

EFFECTIVE DATE (MM/DD/YY)

07/01/07

EXPIRATION DATE (MM/DD/YY)

07/01/08

CONT. UNTIL
TERMINATED
IF CHECKED

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION**LOCATION / DESCRIPTION**

PENDING RECEIPT OF COMPANY POLICY(IES), THIS DOCUMENTATION IS PROVIDED AS EVIDENCE OF PROPERTY AND BOILER & MACHINERY INSURANCE COVERAGE FOR LOCATIONS ON FILE WITH ALLIANT INSURANCE SERVICES.

COVERAGE INFORMATION**COVERAGE / PERILS / FORMS / AMOUNT OF INSURANCE & DEDUCTIBLE**

ALL RISK OF DIRECT PHYSICAL LOSS OR DAMAGE AND ALL EXTENSIONS AND SUBLIMITS OF COVERAGE PER PEPIP MANUSCRIPT POLICY FORM. SUBJECT TO POLICY TERMS, CONDITIONS AND EXCLUSIONS.

LIMITS & DEDUCTIBLE ATTACHED FOR THE FOLLOWING:

PROPERTY
COVERAGEBOILER & MACHINERY
COVERAGE**REMARKS (INCLUDING SPECIAL CONDITIONS)****CANCELLATION**

SEE ATTACHED

ADDITIONAL INTEREST**NAME AND ADDRESS**

EVIDENCE OF COVERAGE

NATURE OF INTEREST

MORTGAGEE

ADDITIONAL INSURED

LOSS PAYEE

(OTHER)
EVIDENCE OF COVERAGE

SIGNATURE OF AUTHORIZED AGENT OF COMPANY

PUBLIC ENTITY PROPERTY INSURANCE PROGRAM
Program effective July 1, 2007 to July 1, 2008

Attachment to Binder # PEP0708

Primary \$25,000,000: Lexington Insurance Company

Layers excess of \$25,000,000 will be composed of a combination of the following insurance carriers:

Axis Specialty Insurance Co.
C.N.A./Continental Casualty Insurance Co.
Commonwealth Insurance Company
Essex Insurance
Global Excess – Lloyd's of London
GMAC Re
Great American Insurance Co.
Lancashire Re
Lloyd's of London
Munich Re/Great Lakes
One Beacon/Homeland Insurance Co.
Traveler's Insurance Company
XL America
Zurich/Steadfast Insurance

Your policy numbers and final layering of the insurance carriers will be forthcoming.



**ALLIANT INSURANCE SERVICES, INC.
PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)
PROPERTY EVIDENCE ATTACHMENT**

TYPE OF INSURANCE: Insurance Reinsurance

NAMED INSURED: ABAG Plan Corporation

DECLARATION: 6-Municipalities

POLICY PERIOD: July 1, 2007 to July 1, 2008

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 1,922,254,713 as of June 26, 2007

**COVERAGES &
LIMITS:**

- \$ 1,000,000,000 Per Occurrence: All Perils, Coverages and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.
- \$ 25,000,000 Dedicated Flood Limit - Per Occurrence & Annual Aggregate
- \$ 25,000,000 Per occurrence and annual aggregate Flood Zone A & V Sublimit (inclusive of all 100 year exposures) and does not increase the specific flood limit of liability
- \$ Not Applicable Per Occurrence for Tier 1 Wind and Tier 2 Wind exposure
- Not Covered Dedicated Earthquake Shock Limit - Per Occurrence & Annual Aggregate
- \$ 100,000,000 Combined Business Interruption, Rental Income and Tax Interruption Per Member; except \$500,000 / \$2,500,000 maximum Per Occurrence limit if values are not reported by member
- \$ 50,000,000 Extra Expense
- \$ 10,000,000 Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska, California and Washington Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. This coverage extension does not apply to the peril of Wind for locations situated in Tier I and Tier II Counties.

See Policy Provisions 25,000,000 Automatic Acquisition up to \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition Clause. The peril of EQ is excluded for the states of Alaska, California and Washington. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V. This coverage extension does not apply to the peril of Wind for locations situated in Tier I or Tier II Counties.

**DEDUCTIBLES FOR
 SPECIFIC PERILS
 AND COVERAGES
 (Cont.):**

\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per tree
\$	5,000,000	Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per tree.
\$	40,000,000	Errors & Omissions
\$	25,000,000	Course of Construction and remodeling projects (including new) with project values not exceeding \$25,000,000.
\$	2,500,000	Money & Securities
\$	2,500,000	Unscheduled Fine Arts
\$	250,000	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members
\$	500,000	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$	25,000,000	Increased Cost of Construction due to the enforcement of building codes
\$	25,000,000	Transit
\$	1,000,000	Unscheduled Animals; not to exceed \$50,000 per Animal
\$	2,500,000	Watercraft up to 27 feet
		See Automatic Acquisition Limit Per acquisition for Newly Acquired Vehicles for members who participate in the Optional Licensed Vehicle - Off Premises Coverage
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$	5,000,000	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage
\$	5,000,000	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage

**DEDUCTIBLES FOR
 SPECIFIC PERILS
 AND COVERAGES
 (Cont.):**

\$	2,500,000	Contingent Business Interruption, Contingent Rental Values, and Contingent Extra Expense separately
\$	500,000	Jewelry, Furs, Precious Metals and Stones Separately
\$	500,000	Claims Preparation Expenses
\$	50,000,000	Expediting Expenses
\$	500,000	Personal Property Outside of the USA
\$	100,000,000	per member/entity per occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-10, 12-13 and 17-18 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)
\$	100,000,000	Annual Aggregate per Member/Entity for Terrorism (Excess Layer)
\$	200,000,000	Per Occurrence, All Members combined in Declarations 1-9, 11 and 12 for Terrorism (Excess Layer)
\$	400,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11 and 12, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)

SPECIAL TERMS: \$ 650,000,000 per occurrence, per declaration Earthquake Sprinkler Leakage Sublimit

VALUATION:

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Vehicles & Contractor's Equipment / either Replacement Cost or Actual Cash Value as declared by each member. If not declared, valuation will default to actual cash value

**EXCLUSIONS
 (Including but not
 limited to):**

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

**JPA PER
 OCCURRENCE
 DEDUCTIBLE:** \$ 100,000 Per Occurrence for each and every loss before exhaustion of the annual aggregate pool deductible where applicable (except flood, earthquake and service interruption or property/coverages specified below)

**JPA AGGREGATE
 POOL DEDUCTIBLE:** \$ 250,000 Annual Aggregate Pool Deductible

**DEDUCTIBLES FOR
 SPECIFIC PERILS
 AND COVERAGES
 (Cont.):**

The following property/coverage losses DO or DO NOT erode the Annual Aggregate:

- Earthquake losses DO NOT erode the Annual Aggregate
- Flood losses DO NOT erode the Annual Aggregate
- Contractors Equipment losses DO erode the Annual Aggregate
- Vehicle losses DO erode the Annual Aggregate
- Animal losses DO erode the Annual Aggregate
- Scheduled Fine Arts losses DO erode the Annual Aggregate
- Tees and Greens losses DO erode the Annual Aggregate
- Watercraft losses DO erode the Annual Aggregate
- Tax Interruption losses DO erode the Annual Aggregate
- Wind (Tiers 1 & 2) losses DO NOT erode the Annual Aggregate

**JPA MAINTENANCE
 DEDUCTIBLE:**

\$ 10,000 Maintenance Deductible after Annual Aggregate Deductible is reached

**DEDUCTIBLES FOR
 SPECIFIC PERILS
 AND COVERAGES:**

\$ 250,000 Per Occurrence for Flood Zones A & V

\$ 100,000 All Flood Zones Per Occurrence excluding Flood Zones A & V

\$ Not Applicable Per Occurrence for Tier 1 Wind and Tier 2 Wind exposure

Not Covered Per occurrence for Earthquake Shock (Real & Personal Property and Time Element) subject to \$100,000 minimum

\$ 1,000 Per Occurrence for Specially Trained Animals

\$ 500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

\$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

\$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

**DEDUCTIBLES FOR
SPECIFIC PERILS
AND COVERAGES
(Cont.):**

\$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits

\$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits

24 Hour Waiting Period for Service Interruption for All Perils and Coverages

2.5% of Annual Tax Value per Location for Tax Interruption

\$ 100,000 Vehicle Physical Damage

\$ 100,000 Per Occurrence for Contractor's Equipment

\$ 100,000 Per Occurrence for Primary Terrorism

\$ 500,000 Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)

Not Covered Per Occurrence for Stand Alone Terrorism Deductible

CONDITIONS:

25% Minimum Earned Premium and cancellations subject to 10% penalty

**NOTICE OF
CANCELLATION:**

90 days except 10 days for non-payment of premium

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861

Dennis Mulqueeny
First Vice President

Seth Cole
Vice President

Mary Lendaris
Unit Manager

Coverage outlined in this Evidence Attachment is subject to the terms and conditions set forth in the policy. Please refer to policy for specific terms, conditions and exclusions.

Commissions are customarily paid by the insurance carriers to their agents and to brokers as a percentage of premiums. In addition to the commissions that Alliant Insurance Services, Inc., receives, its related entity, Alliant Underwriting Services (AUS) may receive compensation from Alliant Insurance and/or the carrier for providing underwriting services. The financial impact of the compensation received by AUS is a cost included in the premium. Additionally, the related entities of Alliant Business Services (ABS) and/or Strategic HR may receive compensation from Alliant Insurance and/or the carrier for providing designated, value-added services. Services contracted for by the client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Alliant Insurance and/or the carrier. Except as specifically directed by the client, AIS and its affiliates may also receive income as a result of contingent income agreements with insurance carriers. Further information is available upon written request directed to: Alliant Insurance Services, Attention: Chief Operating Officer, 1301 Dove Street, Suite 200, Newport Beach, CA 92660.

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 Poors 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 California, visit the California Department of Insurance website at www.insurance.ca.gov



ALLIANT INSURANCE SERVICES, INC.
PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)
BOILER & MACHINERY EVIDENCE ATTACHMENT

NAMED INSURED: ABAG Plan Corporation

DECLARATION: 6-Municipalities

POLICY PERIOD: July 1, 2007 to July 1, 2008

COMPANIES: Lexington Insurance Company 100% of \$25,000,000 Primary
 CNA Insurance Company 50% of \$75,000,000 Excess of \$25,000,000
 Foreign Excess Ins. Companies 50% of \$75,000,000 Excess of \$25,000,000
 (See attached list of Companies)

TOTAL INSURED VALUES: \$ 1,922,254,713 as of June 26, 2007

COVERAGES & LIMITS: \$ 100,000,000 Boiler & Machinery, Breakdown, Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities). Limit includes loss adjustment agreement, defense costs outside of limits and electronic computer or electronic data processing equipment with the following sub-limits:

- Included Inspection Services
- \$ 10,000,000 Per Occurrence for Utility Interruption for Utilities owned by others
- \$ 10,000,000 Per Occurrence for Ammonia Contamination
- \$ 10,000,000 Per Occurrence for Water Damage
- \$ 10,000,000 Per Occurrence for Consequential Damage
- \$ 2,000,000 Per Occurrence for Electronic Data Processing Media
- \$ 2,000,000 Per Occurrence for Annual Aggregate for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
- \$ 25,000,000 Per Occurrence for Demolition and Increased Cost of Construction and Building Ordinance (Ordinance or Law)
- \$ 1,000,000 Per Occurrence for Hazardous Substance
- Included in B&M Demo and ICC limit Per Occurrence for Building Ordinance Coverages
- Included Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes

NAMED INSURED CLAUSE: Named Insured covers entities you acquire or in which you have 50% or more ownership or contractual control prior to loss

NEWLY ACQUIRED

LOCATIONS: \$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding

VALUATION: Repair or Replacement except Actual Loss sustained for all Time Element coverages

EXCLUSIONS

(Including but not limited to):

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED:

(Including but not limited to):

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

NOTICE OF

CANCELLATION: 90 days except 10 days for non-payment of premium

DEDUCTIBLES:

\$ 10,000 Except as shown for Specific Objects or Perils

\$ 10,000 Electronic Data Processing Media

\$ 10,000 Consequential Damage

\$ 10,000 Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface

\$ 50,000 Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface

\$ 100,000 Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface

\$ 250,000 Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface

\$ 350,000 Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

\$10 per foot / \$2,500 Minimum Deep Water Wells

24 Hours – Business Interruption/Extra Expense Except as noted below

30 Days – Business Interruption – Revenue Bond

24 Hour Waiting Period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

DEDUCTIBLES:
(Cont)

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

BROKER:

ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

Dennis Mulqueeny
First Vice President

Seth Cole
Vice President

Mary Lendaris
Unit Manager

Coverage outlined in this Evidence Attachment is subject to the terms and conditions set forth in the policy. Please refer to policy for specific terms, conditions and exclusions.

Commissions are customarily paid by the insurance carriers to their agents and to brokers as a percentage of premiums. In addition to the commissions that Alliant Insurance Services, Inc., receives, its related entity, Alliant Underwriting Services (AUS) may receive compensation from Alliant Insurance and/or the carrier for providing underwriting services. The financial impact of the compensation received by AUS is a cost included in the premium. Additionally, the related entities of Alliant Business Services (ABS) and/or Strategic HR may receive compensation from Alliant Insurance and/or the carrier for providing designated, value-added services. Services contracted for by the client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Alliant Insurance and/or the carrier. Except as specifically directed by the client, AIS and its affiliates may also receive income as a result of contingent income agreements with insurance carriers. Further information is available upon written request directed to: Alliant Insurance Services, Attention: Chief Operating Officer, 1301 Dove Street, Suite 200, Newport Beach, CA 92660.

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.

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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 California, visit the California Department of Insurance website at www.insurance.ca.gov



PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)

2007-2008 NAMED INSURED AS OF 07/06/2007

MEMBER: ABAG Plan Corporation
101 8th Street
Oakland, CA 94607

NAMED INSURED:

City of American Canyon	Gilroy Water District
City of Benicia	Town of Atherton
City of Burlingame	Town of Colma
City of Campbell	Town of Hillsborough
City of Cupertino	Town of Los Altos Hills
City of Dublin	Town of Los Gatos
City of East Palo Alto	Town of Portola Valley
City of Foster City	Town of Ross
City of Gilroy	Town of Tiburon
City of Half Moon Bay	Town of Woodside
City of Los Altos	
City of Millbrae	
City of Milpitas	
City of Morgan Hill	
City of Newark	
City of Pacifica	
City of San Bruno	
City of San Carlos	
City of San Mateo	
City of Saratoga	
City of South San Francisco	
City of Suisun City	