



MEMORANDUM OF COVERAGE – LIABILITY

Issue Date: July 1, 2025

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MEMORANDUM OF COVERAGE – LIABILITY

DECLARATIONS

ENTITY COVERED: Pooled Liability Assurance Network Joint
Powers Authority as per Endorsement No. 1

MAILING ADDRESS: 1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

COVERAGE PERIOD: FROM: 07/01/2025 12:01 A.M., Pacific Time
TO: 07/01/2026 12:01 A.M., Pacific Time

LIMIT OF COVERAGE: \$1,000,000 per Occurrence less Covered Party's
Retained Limit in Endorsement No. 2. With
respect to Employee Benefit Plan Administration
Liability, the Limit of Coverage is \$250,000 per
Occurrence.
Coverage is provided on an excess basis up to a
limit of coverage of \$30,000,000 per
occurrence, less covered party's retained limit
of \$20,000,000 per occurrence. Excess coverage
does not apply to employee benefit plan
administration liability.

These amended declarations are effective as of July 1, 2025 and supersede the declarations previously issued.

In consideration for the payment of the **Member Contributions, PLAN JPA** and the ENTITIES COVERED which are designated in ENDORSEMENT No. 1 to the **Memorandum** agree as follows:

SECTION I - DEFINITIONS

Words and phrases in bold print within this **Memorandum** (including any and all endorsements hereto and forming a part hereof) have special meanings, as defined below:

- A. **PLAN JPA (“PLAN”)** means the Pooled Liability Assurance Network Joint Powers Authority.
- B. **Aircraft** means a vehicle designed for the transport of persons or property principally in the air.
- C. **Bodily Injury** means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these at any time.
- D. **Covered Party** means any person, entity, or other organization constituting a Covered Party under SECTION II – WHO IS A COVERED PARTY.
- E. **Coverage Period** means the COVERAGE PERIOD that is designated in the Declaration to this **Memorandum**.
- F. **Cyber Liability** means any liability arising out of or related to the acquisition, storage, security, use, misuse, disclosure, or transmission of electronic data of any kind including, but not limited to, technology errors and omissions, information security and privacy, privacy notification costs, penalties for regulatory defense or penalties, website media content, disclosure or misuse of confidential information, failure to prevent unauthorized disclosure or misuse of confidential information, improper or inadequate storage or security of personal or confidential information, unauthorized access to computer systems containing confidential information, or transmission or failure to prevent transmission of a computer virus or other damaging material.

G. **Dam** means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which:

1. Is twenty-five (25) feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier to the maximum possible water storage elevation; or
2. It twenty-five (25) feet or more in height from the lowest elevation of the outside limit of the barrier, if it is not across a stream channel or watercourse, to the maximum possible water storage elevation; or
3. Has an impounding capacity of fifty (50) acre-feet or more.

However, the following shall not be considered a **Dam**:

1. Any artificial barrier, together with appurtenant works, which does or may impound or divert water, but which is not in excess of six (6) feet in height, regardless of storage capacity; or
2. Any artificial barrier, together with appurtenant works, which does or may impound or divert water, but which has a storage capacity not in excess of fifteen (15) acre-feet, regardless of height; or
3. Any obstruction in a canal used to raise or lower water therein or divert water therefrom; or
4. Any levee, including but not limited to a levee on the bed of a natural lake, the primary purpose of which levee is to control floodwaters; or
5. Any railroad fill or structure; or
6. Any tank constructed of steel or concrete or of a combination thereof; or
7. Any tank elevated above the ground; or
8. Any barrier which is not across a stream channel, watercourse of natural drainage area, and which has the principal purpose of impounding water for agricultural use; or

9. An obstruction in the channel of a stream or watercourse which is fifteen (15) feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground.

Regardless of the language of the above definition, however, no structure specifically exempted from jurisdiction by the State of California Department of Water Resources, Division of Safety of Dams shall be considered a “Dam,” unless such structure is under the jurisdiction of an agency of the federal government.

H. **Damages** mean monetary sums paid or awarded as compensation for **Bodily Injury, Property Damage, Personal Injury, Public Officials Errors and Omissions Injury, or Employee Benefit Plan Administration Liability** covered by the **Memorandum**.

Damages does not include:

1. Any monetary sum paid or awarded as or for restitution; or
2. Any monetary sum paid or awarded as or for fees (except for plaintiff’s attorneys fees if such fees are associated with a claim for compensatory Damages otherwise covered hereunder), fines, sanctions, penalties, punitive damages or exemplary damages; or
3. Any monetary sum paid or awarded as or for double, triple, or any other mathematical multiplier of **Damages**; or
4. Any costs of complying with equitable or other injunctive relief; or

5. Any monetary sum paid or awarded as or for any loss, cost or expense arising out of any:
 - a. Request, demand or order that any **Covered Party** 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 government authority 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**; or
6. Any monetary sum paid or awarded to satisfy any obligation of a **Covered Party** (or any insurance company as a **Covered Party**'s insurer) under any workers' compensation, disability benefits or unemployment compensation law or any similar law; or
7. Any premium, employer or employee contribution, fee, tax, assessment, or other amount, to enroll or maintain the enrollment of any employee in any **Employee Benefit Plan**.

I. **Defense Costs** means:

1. All fees (including attorney's fees), costs (including court costs), and expenses incurred in connection with the adjustment, investigation, defense and appeal of a claim or suit to which this **Memorandum** applies; and
2. Interest on any judgment or portion thereof (accruing after entry of judgment) to which this **Memorandum** applies.

However, **Defense Costs** does not include any of the following:

1. Any office expenses of **PLAN** or a **Covered Party**; or
2. Any salaries of employee of **PLAN** or a **Covered Party**; or
3. Any salaries of or other monetary payments (including but not limited to per diems, honorariums or reimbursements) to elected or appointed officials of **PLAN** or a **Covered Party**; or
4. Any fees or expenses incurred for services of any individual or entity (including any attorney, city attorney, city engineer, or city manager) unless such services are provided pursuant to the express written consent of **PLAN**.

J. **Employee Benefit Plan Administration Liability** means liability of a **Covered Party** arising from any act, errors, or omission in **Employee Benefit Plan Administration**. For purposes of this definition:

1. **Employee Benefit Plan** means only the following employee benefit plans:
 - a. Educational tuition reimbursement plans
 - b. Group plans for life, health, dental, disability, automobile, homeowners, or legal expense insurance
 - c. Pension plans
 - d. Salary Reduction plans under Internal Revenue Code Section 457, including any amendments
 - e. Pre-tax medical and dependent care savings plans
 - f. Social security system benefits
 - g. Workers Compensation and unemployment insurance benefits
 - h. California Public Employees Retirement System benefits

2. **Administration** means only the following administrative function, with respect to an **Employee Benefit Plan**:
- a. Explaining or interpreting an **Employee Benefit Plan**
 - b. Calculating or communicating benefits and costs for an **Employee Benefit Plan**
 - c. Enrolling participants, or terminating participation, in an **Employee Benefit Plan**
 - d. Estimating or projecting future **Employee Benefit Plan** values
 - e. Handling or processing or **Employee Benefit Plan** records

Employee Benefit Administration Liability shall not include:

- a. Any liability arising out of an insufficiency of funds to meet any obligation under any **Employee Benefit Plan**.
- b. Any liability arising out of act, error, or omission by any **Covered Party** to effect and maintain insurance or bonding for plan property or assets of any **Employee Benefit Plan**.
- c. Any liability arising out of any representations made at any time in relation to the price or value of any security, debt, bank deposit, or similar financial instrument or investment, including, but not limited to, advice given to any person to participate in any **Employee Benefit Plan**.
- d. Any liability for premiums, employer or employee contributions, fees, taxes, assessments, or other amounts, to enroll or maintain the enrollment of any employee(s) in any **Employee Benefit Plan**.

K. **Entity** means:

- 1. The ENTITY COVERED which is designated in ENDORSEMENT No 1 to this **Memorandum**; and
- 2. Any commission, agency, district, authority, board, or similar body, the governing board of which is exclusively comprised of elected or appointed officials, employees, or volunteers (whether or not compensated) of the

ENTITY COVERED which is designated in ENDORSEMENT No 1 to this
Memorandum.

- L. **Insurance** means insurance or coverage other than the coverage afforded by the Memorandum, including but not limited to the following:
1. Valid and collectible insurance (whether stated to be primary, pro rata, contributory, excess, contingent, or otherwise); and
 2. Any self-funding mechanism, including but not limited to a joint powers authority (whether stated to be primary, pro rata, contributory, excess, contingent, or otherwise); and
 3. Specific self-insurance (whether stated to be primary, pro rata, contributory, excess, contingent or otherwise).
- M. **Limit of Coverage** means the LIMIT OF COVERAGE that is designated in the DECLARATIONS to this **Memorandum.**
- N. **Member Contributions** shall mean that amount to be paid by each **Participant** for each **program year** as determined by the **Board** in accordance with Article III, Section C of the Pooled Liability Master Program Document.
- O. **Memorandum** means this MEMORANDUM OF COVERAGE – LIABILITY, including the DECLARATIONS and all endorsements hereto.
- P. **Nuclear Material** means source material, special nuclear material, or byproduct material. “Source Material,” “Special Nuclear Material” and “Byproduct Material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- Q. **Occurrence** means:
1. With respect to **Bodily Injury**, an accident, including continuous or repeated exposure to substantially the same general harmful conditions, during the **Coverage Period.**
 2. With respect to **Property Damage**, an accident, including continuous or repeated exposure to substantially the same general harmful conditions, during the **Coverage Period.**
 3. With respect to **Personal Injury**, the commission of one of the offenses listed in the definition of **Personal Injury** during the **Coverage Period.** All

such acts committed against any individual during the **Coverage Period** shall be deemed to be one **Occurrence**.

With respect to **Public Officials Errors and Omissions Injury**, the commission of one of the acts listed in the definition of **Public Officials Errors and Omissions Injury** during the **Coverage Period**. All such acts committed against any individual during the **Coverage Period** shall be deemed to be one **Occurrence**.

4. With respect to **Employee Benefit Plan Administration**, an act, error, or omission in the performance during the **Coverage Period** of any of the administrative functions listed in the definition of **Employee Benefit Plan Administration** with respect to an **Employee Benefit Plan**. All such acts, errors, or omissions during the **Coverage Period** with respect to any **Employee Benefit Plan** shall be deemed to be one **Occurrence**.
 5. In the event of allegations of **sexual abuse**, regardless of the number of alleged victims, regardless of the number of alleged acts of **sexual abuse**, and regardless of the number of locations where the alleged acts of **sexual abuse** took place, all instances of **sexual abuse** by the same alleged perpetrator shall be deemed to be one occurrence taking place at the time of the first alleged act of **sexual abuse**. Coverage in effect at the time the occurrence takes place shall be the only coverage that may apply, regardless of whether other instances of **sexual abuse** by the same alleged perpetrator took place during other MOC periods.
- R. **Participant** shall mean a Member Entity, which shall mean a signatory to the **Agreement** establishing the Pooled Liability Assurance Network Joint Powers Authority, who has elected to participate in the Pooled Liability Program.
- S. **Personal Injury** means economic loss, emotional distress, and consequential **Bodily Injury**, arising out of the commission of one or more of the following offenses by a **Covered Party** in the discharge of duties for the **Entity**:
1. False arrest, detention, or imprisonment; or

2. Malicious prosecution; or
3. Oral or written publication of material that slanders or libels a person or organization, including disparaging statements concerning the condition, value, quality or use of that person's or organization's real or personal property, but only where the first publication of such material occurs during the **Coverage Period**; or
4. Oral or written publication of material that violates a person's right of privacy, but only where the first publication of such material occurs during the **Coverage Period**; or
5. Discrimination or violation of civil rights.

Personal Injury does not include written or oral publication of material by or at the direction of any **Covered Party** with knowledge of its falsity.

T. **Pollutants** means without limitation any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes without limitation materials to be recycled, reconditioned or reclaimed. The term **Pollutants** does not include any of the following:

1. Potable water,
2. Agricultural water,
3. Water furnished to commercial users,
4. Water used for fire suppression,
5. Raw sewage,
6. Combined sewage,
7. Storm water run-off,
8. Partially treated sewage,
9. Fully treated sewage (as defined by the applicable NPEDES permit), and
10. Residual streams of wastewater treatment

U. **Property Damage** means:

1. Physical injury to tangible property, including the 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
2. 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.

Money, cash equivalents, checks, bonds, and all other financial instruments shall not be considered tangible property.

V. **Public Official Errors and Omissions Injury** means economic loss and emotional distress arising out of any act or omission, any misstatement or misleading statement, any neglect or breach of duty, or any misfeasance, malfeasance, or nonfeasance, by a **Covered Party** in the discharge of duties for the **Entity**.

Public Official Errors and Omissions Injury does not include **Bodily Injury, Property Damage, Personal Injury, or Employee Benefit Plan Administration Liability**.

- W. **Retained Limit** shall mean the amount stated on the applicable Declarations or certificate of coverage, which will be paid by the Entity before PLAN is obligated to make any payment from the pooled funds.
- X. **Sexual abuse** means any actual, attempted or alleged criminal sexual conduct of a person, or persons acting in concert, regardless if criminal charges or proceedings are brought, which causes physical and/or mental injuries. **Sexual abuse** also includes actual, attempted, or alleged: sexual molestation, sexual assault, sexual exploitation, or sexual injury. Any or all acts of **sexual abuse** shall be deemed to constitute intentional conduct by the alleged perpetrator done with willful and conscious disregard of the rights or safety of others, or with malice, or conduct that is malicious, oppressive or in reckless disregard of the claimant's or plaintiff's rights, and no coverage shall be provided in any event for the alleged perpetrator.

- Y. **Unmanned Aerial Vehicle** means an aircraft, aerial system, or aerial device that is not designed, manufactured, or modified after manufacture to be controlled directly by a person from within or on the aircraft aerial system or device.
- Z. **Watercraft** means any form of vessel, including but not limited to barge, boat, ship, yacht, canoe, kayak, and jet ski or similar personal recreational watercraft, intended for use in or on water.

SECTION II – WHO IS A COVERED PARTY

A. Subject to the terms of provision B below, each of the following constitutes a Covered Party under this **Memorandum**:

1. The **Entity**,
2. Any person who was or is now an elected or appointed official, employee, or volunteer of the **Entity**, whether or not compensated, but only while acting for or on behalf of the **Entity** (including while acting on outside boards at the direction of the **Entity**), and
3. Any person or organization to whom or to which the **Entity** is obligated by virtue of a written contract to provide coverage such as is afforded by this **Memorandum**, but only with respect to:
 - a. Operations performed by the **Entity**, or
 - b. Operations performed by such person or organization on behalf of the **Entity**, or
 - c. Property (including vehicles and facilities) owned by the **Entity** and used by such person or organization, or
 - d. Property (including vehicles and facilities) owned by such person or organization and used by the **Entity**.

B. None of the above shall constitute a **Covered Party** with respect to any claim or suit brought by or on behalf of any **Entity**.

C. Notwithstanding section A above, the defense and indemnity coverage afforded by this Memorandum to a past or present official, employee or volunteer of an Entity is not broader than the Entity's duty to defend and indemnify its official, employee or volunteer pursuant to California Government Code sections 815 to 815.3, 825 to 825.6, and 995 to 996.6, inclusive and any amendments thereof. If the Entity that employs the official, employee or volunteer is not obligated under the Government Code to provide a defense, or to provide indemnity, for a claim, or if said Entity refuses to provide such defense and/or indemnity to said official, employee or volunteer, then this Memorandum shall not provide for any such defense or indemnity coverage to said official, employee or volunteer. All immunities, defenses, rights, and privileges afforded to an Entity under Government Code sections 815

to 815.3, 825 to 825.6, and 995 to 996.6, inclusive and any amendments thereof, shall be afforded to PLAN to bar any defense or indemnity coverage under this agreement to that Entity's official, employee or volunteer.

- D. No person or entity is a Covered Party with respect to the conduct of any current or past partnership, joint venture or joint powers authority unless all members are Covered Parties under (a) or (b) herein. However, for any person (1) who is an official, employee, or volunteer of an Entity covered by A herein, (2) who participates in the activities of any partnership, joint venture or joint powers authority (or any separate agency or entity created under any joint powers agreement by the Entity), and (3) who is acting for or on behalf of an **Entity** covered by A herein at the time of the occurrence, then coverage is afforded by this agreement. Such coverage will be in excess of and shall not contribute with any collectible insurance or other coverage provided to the other joint powers authority, agency or entity.
- E. With respect to any automobile owned or leased by the **Entity**, or loaned to or hired for use by or on behalf of the **Entity**, any person while using such automobile, and any person or organization legally responsible for the use thereof, provided the actual use is with the express permission of the **Entity**, but this protection does not apply to: 1) Any person or organization, or any agent or employee thereof, operating an automobile sales agency, outside repair shop, service station, storage garage or public parking place, with respect to an occurrence arising out of the operation thereof; or 2) The owner or any lessee, other than the **Entity**, of any automobile hired by or loaned to the **Covered Party** or to any agent or employee of such owner or lessee. This agreement does not provide uninsured or underinsured motorist coverage.

SECTION III - COVERAGES

Subject to the terms and conditions of this **Memorandum**, **PLAN** agrees to pay on behalf of the **Covered Party**, and this **Memorandum** applies only to, **Damages** that the **Covered Party** becomes legally obligated to pay because of:

- A. **Bodily Injury**,
- B. **Property Damage**,
- C. **Personal Injury**,
- D. **Public Officials Errors and Omissions Injury**, or
- E. **Employee Benefit Plan Administration Liability** caused by an **Occurrence**, and
which are not excluded.

If the **Covered Party** has **Insurance** which affords coverage for any **Bodily Injury**, **Property Damage**, **Personal Injury**, **Public Officials Errors and Omissions Injury** or **Employee Benefit Plan Administration Liability** covered by this **Memorandum**, this **Memorandum** shall only apply in excess of any amounts payable under such **Insurance**.

The amount that **PLAN** will pay is limited as described under [SECTION VI - LIMIT OF COVERAGE](#).

SECTION IV - EXCLUSIONS

This Memorandum does not apply to **Damages**:

- A. For **Bodily Injury, Property Damage, Personal Injury, Public Officials Errors and Omissions Injury, or Employee Benefit Plan Administration Liability** which is either expected or intended from the standpoint of a **Covered Party**; but this exclusion does not apply to **Bodily Injury** resulting from assault and battery committed by, at the direction of, or with the consent of the **Entity**, for the purpose of protecting persons or property from injury or death.
- B. Arising out of the actual, alleged, or threatened, exposure to, or discharge, dispersal, seepage, migration, release or escape of, **Pollutants**:
 - 1. At or from any premises, site, or location which is or was at any time owned or occupied by, or loaned, rented, or leased to, any **Covered Party**; or
 - 2. At or from any premises, site, or location which is or was at any time used for the handling, storage, disposal, processing, or treatment of waste; or
 - 3. Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any **Covered Party** or any person or organization for whom a **Covered Party** may be legally responsible; or
 - 4. At or from any premises, site, or location on which any **Covered Party** or any contractor or subcontractor working directly or indirectly on any **Covered Party's** behalf is performing operations; or
 - 5. Arising out of, or related to, compliance with environmental statutes including but not limited to the Clean Air Act and Clean Water Act.
- C. Arising out of the ownership, management, governance, use, or operation of any hospital or airport.
- D. Arising out of medical professional services performed by or on behalf of a **Covered Party**; but this exclusion does not apply to such services performed by emergency medical technicians, paramedics, and other similar classes of personnel.
- E. Arising out of any partial or complete structural failure of any **Dam**.
- F. Arising out of any hazardous properties of Nuclear Material.

G. For **Property Damage Injury, Personal Injury or Public Officials Errors and Omissions Injury** arising out of:

1. Any action or inaction affecting the use of, or rights or entitlements in, any real property or improvements to real property;
2. Any action or inaction on any data collecting, analysis, study, finding, policy, ordinance, statute, code, law, regulation, or program that directly or indirectly affects the use of, or rights or entitlements in, any real property or improvements to real property; and
3. Any announcement or publication concerning the circumstances described in subparts a and b.

H. For eminent domain or inverse condemnation claims, except for inverse condemnation claims due to accidentally caused Property Damage resulting from any of the following: weather acting upon or with the Covered Party's property or equipment, accidental failure of the Covered Party's property or equipment, negligent design or maintenance of or inadequate design of a public work or public improvement. Notwithstanding the above, this Memorandum shall not afford inverse condemnation coverage for any claim arising out of the design, construction, ownership, maintenance, operation, or use of any water treatment plant or wastewater treatment plant, no matter how or under what theory such claim is alleged, except a claim based upon the accidental failure of the equipment utilized or contained within the water treatment plant or wastewater treatment plant.

I. For **Public Officials Errors and Omissions Injury** arising out of noncompliance with, or violation of, any statute, regulation, rule, Executive Order, circular, audit or recordkeeping standard, permit, license, administrative ruling, or the like. This exclusion applies regardless of the means taken, or available to, enforce a remedy for the noncompliance or violation.

J. Arising out of a **Covered Party's** ownership, operation, use, maintenance, or entrustment to others of any Aircraft or Watercraft.

This exclusion does not apply to claims arising out of the operation, ownership, maintenance or use or entrustment to others of any Unmanned Aerial Vehicle owned or operated by or rented to or loaned by or on behalf of any **Covered Party** if operated in accordance with all applicable federal, state, and local laws, rules and regulations, including but not limited to Federal Aviation Administration (FAA) rules and regulations detailed in part 107 of Title 14 of the Code of Federal Regulations.

- K. Arising out of any transit authority, transit system or public transportation system owned or operated by a **Covered Party**; but this exclusion does not apply to any transit system operating over non-fixed routes, including dial-a-ride, senior citizen transportation or handicapped transportation.
- L. Claims arising out of the failure to supply or provide an adequate supply of gas, water, electricity, storm drainage or sewage capacity when such failure is a result of the inadequacy of the Entity's facilities to supply or produce sufficient gas, water, electricity, storm drainage or sewage capacity to meet the demand. This exclusion does not apply if the failure to supply results from direct and immediate accidental damage to tangible property owned or used by any **Covered Party** to procure, produce, process, or transmit the gas, water, electricity, storm drainage or sewage.
- M. Arising out of any obligation to pay compensation or benefits (or other monetary sums) under workers' compensation, disability benefits or unemployment compensation law or any similar law.
- N. For **Bodily Injury, Property Damage, Personal Injury, or Public Officials Errors and Omissions Injury** to:
1. An employee, volunteer, elected or appointed official of a **Covered Party** arising out of and in the course of:
 - a. Employment by a **Covered Party**; or
 - b. Performing duties related to the conduct of a **Covered Party's** activities; or
 2. The spouse or partner, child, parent, brother, sister or other relative of that employee, volunteer, elected or appointed official, as a consequence of paragraph (1) above.
- This exclusion applies whether the **Covered Party** may be liable as an employer or in any other capacity; and who must pay, any amount because of the injury.
- O. Arising out of any:
1. Refusal to employ, elect, or appoint any person, or to allow any person to participate as a volunteer;

2. Termination of any person's employment or volunteer participation, or termination of any person's position as an elected or appointed official;
3. Practice, policy, act, or omission which is in any way related (whether logically or causally) to employment, to serving as an elected or appointed official, or to serving as a volunteer, all including but not limited to any of the following: coercion, demotion, promotion, evaluation, reassignment, discipline, defamation, violation of civil rights, harassment, humiliation, or discrimination.

This exclusion applies:

- a. Whether the **Covered Party** may be liable as an employer or in any other capacity; and
- b. To any obligation to share payment with, or repay someone else who must pay, any amount because of the injury.

P. For claims by any **Covered Party**, this exclusion shall not apply to claims for **Employee Benefits Administration Liability**.

Q. For **Property Damage** to:

1. Property owned by the **Entity**;
2. Property rented to or leased to the **Entity**; or
3. Aircraft or Watercraft in a **Covered Party**'s care, custody, or control.

R. Arising out of the willful violation of a penal statute or penal ordinance:

1. Committed by a **Covered Party**; or
2. Committed with the knowledge or consent of a **Covered Party**.

S. **Public Officials Errors and Omissions Injury** arising out of the imposition, collection, refund, or refusal to refund, of taxes, fees, or assessments.

T. **Public Officials Errors and Omissions Injury** arising out of:

1. Any **Covered Party** obtaining remuneration or financial gain to which the Covered Party was not legally entitled, or
2. Any **Covered Party's** liability for any other **Covered Party** obtaining remuneration or financial gain to which such **Covered Party** was not legally entitled.

- U. **Public Officials Errors and Omissions Injury** arising out of any bidding or contracting process if such **Public Officials Errors and Omissions Injury** is due to:
1. Estimates of probable costs or cost estimates being exceeded,
 2. Preparation of bid specifications or plans, including architectural plans, or
 3. Failure to award any contract in accordance with any statute or ordinance.
 4. Mechanic's lien claims, stop notice claims, change order claims, site differential claims, or similar claims by contractors for the value of services or materials provided; this exclusion extends to such claims however denominated, including claims of breach of oral or written contract, third-party beneficiary claims, quantum meruit claims, and/or open account claims.
- V. **Public Officials Errors and Omissions Injury** arising out of any failure to perform or breach of a contractual obligation.
- W. Arising out of the purchase, sale, offer of sale, solicitation, depreciation, or decline in price or value, of any security, debt, bank deposit or financial interest or instrument. This exclusion shall not apply to economic loss suffered by a governmental entity other than a **Covered Party**, as a result of **Public Officials Errors and Omissions Injury** to which this **Memorandum** applies, arising out of financial investment services undertaken by an **Entity** for compensation on behalf of that governmental entity.
- X. The actual or threatened "sexual abuse" or molestation or licentious, immoral, or sexual behavior whether or not intended to lead to, or culminating in any sexual act, of any person, whether caused by, or at the instigation of, or at the direction of, or omission by, any **Entity's** employee, or any other person.
- Charges or allegations against an **Entity** of negligent hiring, employment, investigation, supervision, reporting to the proper authorities, or failure to so report are not excluded.
- Y. Fines, penalties, multipliers, or enhanced compensatory, exemplary, or punitive damages. This exclusion, however, does not apply to the original compensatory damages prior to the application of a multiplier or other enhancement.
- Z. Based upon, arising out of, or attributable to any actual or alleged **Cyber Liability**.

SECTION V – DEFENSE AND SETTLEMENT

A. Defense of Claims or Suits

1. **PLAN** shall have the right and duty to defend any claim or suit against a **Covered Party** seeking **Damages** to which this **Memorandum** applies, even if any allegations are groundless, false, or fraudulent. In the event this **Memorandum** is excess over any **Insurance** with respect to a claim or suit, then **PLAN** shall not have any duty to defend such claim or suit until the available limits of liability of all such **Insurance** are exhausted and the defense obligation under all such **Insurance** has terminated.
2. The **Covered Party** may select counsel to represent its interests, subject to approval of counsel by **PLAN**.
3. The **Covered Party** shall:
 - a. Cooperate with **PLAN** in the investigation, defense and settlement of any claim or suit,
 - b. Upon the request of **PLAN**, attend hearings and trials, assist in securing and giving evidence, and assist in obtaining the attendance of witnesses, and
 - c. Upon the request of **PLAN**, authorize **PLAN** to obtain records and other information.
4. In the event a Covered Party elects not to appeal a judgment, **PLAN** may elect to do so if it pays the fees and costs of that appeal.
5. The Covered Party must disclose to **PLAN** all information concerning the claim or suit (including but not limited to all facts giving rise to the claim or suit) which may assist in the defense of the claim or suit. The **Covered Party** is required to provide such information even if the information may relate to or affect matters pertaining to coverage under this **Memorandum**. The **Covered Party** shall instruct its defense counsel to disclose all such information to **PLAN**, and hereby waives any and all privileges (including but not limited to the attorney/client privilege and the attorney work product privilege) to the extent necessary to allow for the disclosure of that

information to **PLAN**. Any such waiver of a privilege shall extend only to **PLAN** and shall not be construed to allow for the disclosure of any such information to any claimant.

6. It is understood and agreed that the purpose of this provision is to ensure that **PLAN** is provided with all information which is or may be useful in defending the claim or suit, in whole or part, notwithstanding the existence of any coverage limitation or dispute.

B. Settlement of Claims or Suits

1. **PLAN** shall not have any obligation to pay any sum on behalf of a **Covered Party** under the terms of a settlement of any claim or suit, unless such settlement is finalized in a written agreement signed by the **Covered Party**, the claimant and **PLAN**.
2. No **Covered Party** shall have the right to enter into a settlement of any claim or suit, which seeks **Damages** to which this **Memorandum** applies without the express written consent of **PLAN**.

SECTION VI – LIMIT OF COVERAGE

A. Limit of Coverage – Per Occurrence

1. The **Limit of Coverage**, and the rule set forth under paragraph 2 below, fix the most that **PLAN** will pay with respect to an **Occurrence**, regardless of:
 - a. The number of **Covered Parties**,
 - b. The number of claims made or suits brought,
 - c. The number of persons or organizations making claims or bringing suits,
 - d. The number of persons or organizations who sustain injury or damage,
 - e. The nature and types of injuries or damage sustained,
 - f. The number of coverages under this **Memorandum** which may be applicable to the **Occurrence**.
2. All Defense Costs shall be paid and applied first against, and shall reduce, the Limit of Coverage. The difference between the Limit of Coverage and the total amount of Defense Costs shall be the amount available, if any, to pay on behalf of all Covered Parties with respect to an Occurrence.
3. For the purpose of determining the limit of coverage and the retained limit, all damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence. In the event of allegations of sexual abuse, regardless of the number of alleged victims, regardless of the number of alleged acts of sexual abuse, and regardless of the number of locations where the alleged acts of sexual abuse took place, all instances of sexual abuse by the same alleged perpetrator shall be deemed to be one occurrence taking place at the time the first alleged act of sexual abuse. Coverage in effect at the time the occurrence takes place shall be the only coverage that may apply, regardless of whether other instances of sexual abuse by the same alleged perpetrator took place during other MOC periods.

B. Self-Insured Retention (“SIR”) – Per Occurrence

1. The amount of the **SIR** is the amount that the **Entity** must pay (or cause to be paid) before **PLAN** is obligated to pay any amount under the terms of this **Memorandum**.
2. The **Entity** shall be obligated to pay one **SIR** with respect to all claims and suits relating to an **Occurrence**.
3. The **Retained Limit** is the sole responsibility of the **Entity**. **PLAN** shall not be responsible for payment of the **SIR** or any part thereof.

C. Plan’s Obligations Upon Exhaustion of Limit of Coverage

1. **PLAN**’s duties under this **Memorandum** end with respect to any **Occurrence** when **PLAN** has used up the **Limit of Coverage** by payments with respect to claims and suits relating to or arising out of that **Occurrence** (including payment of **Defense Costs**). In that event:
 - a. **PLAN** shall not have any further obligation to pay **Defense Costs** and shall have the right to withdraw from the further investigation and defense of any and all claims and suits relating to such **Occurrence**,
 - b. **PLAN** shall not have any further obligation to pay any judgment or settlement, and
 - c. **PLAN** shall not have any other obligation under this **Memorandum**.

SECTION VII - CONDITIONS

A. Duties In The Event Of Occurrence, Claim Or Suit.

1. In the event of an **Occurrence**, the **Entity** must provide to **PLAN** (or any of its authorized agents), as soon as practicable, written notice of the **Occurrence**, which includes the following information:
 - a. The identity of each **Covered Party** involved in the **Occurrence**,
 - b. How, when, and where the **Occurrence** took place,
 - c. The names and addresses of any injured persons,
 - d. The names and addresses of any witnesses,
 - e. The nature and location of any injury or damage arising out of the **Occurrence**, and
 - f. Any and all other information which is available and reasonably obtainable pertaining to the **Occurrence**.
2. If a claim is made or suit is brought against any **Covered Party**, the Entity must;
 - a. Immediately provide **PLAN** with written notice of the claim or suit,
 - b. Immediately make a record of the specifics of the claim or suit, and
 - c. Immediately forward to **PLAN** a copy of all documents related to the claim or suit, including but not limited to all correspondence, demands, notices, summonses, and pleadings.
3. Upon the request of **PLAN**, each **Covered Party** involved in the **Occurrence** shall assist **PLAN** in the enforcement of any right (including but not limited to any right of contribution or indemnity) against any person or organization which may be liable to a **Covered Party** because of actual or alleged damages to which this **Memorandum** may also apply.
4. No **Covered Party** shall, except at its own cost, make a payment, assume any obligation, or incur any expense (including but not limited to any attorney fees) without the prior express consent of **PLAN**. In the event a **Covered Party** makes any payment, assumes any obligation, or incurs any expense (including but not limited to any attorney fees) without the prior

express consent of **PLAN**, then any such payment, obligation or expense shall be the sole responsibility of that **Covered Party**.

5. **PLAN**, at its option, shall not commit the member **Entity** to any settlement without the **Entity's** consent. Should the claimant or plaintiff, as the case may be, tender a *bona fide*, good faith settlement demand which when added to **Defense Costs** incurred to date is in excess of the **Entity's Retained Limit**, the payment of which would result in the full and final disposition of said claim or suit, if such settlement is not acceptable to the **Entity** and **PLAN** tenders to the member **Entity** an amount equal to the difference between the **Retained Limit**, less incurred **Defense Costs**, and said settlement demand, then **PLAN's** agreement to pay for **Damages** and **Defense Costs** hereunder shall be discharged and terminated as to all Covered Parties, and **PLAN** shall have no further obligations with respect thereto.

B. Bankruptcy.

Bankruptcy or insolvency of the **Covered Party** shall not relieve **PLAN** of any of its obligations under this **Memorandum**.

C. Insurance.

1. This **Memorandum** shall be in excess of the amount of any **Insurance** available to pay any sum otherwise covered under this **Memorandum**, except with respect to any such **Insurance** which is written only as specific excess insurance over the **Limit of Coverage**.
2. Regardless of the duration of any **Occurrence** and the number of other Memorandums between **PLAN** and the **Entity**, under no circumstances shall this **Memorandum** and any other memorandum of coverage between **PLAN** and an **Entity** both apply to a claim or suit. In the event of a dispute as to whether:
 - a. This **Memorandum**, or
 - b. Another memorandum of coverage between **PLAN** and an **Entity**is applicable to a claim or suit, such dispute shall be resolved by application of the following rule. The first memorandum of coverage (between **PLAN**

and the Entity) issued by PLAN shall be deemed the memorandum of coverage which is applicable (and only that memorandum of coverage shall be applicable). *A “continuous trigger” rule or similar rule shall not apply.*

D. Cancellation.

This **Memorandum** may be canceled at any time in accordance with the provisions of the **Liability Program Master Program Document**.

E. Legal Action Against PLAN.

1. No person or organization may join **PLAN** as a party, or otherwise bring **PLAN** into a suit seeking damages from a **Covered Party**.
2. A person or organization may sue **PLAN** to recover on an agreed settlement (meaning a settlement and release of liability signed by **PLAN**, the **Covered Party** and the claimant or the claimant's legal representative) or on a final judgment against a **Covered Party** obtained after an actual trial; but **PLAN** will not be liable for damages that are not payable under the terms of this **Memorandum** or that are in excess of the **Limit of Coverage**.
3. No **Covered Party** may pursue any claim or file any action against **PLAN** unless and until it has fully complied with the procedures established by **PLAN** for presentation and resolution of disputes, including but not limited to the **Liability Program Master Program Document**.

F. Transfer Of Rights Of Recovery Against Others To PLAN.

1. If the **Covered Party** has rights to recover all or part of any payment **PLAN** has made under this **Memorandum**, those rights are transferred to **PLAN**. The **Covered Party** must do nothing after an **Occurrence** to impair them. At **PLAN**'s request, the **Covered Party** will bring suit or transfer those rights to **PLAN** and help enforce them. All amounts so recovered shall be paid to **PLAN**.
2. In the event any amounts recovered exceed the costs incurred to recover them plus the amount of **PLAN**'s payments, then those additional amounts shall be apportioned as follows:
 - a. The **Covered Party** shall first be reimbursed in an amount up to any payments it made, and

- b. The remainder shall be paid to **PLAN** and the **Covered Party** in proportion to the ratio of their respective recoveries

G. Premium.

1. The **Entity** is authorized to act on behalf of all **Covered Parties** with respect to all matters pertaining to premium.

POOLED LIABILITY ASSURANCE NETWORK

JOINT POWERS AUTHORITY

MEMORANDUM OF COVERAGE

ENDORSEMENT NO. 1

This ENDORSEMENT, effective 12:01 a.m. 7/1/2025, forms part of a Memorandum No. PLAN 2025-GL.

It is understood that the named Covered Party of the Declaration is completed as follows:

Pooled Liability Assurance Network Joint Powers Authority

City of American Canyon

Town of Atherton

City of Benicia

City of Burlingame

City of Campbell

Town of Colma

City of Cupertino

City of Dublin

City of East Palo Alto

City of Foster City

City of Half Moon Bay

City of Hillsborough

City of Los Altos Hills

Town of Los Gatos

City of Millbrae

City of Milpitas

City of Morgan Hill

City of Newark

City of Pacifica

Town of Portola Valley

Town of Ross

City of San Bruno

City of San Carlos

City of Saratoga

City of South San Francisco

City of Suisun City

Town of Tiburon

Town of Woodside

POOLED LIABILITY ASSURANCE NETWORK

JOINT POWERS AUTHORITY

MEMORANDUM OF COVERAGE

ENDORSEMENT NO. 2

This ENDORSEMENT, effective 12:01 a.m. 7/1/2025, forms part of a Memorandum No. PLAN 2025-GL.

It is understood the Retained Limit for the named Covered Parties listed in ENDORSEMENT NO. 1 are as follows:

City of American Canyon	\$25,000
Town of Atherton	\$25,000
City of Benicia	\$25,000
City of Burlingame	\$250,000
City of Campbell	\$100,000
Town of Colma	\$50,000
City of Cupertino	\$250,000
City of Dublin	\$50,000
City of East Palo Alto	\$100,000
City of Foster City	\$100,000
City of Half Moon Bay	\$50,000
City of Hillsborough	\$50,000
City of Los Altos Hills	\$25,000
Town of Los Gatos	\$50,000
City of Millbrae	\$100,000
City of Milpitas	\$100,000
City of Morgan Hill	\$100,000
City of Newark	\$100,000
City of Pacifica	\$50,000
Town of Portola Valley	\$25,000
Town of Ross	\$25,000
City of San Bruno	\$100,000
City of San Carlos	\$100,000
City of Saratoga	\$25,000
City of South San Francisco	\$100,000
City of Suisun City	\$25,000
Town of Tiburon	\$50,000
Town of Woodside	\$25,000

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