

SPECIAL PROPERTY INSURANCE PROGRAM (SPIP)

PROPERTY PROPOSAL

TYPE OF INSURANCE: Insurance Reinsurance

PROGRAM: Special Property Insurance Program (SPIP)

NAMED INSURED: Fresno County Employees' Retirement Association as respects to Building Located at 1111 H. Street

DECLARATION: 8-Districts

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

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: \$ 2,623,799 as of June 07, 2007

COVERAGES & LIMITS:

 \$ 350,000,000 Per Occurrence: All Perils, Coverages and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.

 Not Covered Dedicated Flood Limit - Per Occurrence & Annual Aggregate

 Not Covered 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.

COVERAGES &

LIMITS (Continued):

See Policy Provisions	\$25,000,000	Automatic Acquisition up to \$100,000,000 for 90 days 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.
\$	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. Higher limits available for members with scheduled values greater than \$5,000,000 for an additional premium with underwriting approval
\$	40,000,000	Errors & Omissions
\$	25,000,000	Course of Construction and remodeling projects (including new) with project values not exceeding \$25,000,000. Projects valued between \$25,000,001 and \$50,000,000 can be added for an additional premium with underwriting approval
\$	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
\$	2,500,000	Per acquisition for Newly Acquired Vehicles for members who participate in the Optional Licensed Vehicle - Off Premises Coverage

COVERAGES &

LIMITS (Continued):

\$	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
\$	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 subject to \$200,000,000 Annual Aggregate of Declarations 1-10, 12, 13 and 17 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)
\$	100,000,000	Per Occurrence, Per Member in any one Occurrence for Terrorism (Excess Layer)
\$	200,000,000	Per Occurrence, All Members combined for Terrorism (Excess Layer)
\$	400,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 12, 13 and 17 for Terrorism (Excess Layer)

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

ALL RISK BASIC

DEDUCTIBLE: \$ 5,000 Per Occurrence

DEDUCTIBLES FOR SPECIFIC PERILS AND COVERAGES:

Not Covered Per Occurrence for Flood Zones A & V

Not Covered All Flood Zones Per Occurrence excluding Flood Zones A & V

Not Applicable Tier 1 Wind and Tier 2 Wind

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 Contractor's 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

\$ 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

Not Covered Vehicle Physical Damage

(Continued):

\$	5,000	Per Occurrence for Contractor's Equipment
\$	5,000	Per Occurrence for Primary Terrorism
\$	500,000	Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)

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

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

Annual Cost*

Total Property Premium:	\$	2,463
Excess Boiler:(Not Covered)	\$	0
ABS Fee:	\$	91
SLT&F's (Estimate)	\$	77
Broker Fee:	\$	<u>0</u>

TOTAL COST:
(Including Taxes and Fees) \$ 2,631

*Premiums are based on the TIV's above. Changes in TIV's will require a premium adjustment.

QUOTE VALID

UNTIL: July 1, 2007

BROKER: **ALLIANT INSURANCE SERVICES, INC.**

License No. 0C36861

Rick Steddom

Vice President

Sheryl L. Fitzgerald

Account Manager

NOTES:

- **Major pending and approved changes to the PEPiP Program are described in the Executive Summary.**
- **Coverage outlined in this Proposal is subject to the terms and Conditions set forth in the policy.**
- **Excess Carriers in the layers over \$250,000,000 may require the use of their own policy forms in lieu of the PEPiP policy form.**

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 receives, its related entity, Alliant Underwriting Services, Inc. ("AUS") may receive compensation from Alliant 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 and/or Strategic HR may receive compensation from Alliant 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 and/or the carrier. Further information is available upon written request directed to: Alliant Insurance Services, Attention: Chief Operating Officer, 1301 Dove St., 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 Services, Inc. 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.insure.com/ratings/profiles. 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.

1301 Dove Street
Suite 200
Newport Beach, CA 92660

NAMED INSURED: Fresno County Employees' Retirement Association as respects to Building Located at 1111 H. Street	INVOICE DATE:	June 7, 2007
	CUSTOMER NUMBER:	FR298361
	EFFECTIVE DATE:	July 1, 2007

INSURANCE CO: Various	INVOICE NUMBER: 101333	
POLICY NUMBER: PPROP0708		
Total Property Premium:		\$ 2,463
ABS Fee:		\$ 91
Estimated SLT&F's		\$ 77
Broker Fee:		\$ 0
ALL RISK PROPERTY SUBTOTAL		\$ 2,631

INSURANCE CO: Various	INVOICE NUMBER: 201333	
POLICY NUMBER: PBOILER0708		
EXCESS BOILER & MACHINERY SUBTOTAL		\$ 0

TOTAL DUE AT THIS TIME		\$ 2,631
-------------------------------	--	-----------------

NOTICE: Total Due includes Premiums, Taxes and Fees where applicable. Please return a copy of the invoice with your payment. Premiums are due and payable upon receipt of this invoice but no later than July 27, 2007. If payment is not received by the due date, policies may be subject to cancellation. Commissions are customarily paid by the insurance company as a percentage of premiums. Related entities may obtain income on this transaction. Contact us for further information.

SPECIAL PROPERTY INSURANCE PROGRAM (SPIP)

BOILER & MACHINERY COVERAGE

PROGRAM: Special Property Insurance Program (SPIP)

NAMED INSURED: Fresno County Employees' Retirement Association as respects to Building
Located at 1111 H. Street

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

COMPANIES: Lexington Insurance Company 100% of \$25,000,000 Primary

TOTAL INSURED VALUES: \$ 2,623,799 as of June 8, 2007

STATUS/RATING:: AM Best Rating A+, Superior, Financial Size Category 15
Standard and Poor's AA+

COVERAGES & LIMITS:

\$	25,000,000	coverage excludes jurisdictional and all other boiler inspections 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:
\$	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
\$	10,000,000	Per Occurrence for Hazardous Substance
	Not Covered	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:

- \$ 5,000 Except as shown for Specific Objects or Perils
- \$ 5,000 Electronic Data Processing Media
- \$ 5,000 Consequential Damage
- \$ 5,000 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 square foot subject to \$2,500 minimum Deep Water Wells
- 24 Hour Waiting period 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 X100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

COST: No additional premium

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

Rick Steddom
Vice President

Sheryl L. Fitzgerald
Account Manager

Major pending and approved changes to the PEPPI Program are described in the attached Executive Summary.

Coverage outlined in this Proposal is subject to the terms and Conditions set forth in the policy.

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 receives, its related entity, Alliant Underwriting Services, Inc. ("AUS") may receive compensation from Alliant 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 and/or Strategic HR may receive compensation from Alliant 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 and/or the carrier. Further information is available upon written request directed to: Alliant Insurance Services, Attention: Chief Operating Officer, 1301 Dove St., 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 Services, Inc. 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.insure.com/ratings/profiles. To learn more about companies doing business in California, visit the California Department of Insurance website at www.insurance.ca.gov.



**ALLIANT INSURANCE SERVICES
POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

June 7, 2007

Member: **Fresno County Employees' Retirement Association as respects to Building Located at 1111 H. Street**

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance.

You are hereby notified that under the Terrorism Risk Insurance Act of 2002 (the "Act"), effective November 26, 2002, that you now have the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act ("Terrorism Coverage"): the term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of 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 by coercion.

YOU SHOULD KNOW THAT TERRORISM COVERAGE REQUIRED TO BE OFFERED BY THE ACT FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES PAYS 90% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING COVERAGE. THE PREMIUM CHARGED FOR THIS TERRORISM COVERAGE WILL BE PROVIDED UPON REQUEST, AND WILL NOT INCLUDE ANY CHARGES FOR THE PORTION OF THE LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

WHAT YOU NEED TO DO NOW:

PLEASE "X" ONE OF THE BOXES BELOW AND RETURN THIS FORM TO YOUR INSURANCE BROKER.

	I am interested in receiving a quote for Terrorism coverage as required to be offered under the Act. Please provide me with a quote.
	I decline to purchase the Terrorism coverage as required to be offered under the Act.

Policyholder/applicant signature

Print Name

Date

Named Insured (Please Print or Type)