

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
Rated A++ (Superior)
By A.M. Best

FACSIMILE TRANSMISSION

DATE: June 30, 2010

FOR IMMEDIATE DELIVERY TO: Russell Murphy
AGENCY: Marsh USA Inc.
FAX NUMBER: (415) 743-8156

FROM: Jaclyn Pineda
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
Pacific Coast Underwriting Center Branch Office
PHONE: 925-602-4531
FAX: 800-231-1170

RE: California Joint Powers Risk Management Authority
Quote No.: FBP-0216493-00(32)
Policy No.: FBP4909988
Date Requested: June 30, 2010

Equipment Breakdown Insurance Binder

Thank you for the order to place the insurance on this account. In response to your request, I have prepared the enclosed equipment insurance binder. Please be advised that the terms and conditions contained in this Hartford Steam Boiler binder supersede your prior application and request.

For your convenience, the attached binder summarizes all the applicable coverages and limits. If you have questions or this binder is not as we agreed, please let me know as soon as possible, in writing, so I can make any changes prior to issuing the policy.

Again, we appreciate your business and look forward to learning how we can assist you further on this account.

Sincerely,

Jackie Pineda

Jaclyn Pineda
Production Underwriter

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
EQUIPMENT BREAKDOWN COVERAGE BINDER

Named Insured: California Joint Powers Risk Management Authority
 Issued Date: June 30, 2010
 Policy Number: **FBP4909988**
 Location(s): As per schedule submitted

===== COVERAGES =====	LIMITS =====
Equipment Breakdown Limit	\$ 21,250,000.
Property Damage	Included
Off Premises Property Damage	\$ 100,000.
Business Income	\$ 1,000,000.
Extra Expense	\$ 1,000,000.
Service Interruption	\$ 1,000,000.
Contingent Business Income	\$ 100,000.
Perishable Goods	\$ 1,000,000.
Data Restoration	\$ 100,000.
Demolition	\$ 1,000,000.
Ordinance or Law	\$ 1,000,000.
Expediting Expenses	\$ 1,000,000.
Hazardous Substances	\$ 1,000,000.
Newly Acquired Locations	Included
===== DEDUCTIBLES =====	
Direct Coverages	\$ 5,000.
Except Transformers	\$3.00 Per KVA, \$10,000 Minimum
Except ICE/Generator units	\$30.00 Per Horsepower, \$10,000 Minimum
Except Water Turbine Units	\$30.00 Per KW, \$50,000 Minimum
Indirect Coverages	24 Hours
Except Extra Expense	\$ 5,000.
===== OTHER CONDITIONS =====	

- Newly Acquired Locations: 365 Days
- Notice of Cancellation other than non-payment: 90 Days
- Omnibus Location Wording - See Endorsement
- See Special Endorsement Attached.
- Extended Period of Restoration: 30 Days
- Interruption of Service Waiting Period: 24 Hours
- Miscellaneous Unnamed Locations Limit – Property Damage only: \$250,000 (Applies to locations you own or lease that are not listed on the Schedule of Locations. Coverage is Property Damage only.)
- The cost to purchase power for resale or to meet contract obligations is excluded.
- ‘Business Income’ does not include ‘Ordinary Payroll’.

This binder contains a broad outline of coverage and does not include all the terms, conditions and exclusions of the policy (or policies) that may be issued to you. The policy (or policies) contains the full and complete agreement with regard to coverage. Please review the policy (or policies) thoroughly with your insured upon receipt and notify us promptly, in writing, if you have any questions. In the event of any inconsistency between the binder and the policy, the policy language shall control unless the parties agree to an amendment. Your policy premium includes the following premium charge for losses resulting from certified acts of terrorism as defined in the Terrorism Risk Insurance Act, as amended: **\$0.00**

ANNUAL PREMIUM:	\$310,000.00
ANNUAL PREMIUM (with surcharges/taxes):	\$310,000.00*
Effective Dates:	July 1, 2010
Commission for this Account:	15%
Total Surcharge/Tax:	TBD

***Final TIV reported as of 6/29/2010 = \$6,597,456,748.06**
TIV used for premium basis = \$6,067,006,218 (Excludes City of Santa Rosa, San Leandro, Fine Arts, Property in Open, Contractors Equipment values)
Account rate = 0.0051

Hartford Steam Boiler Inspection and Insurance Company
Additional Quote Information

Issued Date: June 30, 2010 Quote Expires On: July 1, 2010

Quote Number: FBP-0216493-00(32)

Named Insured: California Joint Powers Risk Management Authority

===== **ADDITIONAL INFORMATION** =====

Special Terms and Conditions:

'Electrical Generating Equipment' located at Redding Power Plant, 17120 Clear Creek Road, Redding, CA is excluded for cover under this policy.

Extra Expense sublimit is \$250,000 for Water Turbine/Generators.

Omnibus Location

Description _____ This

endorsement changes the policy. Please read it carefully. In consideration of the Report of Locations and Values, which is on file with us, the following is added to the Schedule of Locations:

Any location within the Coverage Territory of this policy and which is:

- a) Owned by you; or
- b) Leased by and operated under your control and for which you are legally liable.

Newly acquired locations must be reported to us in accordance with the Newly Acquired Locations COVERAGE of this policy. REPORT OF LOCATION AND VALUES

You shall prepare as of the date this Equipment Breakdown Coverage becomes effective, and as of each 12 months thereafter, a Report of Locations and Values showing the following:

- 1) Each location owned by you, or leased and operated under your control on the date for which the report is prepared;
- 2) The building and contents values of each location; and
- 3) The Business Income values of each location, if Business Income coverage is applicable.

This Report shall be filed with us not later than 30 days prior to each anniversary date. We shall compute the policy premium as of the anniversary date based on the report as filed with us.

EQUIPMENT BREAKDOWN COVERAGE SUMMARY

This quote is for HSB Freestyle, the leading Equipment Breakdown coverage form.

Unless specified otherwise, Covered Equipment includes electrical, mechanical and pressure equipment. It includes both Real Property (such as heating, cooling and electrical systems) and Personal Property (such as office and process equipment).

Included are many items that are excluded on standard Boiler and Machinery forms, such as:

- Conveyors
- Computers
- Elevators and Escalators
- Furnaces

When there is an Accident to Covered Equipment, the following coverages are available:

- Property Damage (Repair or Replacement, includes resultant damage to other property of the Insured)
- Off Premises Property Damage (Repair or Replacement of transportable equipment away from a covered location)
- Business Income (Actual Loss Sustained, including payroll coverage)
- Extra Expense (costs to maintain operations)
- Service Interruption (electricity, water, gas, communications, refrigeration, air conditioning, waste disposal, heating, air or steam)
- Contingent Business Income (Business Income loss caused by an Accident at a supplier's location)
- Perishable Goods (spoilage)
- Data Reconstruction (costs to restore computer data)
- Demolition (costs to comply with building laws requiring demolition)
- Ordinance or Law (costs to comply with other building laws)
- Expediting Expenses (temporary repairs or expedite permanent repairs)
- Hazardous Substances (additional costs from substances hazardous to health)
- Newly Acquired Locations (all coverages, not just Property Damage)

Other policy features include:

- Brands and Labels (loss of value from removing brand names)
- Course of Construction
- Errors and Omissions
- Environmental, Safety and Efficiency Improvements (upgrade valuation under certain circumstances)
- Joint or Disputed Loss Agreement (joint loss with Commercial Property coverage)
- Jurisdictional Inspections (a valuable service for owners of boilers and pressure vessels)

Advantages Over the Earlier HSB Freestyle Coverage Form:

- Definition of "Accident" includes Bursting, Cracking or Splitting.
- Computer Equipment no longer sub-limited (now covered up to the applicable policy limits)
- CFC Refrigerants no longer sub-limited (now covered up to the applicable policy limits)
- Portable equipment taken off-premises now covered for \$25,000. (higher limits available)
- Contingent Business Income coverage added for loss arising from an Accident at the location of a third party supplier for the insured.

This is a summary of the Equipment Breakdown coverages. Refer to the policy for all coverage details, terms and exclusions.

THE HSB DIFFERENCE

Why Choose Hartford Steam Boiler for Equipment Breakdown coverage?

INNOVATION. More people select HSB for equipment breakdown because they know they'll get broad coverages, better claim service, and reliable jurisdictional inspection service. The history of innovation in equipment breakdown coverage is the history of HSB. We design coverages to help you keep pace with rapid changes in technology.

SUPERIOR PRODUCTS AND SERVICES. In a study by an independent market research firm agents ranked the quality of HSB's coverage, claim service and inspection service higher than other equipment breakdown insurers.

TECHNICAL KNOWLEDGE. We know more about equipment breakdown risks than anyone. Fifty percent of our staff are engineers, inspectors and technicians. We use our technical knowledge to enhance coverages, get insureds back into business faster following a loss and help our clients avoid loss.

UNDERWRITING. What you can understand you can underwrite. HSB has a very broad underwriting appetite and can underwrite virtually any class of business. We also can discern which accounts are better risks and reward them with our most favorable pricing and coverage terms.

SPEED. HSB InstantQuote provides you competitive online quotes in three minutes for most accounts. HSB field underwriters have broad authority so complex accounts also receive responsive service.

EASE. HSB coverage is available monoline or through more than 200 property casualty insurers as part of their commercial package products. Either way you get quality coverage and HSB's reliable service.

FINANCIAL STRENGTH. Hartford Steam Boiler is rated A (Excellent) by A.M. Best Company. This rating is assigned only to companies that have, in A.M. Best's opinion, an excellent ability to meet their ongoing insurance obligations.

CLAIM SERVICE. HSB doesn't just adjust claims, we work to help insureds get back into business faster. We have a national network of independent repair firms and parts suppliers and can locate what's needed to restore operations faster. Insureds appreciate this value because it helps them retain business they might otherwise lose.

JURISDICTIONAL INSPECTIONS. HSB jurisdictional inspection service is reliable. We inspect over 500,000 boilers and pressure vessels each year and have hundreds of inspectors all across the U.S. near our customers. If an account has a jurisdiction inspection requirement, we have the resources to get it done. That saves our clients hassles and assists them in complying with jurisdictional requirements.

LOSS PREVENTION. Loss prevention is the best policy you can buy. Equipment risk is growing more complex as new technologies and new business practices are introduced. HSB has the knowledge, experience and skills to help insureds avoid costly loss. Equipment is the heart of a business. Our loss prevention services help clients keep their equipment running so they can focus on taking care of their business.