



BELL CANYON COMMUNITY SERVICES DISTRICT  
30 HACKAMORE LANE  
BELL CANYON, CALIFORNIA 91307

**SPECIAL MEETING**  
OF THE BOARD OF DIRECTORS  
DATE/TIME:

General Manager is inviting you to a scheduled Zoom meeting.

Topic: Special Meeting  
Time: May 28, 2026 12:30 PM Pacific Time (US and Canada)  
Join Zoom Meeting  
<https://zoom.us/j/92092111434?pwd=lb773ax9gQh7IATKsdWiw6b1NvDxS8.1>

Meeting ID: 920 9211 1434  
Passcode: 991343

AGENDA

In accordance with Government Code Section 54954, notice is hereby given that the Board of Directors of the Bell Canyon Community Services District will hold a special meeting at 12:30 PM on Thursday, May 28, 2026, at 30 Hackamore Lane, Bell Canyon, California in the Community Center to consider those items set forth in the following agenda, except in accordance with Government Code Section 54954.2[b]. The Board reserves the right to modify the order in which items are heard.

This meeting will be held in-person at the location identified above, and The District welcomes any member of the public to attend the meeting. Any non-resident who wishes to attend in-person can, upon their arrival at the front gate, inform gate personnel of their attendance at the District's meeting. No pre-registration is required.

As a courtesy, the District is offering Zoom access so members of the public can watch or listen to the meeting remotely. Technical problems may occur. **Please note that public participation through Zoom is limited and will only be available when allowed by the Brown Act (Government Code § 54953)**, such as during declared emergencies or other authorized teleconferencing situations. Outside of such situations, virtual meeting attendees who wish to provide public comment on agenda and/or non-agenda items, have the option of submitting their comment(s) in writing via email to the Secretary of the Board up to two hours prior to the scheduled meeting at [gm@bellcanyoncsd.ca.gov](mailto:gm@bellcanyoncsd.ca.gov). Please indicate in the email subject line the Agenda item number. Viewing and attendance is accessible via the Zoom link identified above.

Agenda Materials

The complete agenda for this meeting is available at <https://bellcanyoncsd.ca.gov> and at the District Office, 30 HACKAMORE LANE, SUITE #2B, BELL CANYON, CA 91307. Any materials submitted to the legislative body after distribution of this agenda will be available for public inspection at the District Office and available on the web site. Requests for agenda materials or meeting participation assistance can also be made by email to [gm@bellcanyoncsd.ca.gov](mailto:gm@bellcanyoncsd.ca.gov).



BELL CANYON COMMUNITY SERVICES DISTRICT  
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**MINUTES OF BELL CANYON CSD REGULAR MEETING ON APRIL 20, 2026**

In accordance with Government Code Section 54954, Notice is hereby given that the Board of Directors of the Bell Canyon Community Services District held a Regular Meeting at 7:00PM on Monday, April 20, 2026, to consider those items set forth in the posted agenda, except in accordance with Government Code Section 54954.2(b). Please note that the Board reserved the right to modify the order (listed in the agenda) in which items were heard.

**1. Call to Order and Roll Call:** The meeting was called to order at 7:00 PM. Directors present were Julie De St. Jean, Shelby Linka, Norton Alderson and Peter Machuga. Walter Kelly, General Manager, was present. Adrienne Brutsman was absent.

**2. Pledge of Allegiance**

**3. Open Forum Discussion**

Waste Management, American Reclamation and community members made statements concerning which Contractor should be selected by the Board.

**4. Motion to approve the agenda**

P. Machuga moved to approve the agenda. J. De St. Jean seconded.

The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman

**5. Motion to approve the 3/16/2026 Regular Meeting minutes**

P. Machuga moved to approve the 3/16/2026 Regular Meeting minutes. N. Alderson seconded. The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman



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**6. Motion to approve March 2026 Credit Card Log**

P. Machuga requested the credit card log and financials be split into separate motions and be approved separately. J. De St. Jean moved to approve March 2026 Credit Card Log. S. Linka seconded. The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman

**7. Motion to approve March 2026 Financials**

P. Machuga moved to approve March 2026 Financials. N. Alderson seconded. The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman

**8. Motion to approve Resolution 26-03 Amending FY2025-26**

S. Linka moved to approve Resolution 26-03 Amending FY2025-26. N. Alderson seconded. The motion passed as follows:

Ayes: J. De St. Jean S. Linka, N. Alderson

Noes:

Abstain: P. Machuga

Absent: A. Brutsman

**9. Motion to select Contractor and authorize General Manager to negotiate and finalize an agreement with the Contractor selected by the Board**

S. Linka moved to select Contractor and authorize General Manager to negotiate and finalize an agreement with the Contractor selected by the Board. J. De St. Jean seconded. The Contractors received the following votes:

Waste Management: 3 votes

American Reclamation: 1 vote

Athens Services: 0 votes

Absent: A. Brutsman



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**10. Motion to approve exploring providing two independent public Wi-Fi hot spot systems, one at the bus stop and the other at the southwest most corner of the CSD property**

S. Linka moved to approve exploring providing two independent public Wi-Fi hot spot systems at the bus stop and the southwest most corner of the CSD property. N. Alderson seconded. The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman

**11. Motion to approve adding a District Bulletin Board at the bus stop**

S. Linka moved to approve adding a District Bulletin Board at the bus stop. J. De St. Jean seconded. The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman

**12. Motion to approve BCCSD Recognition Award for Judy Lantz**

P. Machuga moved to approve BCCSD Recognition Award for Judy Lantz. S. Linka seconded. The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman



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**13. Motion by P. Machuga to add CSDA Fraud and Internal Controls agenda items as voting items**

P. Machuga moved to add CSDA Fraud and Internal Controls agenda items as voting items. J. De St. Jean seconded. The motion passed as follows:

Ayes: J. De St. Jean, N. Alderson, P. Machuga

Noes: S. Linka

Abstain:

Absent: A. Brutsman

**14. Motion to prepare a balanced budget where expenses do not exceed revenues**

P. Machuga moved to prepare a balanced budget where expenses do not exceed revenue. No second. The motion failed.

Ayes:

Noes:

Abstain:

Absent:

**15. Motion to approve General Manager tracking time as billable hours and summarizing billable hours**

P. Machuga moved to approve General Manager tracking time as billable hours and summarizing billable hours. No second. The motion failed.

Ayes:

Noes:

Abstain:

Absent:

**16. Motion to adjourn**

S. Linka moved to adjourn the meeting. J. De St. Jean seconded. The motion passed as follows:

Ayes: J. De St. Jean, S. Linka, N. Alderson, P. Machuga

Noes:

Abstain:

Absent: A. Brutsman

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Bell Canyon Community Services District  
Balance Sheet  
As of April 30, 2026

accrual Basis

	<u>Apr 30, 26</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1000 · Wells Fargo # 7543 Checking	(13,642)
1005 · Wells Fargo # 7543 Sweep	909,031
1015 · Wells Fargo #6605 Brokerage	588,907
1025 · California Class #0001	<u>282,042</u>
<b>Total Checking/Savings</b>	1,766,338
<b>Other Current Assets</b>	
1215 · Prepaid Rent	<u>290</u>
<b>Total Other Current Assets</b>	<u>290</u>
<b>Total Current Assets</b>	1,766,628
<b>Other Assets</b>	
1500 · Equipment	43,154
1530 · Land	21,406
1600 · Accumulated Depreciation	<u>(31,906)</u>
<b>Total Other Assets</b>	<u>32,654</u>
<b>TOTAL ASSETS</b>	<u><u>1,799,282</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Credit Cards</b>	
2020 · Wells Fargo MC-Kelly #0286	<u>3,742</u>
<b>Total Credit Cards</b>	3,742
<b>Other Current Liabilities</b>	
2100 · Accrued Expenses	24,950
2120 · Payroll Liabilities	<u>(1,975)</u>
<b>Total Other Current Liabilities</b>	<u>22,975</u>
<b>Total Current Liabilities</b>	<u>26,717</u>
<b>Total Liabilities</b>	26,717
<b>Equity</b>	
3000 · Opening Bal Equity	905,662
3100 · Retained Earnings	1,031,462
Net Income	<u>(164,559)</u>
<b>Total Equity</b>	<u>1,772,565</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>1,799,282</u></u>

**Bell Canyon  
Community Services District  
Profit & Loss  
April 2026**

	<b>Apr 26</b>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4020 · Property Tax Revenue	335,398
4040 · Interest Income	2,983
4042 · Dividend Income	2,905
<b>Total Income</b>	<b>341,286</b>
<b>Expense</b>	
5040-00 · Legal	6,928
5070 · Membership Dues/Subscriptions	341
5072 · Surveyor	1,375
5075 · County Admin. Fees	50
5076 · Security Services	5,250
5095 · Clean Up Events	3,975
5100 · Rent Expense	275
5110 · Bank Service Charges	440
5202 · Internet	221
5250 · Printing	250
5260 · Office Supplies	605
5276 · Subscription Software	222
5300 · Recreational Activities	8,344
5340 · Phone Expense	80
5600 · Trash Removal	47,782
5605 · Restroom Maintenance	252
5700-00 · Gross Wages	11,200
5730 · Payroll Tax Expense	798
<b>Total Expense</b>	<b>88,389</b>
<b>Net Ordinary Income</b>	<b>252,897</b>
<b>Net Income</b>	<b>252,897</b>

**Bell Canyon Community Services District  
Profit & Loss Mo-YTD-Annual Budget Only  
April 2026**

	<u>Apr 26</u>	<u>Budget</u>	<u>Jul '25 - Apr 26</u>	<u>Annual Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4020 · Property Tax Revenue	335,398	0	831,766	771,287
4040 · Interest Income	2,983	1,000	29,061	12,000
4042 · Dividend Income	2,905	8,315	29,259	99,784
4080 · CASH BACK WFB CC	0	20	274	240
<b>Total Income</b>	<u>341,286</u>	<u>9,335</u>	<u>890,360</u>	<u>883,311</u>
<b>Expense</b>				
5040-00 · Legal	6,928	6,667	75,489	80,000
5052 · Outside Service/Consultants	0	250	1,368	3,000
5055 · Annual Certified Audit	0	0	19,100	18,470
5056 · Agency & Recruiting Fees	0	0	6,250	6,250
5060 · Insurance	0	2,946	15,899	35,360
5070 · Membership Dues/Subscriptions	341	221	2,579	2,650
5072 · Surveyor	1,375	0	9,375	17,000
5075 · County Admin. Fees	50	334	3,766	4,000
5076 · Security Services	5,250	1,667	20,000	20,000
5080 · LAFCO Fee	0	54	620	650
5090 · Meetings	0	21	0	250
5095 · Clean Up Events	3,975	1,042	7,750	12,500
5100 · Rent Expense	275	864	2,750	10,370
5110 · Bank Service Charges	440	459	4,570	5,500
5200 · Document Digitization	0	417	2,287	5,000
5202 · Internet	221	285	2,522	3,420
5250 · Printing	250	250	2,847	3,000
5260 · Office Supplies	605	125	1,471	1,500
5262 · Postage	0	21	215	250
5266 · Office Equipment	0	250	1,416	3,000
5276 · Subscription Software	222	708	4,864	8,500
5299 · Miscellaneous	0	41	425	500
5300 · Recreational Activities	8,344	20,833	240,609	250,000
5302 · Latent Power Application	0	416	0	5,000
5340 · Phone Expense	80	80	800	960
5506 · CSD Vehicle Expenses	0	291	2,992	3,500
5600 · Trash Removal	47,782	51,014	483,801	612,172
5605 · Restroom Maintenance	252	420	4,787	5,050
5640 · Graffiti Abatement Services	0	84	0	1,000
5700-00 · Gross Wages	11,200	11,967	126,663	143,600
5730 · Payroll Tax Expense	798	1,198	9,703	14,360
<b>Total Expense</b>	<u>88,389</u>	<u>102,925</u>	<u>1,054,919</u>	<u>1,276,812</u>
<b>Net Ordinary Income</b>	<u>252,897</u>	<u>(93,590)</u>	<u>(164,559)</u>	<u>(393,501)</u>
<b>Net Income</b>	<u><b>252,897</b></u>	<u><b>(93,590)</b></u>	<u><b>(164,559)</b></u>	<u><b>(393,501)</b></u>

**BELL CANYON COMMUNITY SERVICES DISTRICT**

**TREASURER'S REPORT**

April 30, 2026

**CASH ON HAND**

Wells Fargo Checking #7543		(1,930)
Wells Fargo Sweep #7543		653,451
Wells Fargo #6605 Brokerage		586,002
California Class #0001		281,189
<b>TOTAL CASH ON HAND</b>	<b>Mar-2026</b>	<b>1,518,712</b>

**INCOME:**

4020 · PropertyTax Revenue	335,398	
4040 · Interest Income	2,983	-
4042 · Dividend Income	2,905	
<b>TOTAL INCOME</b>	<b>Apr-2026</b>	<b>341,286</b>

**BILLS PAID:**

5040-00 · Legal	6,928	
5070 · Membership Dues/Subscriptions	341	
5072 · Surveyor	1,375	
5075 · County Admin. Fees	50	
5076 · Security Services	5,250	
5095 · Clean Up Events	3,975	
5100 · Rent Expense	275	
5110 · Bank Service Charges	440	
5202 · Internet	221	
5250 · Printing	250	
5260 · Office Supplies	605	
5276 · Subscription Software	222	
5300 · Recreational Activities	8,344	
5340 · Phone Expense	80	
5600 · Trash Removal	47,782	
5605 · Restroom Maintenance	252	
5700-00 · Gross Wages	11,200	
5730 · Payroll Tax Expense	798	
1215 · Prepaid Rent	(275)	
2020 · Wells Fargo MC-Kelly #0286	3,571	
2120 · Payroll Liabilities	1,975	
<b>TOTAL BILLS PAID</b>	<b>Apr-2026</b>	<b>93,660</b>

<b>TOTAL CASH ON HAND</b>	<b>Apr-2026</b>	<b>1,766,338</b>
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Prepared By: Zareh Nazarian

Approved: \_\_\_\_\_

**CASH & INVESTMENTS**

4/30/26

**BELL CANYON COMMUNITY SERVICES DISTRICT**

TYPE	INSTITUTION	MATURITY	AMOUNT	CURRENT MARKET VALUE	INTEREST RATE
Checking Account	Wells Fargo #7543	N/A	(13,642)	(13,642)	N/A
Investment Sweep	Wells Fargo #7543	N/A	909,031	909,031	3.40%
Investment	Wells Fargo #6605	12/31/26	588,907	588,907	4.43%
Investment	California Class #0001		282,042	282,042	3.70%
<b>TOTALS</b>			<b>1,766,338</b>	<b>1,766,338</b>	



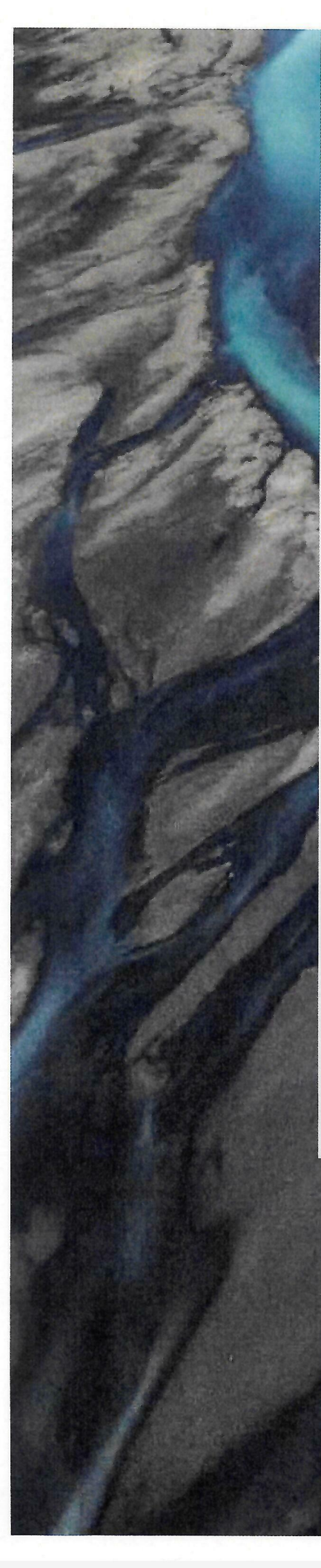
<u>Legal Expenses</u>	<u>Jul-25 thru 9-25</u>	<u>Oct-25</u>	<u>Nov-25</u>	<u>Dec-25</u>	<u>Jan-26</u>	<u>Feb-26</u>	<u>Mar-26</u>	<u>YTD TOTALS</u>
Events	\$ 11,194.50	\$ 552.50	\$ -	\$ 637.50	\$ 510.00	\$ -	\$ 85.00	\$ 12,894.50
Vacant Lot	\$ 3,145.00	\$ 85.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,230.00
Office 2A	\$ 637.50	\$ -	\$ -	\$ -	\$ 977.50	\$ -	\$ -	\$ 1,615.00
Forensic Audit	\$ 1,147.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,147.50
Audit	\$ -	\$ -	\$ 413.50	\$ 408.50	\$ 85.00	\$ -	\$ -	\$ 907.00
CHP Agreement	\$ 4,930.00	\$ -	\$ -	\$ 170.00	\$ -	\$ -	\$ -	\$ 5,100.00
WM	\$ -	\$ 300.88	\$ -	\$ 425.00	\$ 595.00	\$ -	\$ 3,655.00	\$ 1,320.88
Human Resources	\$ 637.50	\$ -	\$ -	\$ 6,879.00	\$ 170.00	\$ -	\$ -	\$ 7,686.50
Zoom with BOD	\$ 1,870.00	\$ -	\$ 722.50	\$ 765.00	\$ -	\$ 127.50	\$ 1,105.00	\$ 3,357.50
By-Laws	\$ 804.50	\$ -	\$ 850.00	\$ 297.50	\$ -	\$ -	\$ -	\$ 1,952.00
Operations	\$ 595.00	\$ -	\$ 510.00	\$ 467.50	\$ -	\$ -	\$ -	\$ 1,572.50
Insurance	\$ -	\$ -	\$ -	\$ 85.00	\$ -	\$ -	\$ -	\$ 85.00
Meetings	\$ -	\$ -	\$ 1,147.50	\$ -	\$ 467.50	\$ -	\$ 212.50	\$ 1,615.00
Resolutions	\$ 892.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 892.50
Agendas	\$ 382.50	\$ 127.50	\$ -	\$ 510.00	\$ -	\$ -	\$ -	\$ 1,020.00
Board Vacancy	\$ -	\$ -	\$ -	\$ 1,785.00	\$ 1,827.50	\$ 1,742.50	\$ -	\$ 3,612.50
PRA	\$ 2,715.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,317.50	\$ 2,715.50
Latent Powers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127.50	\$ -	\$ 127.50
Banking	\$ 1,020.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,020.00
Security	\$ -	\$ -	\$ -	\$ -	\$ 637.50	\$ -	\$ -	\$ 637.50
Email	\$ 85.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85.00
Community Relations	\$ 850.00	\$ 170.00	\$ 297.50	\$ 8,998.00	\$ 212.50	\$ 255.00	\$ 552.50	\$ 10,528.00
Brown Act	\$ 2,975.00	\$ 85.00	\$ 85.00	\$ -	\$ -	\$ 170.00	\$ -	\$ 3,145.00
	\$ 33,882.00	\$ 1,320.88	\$ 4,026.00	\$ 21,428.00	\$ 5,482.50	\$ 2,422.50	\$ 6,927.50	\$ 75,489.38

# Liquidity management at Charles Schwab

A holistic approach to cash  
segmentation strategies

charles  
SCHWAB

*Own your tomorrow.*



For most investors with significant cash holdings, a diligent focus on liquidity management is more important than ever given the current complex market environment. The key to successful liquidity management? Effectively navigating the trade-offs between **stability**, **liquidity** and **yield** based on time horizon.

- **Stability**

Are you able to tolerate price fluctuations?

- **Liquidity**

When will you need the money?

- **Yield**

Are you willing to take on risk for additional yield?

Of course, not all cash solutions are the same, and you can use multiple investments and approaches to meet your own specific needs.




That's why Charles Schwab offers a robust, holistic approach to liquidity management through Schwab Liquidity Consulting Services.

# Our liquidity management philosophy

We employ a three-tiered cash segmentation strategy, designed to address client needs across the liquidity spectrum.

Transactional	Strategic	Opportunistic
<p>Typically used for day-to-day cash needs such as paying bills and managing daily expenses. Cash in this tier may also be used to purchase investments.</p>	<p>Not needed for day-to-day expenses, the strategic tier can be used to seek a higher yield with investments that help you preserve principal while retaining easy access to your funds.</p>	<p>For the longer term, the opportunistic tier can be used to explore market opportunities that may be available further out on the yield curve.</p>

This cash segmentation strategy allows us to focus priorities and solutions on the best fit for your situation.

	Transactional	Strategic	Opportunistic
 <b>Time horizon</b>	Short term, typically <b>overnight to one month</b>	Short to intermediate term, typically <b>1 to 12 months</b>	Longer term, typically <b>12 months or longer</b>
 <b>Focus</b>	Seek stability and liquidity	Seek stability, liquidity and yield	Potential for higher yield
 <b>Cash flows</b>	Frequent	Moderate	Less frequent

Managing stability, liquidity and yield using transactional, strategic and opportunistic tiers gives us a range of trade-offs to consider when building an approach that is designed to balance the stability of your principal against its availability and the potential to generate additional yield.

# Liquidity goals and options

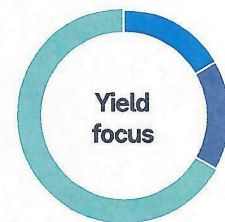
Schwab Liquidity Consulting Services offers value-added consultations to help clients navigate the complexities and trade-offs of liquidity management. Our overarching goal is to provide the information and guidance clients need to make better and more informed decisions, aiming to strike a balance of capital preservation, liquidity, and yield.

Our team of financial professionals offers deep experience in investment approaches and has access to a comprehensive lineup of tax-exempt and taxable strategies with risk-adjusted performance track records.

For cash you may need immediately, we'll emphasize capital preservation and liquidity. If you have a longer horizon, the potential to generate more yield may rise—along with the number and type of solutions that could map to your situation. No matter what your time horizon, our team will help you find cash management strategies that seek to promote stability and return where possible.

We're proud to offer the same quality of service and solutions to high-net-worth investors that large businesses expect and receive when they manage cash for their operational needs.

## Sample solutions



- Transactional
- Strategic
- Opportunistic

	Transactional	Strategic	Opportunistic
<b>Goals</b>	<ul style="list-style-type: none"> <li>▪ Overnight or daily liquidity</li> <li>▪ Minimal risk</li> <li>▪ Convenience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Short-term liquidity</li> <li>▪ Minimal risk</li> <li>▪ Yield</li> </ul>	<ul style="list-style-type: none"> <li>▪ Less need for daily or short-term liquidity</li> <li>▪ Willing to take on additional risks for potentially higher yields</li> </ul>
<b>Potential options</b>	<ul style="list-style-type: none"> <li>▪ Bank Sweep and Schwab One® Interest Features</li> <li>▪ Checking accounts through Charles Schwab Bank</li> </ul>	<ul style="list-style-type: none"> <li>▪ Schwab Money Funds</li> <li>▪ CDs from Schwab CD OneSource®</li> <li>▪ Savings accounts through Charles Schwab Bank</li> <li>▪ Fixed income investments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Schwab Managed Account Services™</li> <li>▪ Fixed income investments</li> </ul>

Please note that options listed above may overlap tiers depending on how they're employed.

# The strength of Charles Schwab

Charles Schwab has a rich liquidity management offering that includes a range of products and approaches, managed by professionals with expertise in wealth management and capital preservation. By bringing together financial professionals from across the organization, you get their combined strengths—bank, brokerage and asset management.

## Charles Schwab Bank

Founded as a bank for investors

One of the largest banks in the country

Easy to manage banking and brokerage activities in one location

Strategic borrowing for investing, home and other needs

## Schwab Asset Management®

30+ years of investment management experience

A top provider of money market funds

More than \$666B in money market assets managed<sup>1</sup>

Industry-leading fixed-income expertise (e.g., through Wasmer Schroeder Strategies)

Thorough credit research and a range of separately managed accounts

## Charles Schwab & Co., Inc.

Securities broker-dealer with nearly 400 branch offices across the United States<sup>2</sup>

Access to a broad array of fixed income investments across financial markets

A wide selection of bonds, bond funds and ETFs, CDs, preferred securities, and separately managed accounts

<sup>1</sup> Source: State Street as of 9/30/25.

<sup>2</sup> Source: Charles Schwab Corporation Press Release 9/17/2025.

When capital preservation is an important part of your portfolio, a smart liquidity approach should be an important part of your investment plan. With Schwab Liquidity Consulting Services by your side, you'll know you're getting a segmentation strategy that can help address your liquidity needs.

**Talk to your Schwab financial professional about customized liquidity management that fits your capital preservation needs.**

**Investment and Insurance Products: Not a Deposit ▪ Not FDIC Insured ▪ Not Insured By Any Federal Government Agency ▪ No Bank Guarantee ▪ May Lose Value**

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**Information provided herein is for general information purposes only. Neither Schwab Asset Management products and strategies nor third-party products and strategies presented for consideration are investment advice or recommendations, but are intended to provide Schwab Advice representatives with additional information and tools to use in client discussions. Schwab Advice representatives, and not Schwab Asset Management or the Liquidity Solutions Team, are responsible for any investment recommendations or advice provided to the client based on his or her own particular situation.**

**Investors should consider carefully information contained in the prospectus, or if available, the summary prospectus, including investment objectives, risks, charges and expenses. You can obtain a prospectus, or if available, a summary prospectus, by visiting [schwabassetmanagement.com/prospectus](http://schwabassetmanagement.com/prospectus). Please read it carefully before investing.**

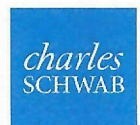
There are risks associated with any investment approach, the Wasmer Schroeder Strategies have their own set of risks. The Wasmer Schroeder Strategies invests primarily in fixed income instruments and as such the strategies are subject to various risks including but not limited to interest rate risk, reinvestment risk, credit risk, default risk and event risk. Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors.

**You could lose money by investing in the Schwab Money Funds. All Schwab Money Funds, apart from Schwab Government Money Market ETF, seek to preserve the value of your investment at \$1.00 per share, but cannot guarantee they will do so. All Schwab Money Funds with the exception of Schwab Government Money Fund, Schwab Retirement Government Money Fund, Schwab U.S. Treasury Money Fund, Schwab Treasury Obligations Money Fund, Schwab Government Money Market Portfolio and Schwab Government Money Market ETF may impose a fee upon the sale of your shares if the Fund's board or its delegate determines that the fee is in the best interests of the Fund. An investment in the Schwab Money Funds is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Schwab Money Funds' sponsor has no legal obligation to provide financial support to the Funds, and you should not expect that the sponsor will provide financial support to the Funds at any time.**

**Please read Schwab's Disclosure Brochure for important information and disclosures relating to Schwab Managed Accounts Services. Charles Schwab & Co., Inc. ("Schwab") is the sponsor of Managed Account Select® ("Select") and Managed Account Connection® ("Connection") programs. The asset managers in Select are unaffiliated with Schwab. Please refer to the Charles Schwab Investment Management, Inc. Disclosure Brochure for additional information.**

Certificates of Deposit available through Schwab CD OneSource typically offer a fixed rate of return, although some offer variable rates. They are FDIC insured and offered through Charles Schwab & Co., Inc.

Bank Sweep deposits are held at one or more FDIC-insured Program Banks. Please review the [Cash Features Program Disclosure Statement](#) for a list of the Program Banks.



**Ryan Halvorsen, AAMS<sup>®</sup>, CMFC<sup>®</sup>**  
 Charles Schwab Financial Consultant,  
 Charles Schwab & Co., Inc.

*Own your tomorrow.*



**Ryan Halvorsen, AAMS<sup>®</sup>, CMFC<sup>®</sup>**

**VP - Financial Consultant**

Ryan.Halvorsen@schwab.com

(818) 710-2125

6250 Topanga Canyon Blvd., Suite #1545  
 Woodland Hills, CA 91367-7413

### Professional profile

I can partner with you to understand your goals, create a personalized plan, and provide investing guidance. You'll understand where your money is invested and why, how your investments are performing, and how much it's costing you. Plus you'll have access to Schwab's portfolio management expertise, insights, and specialists. It's a modern approach to wealth management—so you can take ownership of your financial life.

### Financial credentials

- Accredited Asset Management Specialist<sup>SM</sup>
- Chartered Mutual Fund Counselor<sup>SM</sup>
- Series 7, 31, 63, 65 Securities Licenses
- Life & Variable Annuity Insurance License, CA Insurance License #0B27845
- NMLS #731941

### Experience

- 24 years of professional experience
- VP - Financial Consultant, Charles Schwab, 2009-present
- Financial Advisor, UBS Financial Services, 2008-2009
- Financial Advisor, Morgan Stanley, 2002-2008

### Education

- BA, Psychology, University of Nevada, Las Vegas
- Minors - Business Law & Accounting

### Personal interests and affiliations

- Photography

**Investment and Insurance Products: Not a Deposit ■ Not FDIC Insured ■ Not Insured  
 by any Federal Government Agency ■ No Bank Guarantee ■ May Lose Value**

While consultations with a Financial Consultant/Financial Consultant - Participant Investor Concierge are complimentary, the implementation of any recommendations made in the course of these services may result in trade commissions or other fees, charges, or expenses. There are certain eligibility requirements for working with a dedicated Financial Consultant. Go to [schwab.com/representative-compensation](http://schwab.com/representative-compensation) for Financial Consultants' compensation information.

There are eligibility requirements to work with a dedicated Financial Consultant.

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The Charles Schwab Corporation provides a full range of brokerage, securities brokerage, money management and financial advisory services through its operating subsidiaries. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (Member [SIPC](http://SIPC)), and its affiliates offer investment services and products.

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PO BOX 131360  
Carlsbad CA 92013-1360  
Phone:(760)603-1100 | Fax: (760)603-1102  
Email: hia@hardinginsuranceonline.com  
Lic. 0F09658

May 14, 2026

**BELL CANYON COMMUNITY SERVICES DISTRICT**

Dear Walter,

We are pleased to offer you the following Directors and Officers quote:

**Old Republic Insurance Company:**

**Directors and Officers**

Each Claim	2,000,000
Aggregate	2,000,000

Deductible: \$5,000 Directors and Officers - Occurrence Form.  
Obsidian Specialty Insurance Company Insurance is an Admitted Carrier in CA and is a AM Best "A+ Superior" Rated company - No Sunset Clause.

**\*\*PLEASE REVIEW & VERIFY ALL INFORMATION TO BE TRUE AND CORRECT\*\***

---

**Proposed Effective Date: 05/22/2026 - 12 Months**

**Annual Premium & Fees: \$5,979.00**

**\*\*\* Annual premium includes a carrier \$3 processing fee not included in the quote**

**Please Mail Check: PO Box 131360, Carlsbad, CA. 92013**

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\*Annual Premium for the policy includes inspection and Broker/Service fees.

If a down payment is selected, the policy will be third-party financed.

Finance charges will not be included in the annual premium or deposit.

**\*\*DOWN PAYMENT IS NON-REFUNDABLE UPON INCEPTION OF POLICY.\*\***

**\*This quote is for the sole use of the intended recipient(s) and may contain confidential and privileged information.**

**Any unauthorized review, use, disclosure or distribution is prohibited.**

**Quotes are not guaranteed coverage and are subject to change.**

Applicant Signature \_\_\_\_\_ Date: \_\_\_\_\_

20



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Email: hia@hardinginsuranceonline.com  
Lic. 0F09658

May 14, 2026

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**Old Republic Insurance Company:**

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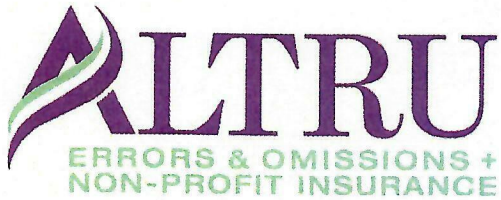
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Any unauthorized review, use, disclosure or distribution is prohibited.**

**Quotes are not guaranteed coverage and are subject to change.**

Applicant Signature \_\_\_\_\_ Date: \_\_\_\_\_

Thank you,

Josh Causing  
Harding Insurance Agency



April 27, 2026 02:23 PM

**Bell Canyon Community Services District  
NON-PROFIT ORGANIZATION AND MANAGEMENT LIABILITY  
Quotation**

**INSURER:** Old Republic Insurance Company (admitted, rated A+ (Superior) by A. M. Best)

AGGREGATE LIMIT OF LIABILITY	PER CLAIM SELF-INSURED RETENTION AGREEMENTS B AND C	PREMIUM
\$2,000,000	Employment Claim: N/A Other: \$5,000	\$5,576

Quotation

**POLICY FORM:**  
ORNP-001 (9/2009)

**RETROACTIVE DATE:** None (full prior acts coverage)

**PRIOR AND PENDING LITIGATION DATE:** May 22, 2025

**POLICY PERIOD:** One year

**CONDITIONS:**

Subject to the underwriter's receipt and approval of the following prior to binding:

None

**ENDORSEMENTS:**

- Nuclear Exclusion
- Terrorism Endorsement
- Amend Definition of Benefits and Claims Endorsement
- The Advantage Endorsement
- California Amendatory Endorsement
- Wage and Hour Exclusion (Manuscript)
- Biometric Privacy Exclusion (Manuscript)
- Employment Claim Exclusion (Manuscript)

If there is a material change in the risk characteristics between the time of the application and the time of binding, these terms are subject to withdrawal or revision.

Please call if you have any questions.

Regards,

8850



PO BOX 131360  
Carlsbad CA 92013-1360  
Phone:(760)603-1100 | Fax: (760)603-1102  
Email: hia@hardinginsuranceonline.com  
Lic. 0F09658

May 05, 2026

**BELL CANYON COMMUNITY SERVICES DISTRICT**

Dear Walter,

We are pleased to offer you the following Directors & Officers Umbrella - Commercial quote:

**Scottsdale Insurance Company:**

**Umbrella - Commercial**

Each Occurrence	3,000,000
General Aggregate (Excess)	3,000,000

Deductible: \$5,000

Umbrella - Commercial - Per Occurrence Form.

Scottsdale Insurance Company-Non-Admitted AM Best "A+ Excellent" Rated company - No Sunset Clause.

**\*\*PLEASE REVIEW & VERIFY ALL INFORMATION TO BE TRUE AND CORRECT\*\***

---

**Proposed Effective Date: 05/22/2026 - 12 Months**

**Annual Premium & Fees: \$9,916.00 (No premium change this renewal)**

**\*\*\* Annual premium includes a carrier \$3 processing fee not included in the quote**

---

\*Annual Premium for the policy includes inspection and Broker/Service fees.  
If a down payment is selected, the policy will be third-party financed.  
Finance charges will not be included in the annual premium or deposit.

**\*\*DOWN PAYMENT IS NON-REFUNDABLE UPON INCEPTION OF POLICY.\*\***

**\*This quote is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited.**

**Quotes are not guaranteed coverage and are subject to change.**

Applicant Signature \_\_\_\_\_ Date: \_\_\_\_\_



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Carlsbad CA 92013-1360  
Phone:(760)603-1100 | Fax: (760)603-1102  
Email: hia@hardinginsuranceonline.com  
Lic. 0F09658

May 05, 2026

**BELL CANYON COMMUNITY SERVICES DISTRICT**

Dear Walter,

We are pleased to offer you the following Directors & Officers Umbrella - Commercial quote:  
**Scottsdale Insurance Company:**

**Umbrella - Commercial**

Each Occurrence	3,000,000
General Aggregate (Excess)	3,000,000

Deductible: \$5,000

Umbrella - Commercial - Per Occurrence Form.

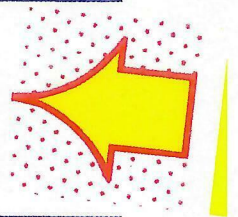
Scottsdale Insurance Company-Non-Admitted AM Best "A+ Excellent" Rated company - No Sunset Clause.

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**Quotes are not guaranteed coverage and are subject to change.**

Applicant Signature \_\_\_\_\_ Date: \_\_\_\_\_

Thank you,

Josh Causing  
Harding Insurance Agency



**Policy Form: XSScottsdale** ([click here for a copy of the policy form](#))

Re: Bell Canyon Community Services District

E-Risk Services, LLC, on behalf of Scottsdale Indemnity Company, is pleased to provide the below indication of terms and conditions for coverage on the above captioned. Please note that the limits of liability below are either separate or shared limits of liability as indicated for each of the Coverage Sections.

**Any of the below Coverage Sections may be elected in any combination of limits and corresponding premiums, subject to the applicable minimum premium.**

**Business and Management Indemnity Insurance  
(BAM)**

([click here for a copy of the policy form](#))

**Excess Directors & Officers and Company Coverage Section**

([click here for coverage highlights](#))

Limit of Liability	Primary Retention	Premium
\$3,000,000 Excess \$2,000,000	\$5,000	\$9,413

1. **No Cost** E-Risk DO Risk Management Resources. To Get Started Click [HERE](#)
  - Unlimited, documented, and confidential advice from experienced D&O attorneys
  - Online training courses focused on information directors and officers need to know
  - Online tools include best practice guidelines, checklists, news and more
  - Potential policyholder savings by utilizing Zywave - [click here for more information](#)

**Policy Forms And Endorsements:** ([Click on any item below to view a pdf version of the endorsement or here to view a summary of key endorsements](#))

[Click Here to Compare Endorsements From Expiring Policy to Current](#)

1. ILN018 (1-22) > California Fraud Statement
2. XMI-D-1 (08/07) > Declarations
3. NOTI0658-EK (09-23) > Notice to Policyholders-Address Change
4. NOTX0015CA (3-19) > California Policyholder Notice
5. XMI-58 (3-23) > Amended Reduction or Exhaustion of Underlying Limits Endorsement - XS
6. EKI-351 (1-15) > Cap on Losses from Certified Acts of Terrorism
7. XMI-P-1 (08/07) > Excess Insurance Policy
8. XMI-68 (03/08) > Excess Policy - Known Wrongful Acts Exclusion
9. XMI-59 (02/08) > Excess Policy - Prior or Pending Litigation Exclusion
10. NOTI0601CW (12/20) > Policyholder Disclosure Notice of Terrorism Insurance Coverage

**Subject To Information:**

1. Please note this quote is subject to the primary carrier's terms. Terms may change upon review.
2. Need all underlying carriers' policies prior to issuing the policy.
3. All other terms and conditions as per the expiring coverage.

**Indication Expiration Date:** 30 days from the date of this letter.

**Note:**

- The Terrorism Risk Insurance Act (TRIA) of 2002 applies to the following coverage sections: Employment Practices, Directors and Officers and Company, Management Insureds and Company, Insured Person and Organization, Cyber, Media and Technology Security Services, Company Direct Expenses and Cyber and Professional services. The premium for certified acts of terrorism coverage under TRIA is 1% and is included in the premium stated above for the applicable coverage sections listed here. You may decline to purchase terrorism coverage for certified acts of terrorism, however, you will have no coverage for losses resulting from certified acts of terrorism. If you decline the coverage a 1% premium reduction will apply, but only for the applicable coverage sections listed here.
- The Terrorism Risk Insurance Act (TRIA) of 2002 applies to the Businessowners and Commercial General Liability coverage sections or policies. The premium for certified acts of terrorism coverage under TRIA is \$100 for these coverages, but is not included in the premium stated above. You may decline to purchase terrorism coverage for certified acts of terrorism, however, you will have no coverage for losses resulting from certified acts of terrorism. If you decline the coverage, the premium will remain as quoted for the applicable coverages listed here.
- This indication of terms and conditions for coverage is subject to modification or withdrawal if, after 3/5/2026 11:05:41 AM and before the inception date of coverage, Scottsdale Indemnity Company or any of its representatives, including E-Risk Services, LLC, becomes aware of any new, corrected or updated information relating to any Claim or other risk exposure which may affect or change the underwriting evaluation of any proposed Insured and Scottsdale Indemnity Company or E-Risk Services, LLC, in their sole discretion, determines that the terms of this indication of terms and conditions for coverage are no longer appropriate.

Thank you for considering E-Risk Services, LLC for your insurance needs. If you have any questions regarding this indication or coverage, please feel free to contact your broker.

## Underwritten by Scottsdale Indemnity Company

### **CALIFORNIA FRAUD STATEMENT**

For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

## DECLARATIONS

**The text of this endorsement is not yet available on-line. Please contact your assigned Underwriter regarding this matter.**

**SIGNATURE PAGE**

**The text of this endorsement is not yet available on-line. Please contact your assigned Underwriter regarding this matter.**

# Underwritten by Scottsdale Indemnity Company

## NOTICE TO POLICYHOLDERS-ADDRESS CHANGE

Effective January 1, 2023, the address of your insurance company is changing.

The physical address of:

- 7 World Trade Center, 37th Floor, 250 Greenwich Street, New York NY 10007-0033
- One Nationwide Plaza, Columbus, Ohio 43215
- 8877 North Gainey Center Drive, Scottsdale, Arizona 85258

wherever they appear, is changed to:

Home Office  
One West Nationwide Boulevard  
Columbus, Ohio 43215

Administrative Office  
18700 North Hayden Road  
Scottsdale, Arizona 85255

The claims/notices address of 7 World Trade Center, 37th Floor, 250 Greenwich Street, New York NY 10007-0033, wherever it appears, is changed to:

PO Box 182452  
Columbus, Ohio 43218-2452

# Underwritten by Scottsdale Indemnity Company

## CALIFORNIA POLICYHOLDER NOTICE

### IMPORTANT INFORMATION FOR CALIFORNIA POLICYHOLDERS

In the event you need to contact someone about this policy for any reason, please contact your agent first. If you have additional questions, you may contact the insurance company issuing this policy at the following address and telephone number:

8877 North Gainey Center Drive  
Scottsdale, Arizona 85258  
Telephone: 1-800-423-7675

If you have been unable to contact or obtain satisfaction from the company or agent, you may contact the California Insurance Department at:

California Department of Insurance  
Consumer Affairs Unit  
300 South Spring Street, 9th Floor, South Tower  
Los Angeles, California 90013  
Telephone: 1-800-927-4357 or 213-897-8921 (out of state)  
[www.insurance.ca.gov](http://www.insurance.ca.gov)

When contacting your agent, company or the Insurance Department, please have your policy number available.

Underwritten by Scottsdale Indemnity Company		ENDORSEMENT NO. 1	
ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
EKI		Bell Canyon Community Services District	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDED REDUCTION OR EXHAUSTION OF UNDERLYING LIMITS ENDORSEMENT**

In consideration of the premium paid, it is agreed that this endorsement modifies insurance provided under the following:

**EXCESS INSURANCE POLICY P-1 (8-07)**

Section IV., **REDUCTION OR EXHAUSTION OF UNDERLYING LIMITS**, is deleted in its entirety and replaced with the following:

**IV. REDUCTION OR EXHAUSTION OF UNDERLYING LIMITS**

- A. In the event the **Underlying Limits** are partially reduced by reason of actual payment by the insurers of the **Underlying Policies**, the **Insured**, or by any other source, then subject to the Limit of Liability this Policy; shall continue to apply as excess over the reduced **Underlying Limits**.
- B. In the event the **Underlying Limits** are wholly exhausted by reason of actual payment by the insurers of the **Underlying Policies**, the **Insured**, or by any other source (and the **Insured** has paid the full amount of any applicable deductible or uninsured retention under the **Followed Policy**), then subject to the Limit of Liability this Policy shall continue to apply as primary insurance; provided always that this Policy shall only pay excess of such applicable deductible or retention, which shall be applied to any subsequent **Claim** in the same manner as specified in the **Followed Policy**.
- C. This Policy shall only pay covered loss in the event of the reduction or exhaustion of the **Underlying Policies** by reason of actual payment of the **Underlying Limits** as described above and shall not drop down for any other reason, including, but not limited to, existence of any sub-limit in any **Underlying Policy** or the uncollectibility (in whole or in part) of any of the **Underlying Limits**; provided, however, this Policy will recognize erosion of any of the **Underlying Policies** due to the existence of a sub-limit. In no way shall such payment by the **Insured** constitute a waiver of any terms, conditions or exclusions of the **Underlying Policies** or this Policy.

The **Insureds** expressly retain the risk of any gap in coverage or uncollectibility and the **Company** does not in any way insure or assume such risk.

All other terms and conditions of this Policy remain unchanged.

Underwritten by Scottsdale Indemnity Company		ENDORSEMENT NO. 2	
ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
EKI		Bell Canyon Community Services District	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

It is agreed that the Limit(s) of Liability section is amended by adding the following:

- Notwithstanding anything in this policy to the contrary, if aggregate **Insured** losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the **Insurer** has met its deductible under the Terrorism Risk Insurance Act, the **Insurer** shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case **Insured** losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.
- **Certified Act of Terrorism** means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a **Certified Act of Terrorism** include the following:
  1. The act resulted in **Insured** losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

All other terms and conditions of this policy remain unchanged

## Underwritten by Scottsdale Indemnity Company

**UNLESS OTHERWISE PROVIDED IN THE FOLLOWED POLICY, THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY SHALL BE REDUCED AND MAY BE EXHAUSTED BY PAYMENT OF DEFENSE COSTS.**

In consideration of the payment of the premium and in reliance upon the statements in the **Application**, which is made a part hereof and subject to the Declarations, terms and conditions of this Policy, the insurance company indicated in the Declarations (herein called the **Company**) and the **Insured** agree as follows:

### I. INSURING AGREEMENT

The **Company** shall provide the **Insureds** with insurance coverage excess of the **Underlying Policies**. This Policy is subject to the same representations as are contained in the applications for the **Underlying Policies** and, except with respect to the premium, the limit of liability and as otherwise provided herein, the insurance coverage provided by this Policy shall apply in accordance with the same terms, definitions, conditions, exclusions and limitations as are contained in the **Followed Policy** and, to the extent coverage is further limited or restricted thereby, in any other of the **Underlying Policies**. This Policy shall not grant broader coverage than the most restrictive of the **Underlying Policies**.

### II. DEFINITIONS

- A. **Application** means all signed applications and any information submitted therewith for this Policy.
- B. **Claim** has the same meaning in this Policy as in the **Followed Policy**.
- C. **Insured** means any persons or entities entitled to coverage under the **Followed Policy**.
- D. **Named Insured** means the entity named in Item 1. of the Declarations.
- E. **Policy Period** means the period from the effective date to the expiration date of this Policy as set forth in Item 3. of the Declarations, or any earlier termination date.
- F. **Followed Policy** means the policy, as constituted at its inception, named in Item 4. of the Declarations.
- G. **Underlying Policies** mean all policies, as constituted at their inception, listed in Item 5. of the Declarations.
- H. **Underlying Limits** means an amount equal to the total of all aggregate limits of liability for all **Underlying Policies**, plus the uninsured retention or deductible applicable to the primary policy named in Item 5. of the Declarations.

### III. LIMIT OF LIABILITY

The amount stated in Item 2. of the Declarations shall be the maximum amount payable by the **Company** under this Policy with respect to all **Claims** first made during the **Policy Period**.

### IV. REDUCTION OR EXHAUSTION OF UNDERLYING LIMITS

- A. In the event the **Underlying Limits** are partially reduced by reason of actual payment by the insurers of the **Underlying Policies**, then subject to the Limit of Liability this Policy shall continue to apply as excess over the reduced **Underlying Limits**.
- B. In the event the **Underlying Limits** are wholly exhausted by reason of actual payment by the insurers of the **Underlying Policies** (and the **Insured** has paid the full amount of any applicable deductible or uninsured retention under the **Followed Policy**), then subject to the Limit of Liability this Policy shall continue to apply as primary insurance; provided always that this Policy shall only pay excess of such applicable deductible or retention, which shall be applied to any subsequent **Claim** in the same manner as specified in the **Followed Policy**.
- C. This Policy shall only pay in the event of the reduction or exhaustion of the **Underlying Policies** by reason of actual payment by the insurers of the **Underlying Limits** as described above and shall not drop

down for any other reason, including but not limited to existence of any sub-limit in any **Underlying Policy** or the uncollectibility (in whole or in part) of any of the **Underlying Limits**; provided, however, this Policy will recognize erosion of any of the **Underlying Policies** due to the existence of a sub-limit.

The **Insureds** expressly retain the risk of any gap in coverage or uncollectibility and the **Company** does not in any way insure or assume such risk.

#### V. CONDITIONS OF COVERAGE

- A. As a condition precedent to this Policy's coverage, the **Insureds** agree to maintain the **Underlying Policies** in full effect with solvent insurers during the **Policy Period** except for any reduction or exhaustion of the **Underlying Limits** by reason of actual payments thereunder. If the **Underlying Policies** are not so maintained, the **Company** shall not be liable under this Policy to a greater extent than it would have been had such **Underlying Policies** been maintained.
- B. As a condition precedent to this Policy's coverage, the **Insureds** shall notify the **Company** in writing of any of the following events as soon as practicable thereafter, with full particulars:
1. the reduction or exhaustion of any of the **Underlying Limits**;
  2. the cancellation or termination of, or failure to maintain in full effect, any of the **Underlying Policies**;
  3. any change to any of the **Underlying Policies**; or
  4. the insurer of any of the **Underlying Policies** becoming subject to a receivership, liquidation, dissolution, rehabilitation or similar proceeding or being taken over by any regulatory authority.
- C. If during the **Policy Period** or any discovery or extended reporting period, any terms of any of the **Underlying Policies** are changed in any manner, this Policy shall not be subject to such change unless the **Company** consents to such change by written endorsement to this Policy. Unless the **Company** so consents to such change, the **Company** shall not be liable to a greater extent than it would have been absent such change to any of the **Underlying Policies**.

Underwritten by Scottsdale Indemnity Company		ENDORSEMENT NO. 3	
ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
EKI		Bell Canyon Community Services District	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCESS POLICY - KNOWN WRONGFUL ACTS EXCLUSION**

In consideration of the premium paid, it is hereby understood and agreed that solely with respect to the limits excess of \$2,000,000:

If any **Insured** as of 5/22/2025 has any knowledge of or information concerning any act, error or omission that such **Insured** reasonably believes may give rise to a **Claim** under this Policy, the **Company** shall not be liable to make any payment under this Policy on behalf of such **Insured** as a result of a **Claim** arising out of, based upon or attributable to any such act, error or omission.

It is further understood and agreed that any such knowledge of or information concerning any such act, error or omission by any **Insured** shall not be imputed to any other **Insured** for the purposes of determining the applicability of this exclusion.

All other terms and conditions of this policy remain unchanged.

Underwritten by Scottsdale Indemnity Company		ENDORSEMENT NO. 4	
ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
EKI		Bell Canyon Community Services District	29406

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCESS POLICY - PRIOR OR PENDING LITIGATION EXCLUSION**

In consideration of the premium paid, it is hereby understood and agreed that the **Company** shall not be liable to pay any amount from any **Claim** made against any **Insured** based upon, arising out of, or in any way related to (1) any prior or pending litigation, claim, demand, suit or proceeding against any **Insured** as of the Prior or Pending Litigation Date stated below or (2) any act, omission, circumstance or situation underlying or alleged in such litigation, claim, demand, suit or proceeding or any substantially similar act, omission, circumstance, or situation.

Prior or Pending Litigation Date: 5/22/2025

All other terms and conditions of this policy remain unchanged.

Underwritten by Scottsdale Indemnity Company  
A Stock Insurance Company

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM INSURANCE COVERAGE**

**PREMIUM CHARGE FOR TERRORISM COVERAGE**

**TERRORISM RISK INSURANCE ACT**

You are hereby notified that the Terrorism Risk Insurance Act of 2002, as amended pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2019, effective January 1, 2021 (collectively referred to as "TRIA" or the "Act"), established a program within the Department of the Treasury under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. Under the Act, you have a right to purchase insurance coverage for losses arising out of acts of terrorism. As defined in Section 102(1) of the Act: The term "certified acts of terrorism" means any act that is certified by the Secretary of the Treasury -- in consultation with the Secretary of Homeland Security, 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 certain air carriers or vessels or the premises of a United States mission; to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

**DISCLOSURE OF FEDERAL SHARE OF COMPENSATION**

You should know that where coverage is provided by this policy for losses resulting from "certified acts of terrorism," such losses may be partially reimbursed by the United States government under a formula established by federal law. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States government agrees to reimburse eighty percent (80%) of covered terrorism losses that exceed the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for terrorism coverage is provided below and does not include any charges for the portion of loss that may be covered by the federal government under the Act.

**CAP ON LOSSES FROM "CERTIFIED ACTS OF TERRORISM"**

You should also know that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States government reimbursement as well as insurers' liability for losses resulting from "certified acts of terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

**CONDITIONAL TERRORISM COVERAGE**

The Terrorism Risk Insurance Program Reauthorization Act of 2019 is scheduled to terminate at the end of December 31, 2027 unless renewed, extended or otherwise continued by the federal government. Should the Act terminate on December 31, 2027, or be repealed, any terrorism coverage as defined by the Act provided in the policy will also terminate.

**DISCLOSURE OF PREMIUM**

In accordance with the Act, we are required to offer you coverage for losses resulting from an act of terrorism that is certified under TRIA as an act of terrorism. The policy's other provisions will still apply to such an act. We are further required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act.

Your premium for certified terrorism coverage is **\$0.00**. This amount does not include any charges for the portion of losses covered by the United States government under the Act.

**If you choose to accept this offer, this form does not have to be returned.**

**You may choose to reject this offer by signing the statement below and returning to us. Your policy will be changed to exclude the described coverage.**

**NOTE:** In this state, a terrorism exclusion makes an exception for (and thereby provides coverage for) fire losses resulting from a certified act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to fire losses resulting from a certified act of terrorism and coverage for such fire losses will be provided in your policy.

**REJECTION OF COVERAGE FOR "CERTIFIED ACTS OF TERRORISM"**

	I hereby reject the purchase of certified terrorism coverage on behalf of the Policyholder/Applicant. I understand that the policy will provide no coverage for losses resulting from "certified acts of terrorism" (with the exception of fire losses resulting from a "certified act of terrorism"), and an exclusion of certain terrorism losses will be made part of this policy.
--	---

\_\_\_\_\_  
Policyholder / Applicant's Signature \*

Bell Canyon Community Services District  
\_\_\_\_\_  
Named Insured / Business Name

\_\_\_\_\_  
Print Name \*

\_\_\_\_\_  
Policy Number, if available

\_\_\_\_\_  
Date \*

\*If rejected, signature required & completed form must be returned to E-Risk Services. Please contact your broker with any questions.



Bell Canyon Community Services District

<p><b>Endorsement Name</b> EKI-351 (1-15)</p> <p>Notifies Insureds that coverage can be limited if a Certified Act of Terrorism results in over \$100 billion in damages in the aggregate for all insureds in a calendar year such that this Insured's Losses might be paid on a pro rata basis.</p>	<p><b>Endorsement Title</b> Cap on Losses from Certified Acts of Terrorism</p>
<p><b>Endorsement Name</b> XMI-P-1 (08/07)</p> <p>Excess Insurance Policy</p>	<p><b>Endorsement Title</b> Excess Insurance Policy</p>
<p><b>Endorsement Name</b> XMI-68 (03/08)</p> <p>Excludes from the Excess Policy those claims based upon known wrongful acts prior to the date in this endorsement</p>	<p><b>Endorsement Title</b> Excess Policy - Known Wrongful Acts Exclusion</p>
<p><b>Endorsement Name</b> XMI-59 (02/08)</p> <p>Excludes from the Excess Policy any litigation, demand letter, or claim against the Insured as of the date in this endorsement, including anything that could be interrelated to it in the future</p>	<p><b>Endorsement Title</b> Excess Policy - Prior or Pending Litigation Exclusion</p>
<p><b>Endorsement Name</b> NOTI0601CW (12/20)</p> <p>Provides the option to purchase coverage for claims arising out of acts of terrorism within the context of the coverage already provided in each coverage section, under a federal program that backstops losses stemming from "certified acts of terrorism" as certified by the Secretary of the Treasury; failure to purchase this coverage will result in a Terrorism Exclusion being added to the policy</p>	<p><b>Endorsement Title</b> Policyholder Disclosure Notice of Terrorism Insurance Coverage</p>
<p><b>Endorsement Name</b> UTI-COVPG (03/21)</p> <p>Provides the option to purchase coverage for claims arising out of acts of terrorism within the context of the coverage already provided in each coverage section, under a federal program that backstops losses stemming from "certified acts of terrorism" as certified by the Secretary of the Treasury; failure to purchase this coverage will result in a Terrorism Exclusion being added to the policy</p>	<p><b>Endorsement Title</b> Signature Page</p>



### General Terms & Conditions

- Duty to defend form
- World wide coverage
- Coverage non cancelable by Underwriters except for non-payment of premium.
- Broad definition of Insureds, including coverage for Directors and Officers, employees as well as the corporate entity and any such organization as a debtor -in-possession or a bankruptcy estate of such entity.
- Severability as respects all exclusions and the application.
- Spousal/domestic partner extension
- Broad definition of subsidiary to include automatic coverage for newly created or acquired subsidiaries with no threshold or reporting requirements. Automatic coverage for joint ventures.
- Multiple year run off and discovery period options offered at time of quote.
- Bilateral discovery
- No Hammer clause

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### Directors & Officers Coverage - Highlights

- Full entity coverage for the Insured Organization
- Broad coverage for most private securities claims
- Punitive damaged coverage (most favorable venue language) where insurable
- Contract exclusion applies only to the Company
- Additional limit available for non-indemnifiable acts
- All entity exclusions carved back for security holder litigation
- Outside directorship coverage for both for and not for profit organizations
- Functional equivalent coverage for foreign entities
- Broad definition of claim
- Broad definition of Loss
- No failure to maintain insurance exclusion
- Final adjudication requirement in dishonesty exclusion and personal profit exclusion
- Pollution exclusion amended to cover share holder derivative actions
- Broad carve backs as respects the Insured vs. Insured exclusion, including claims brought by any former director or officer of the company solely in their capacity as a securities holder and claims brought or maintained by any bankruptcy trustee
- No Retention (when EPL Coverage Section is elected)

In addition to the above coverage highlights, our BAM® General Terms and Conditions have the following coverage benefits:

- Duty to defend form
- World wide coverage
- Coverage non cancelable by Underwriters except for non-payment of premium.
- Broad definition of Insureds, including coverage for Directors and Officers, employees as well as the corporate entity and any such organization as a debtor -in-possession or a bankruptcy estate of such entity.
- Severability as respects all exclusions and the application.
- Spousal/domestic partner extension
- Broad definition of subsidiary to include automatic coverage for newly created or acquired subsidiaries with no threshold or reporting requirements. Automatic coverage for joint ventures.
- Multiple year run off and discovery period options offered at time of quote.
- Bilateral discovery
- No Hammer clause

\* Please note - the above coverage highlights are for illustration purposes only and shall not be construed as policy interpretations.

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*Claim examples are for illustrative purposes only. They are to aid in the understanding of the products and services offered by E-Risk Services. These examples are not intended to provide legal advice or to be relied upon in any dispute. Every claim is unique and bound by all terms, conditions, declarations, exclusions, and endorsements specific to each Insured's policy.*

#### Directors and Officers

<b>Creditor; Bankruptcy Trustee:</b>	<b>New in May 2023</b>	A lender to a company alleges that its directors and officers made negligent misrepresentations and misstatements to induce loans of many millions of dollars. It is alleged that directors and officers opened secret bank accounts to conceal transactions and assets from the lender by diverting receivables, engaging in self dealing and incurring additional debt, all of which resulted in the company filing for bankruptcy. The company asserts that it was forced into bankruptcy by the lender claiming a default on its promissory notes, and by a large block of shareholders refusing to consent to further rounds of financing for fear of their shares being diluted.	Settlement and defense exceeded \$3 million
<b>Bankruptcy Trustee:</b>	<b>New in June 2022</b>	The bankruptcy trustee for a company alleges breach of fiduciary duty, negligence and intentional misrepresentation against certain directors and officers. Specifically, it is alleged that the D&Os adopted an overly aggressive business strategy of incurring additional debt while insolvent, made misrepresentations regarding the company's growth and financial position to induce investor loans while bankruptcy was imminent and mismanaged personnel.	Settlement and defense approached \$2 million
<b>Bankruptcy Trustee:</b>	<b>New in February 2022</b>	The bankruptcy trustee for a company alleges breach of fiduciary duty, negligence and intentional misrepresentation against certain directors and officers. Specifically, it is alleged that the D&Os adopted an overly aggressive business strategy of incurring additional debt while insolvent, made misrepresentations regarding the company's growth and financial position to induce investor loans while bankruptcy was imminent and mismanaged personnel.	Settlement and defense approached \$2 million
<b>Investor Misrepresentation:</b>	<b>New in February 2021</b>	A company seeking to establish itself in an industry based on its new technology raises \$5 million by issuing subordinated convertible promissory notes to an investor. As the company's costs and expenses to implement its business plan increased, it rendered its revenue growth projections unachievable and	Settlement and defense exceeded \$1.5 million.

it eventually went bankrupt. The investor alleges that it was induced to invest based on negligent misrepresentations and fraud in that the company's existing debt was not disclosed, it did not own the patents that it represented it had, and its growth projections were unobtainable.

<b>Shareholder Misrepresentation:</b>	<b>New in November 2020</b>	A shareholder filed a lawsuit alleging that she was fraudulently induced to make a very large investment in the company based on misrepresentations regarding its future growth and business prospects as well as already being insolvent at the time of the solicitation.	Settlement and defense totaled \$2 million
<b>SEC Lawsuit &amp; Shareholder Lawsuit:</b>	<b>New in August 2020</b>	The SEC alleges that a certain D&O misled investors into believing that the company's technology gave it a considerable advantage over its competitors and falsely claimed that major companies had already placed orders. The SEC further alleges that the D&O promoted the company to potential investors in exchange for undisclosed commissions.	Defense costs exceeded \$3 million
<b>Bankruptcy Trustee:</b>	<b>New in May 2020</b>	A bankruptcy trustee filed a lawsuit against a company's managing members alleging breach of duty of loyalty, breach of duty of care, fraudulent transfers, unlawful distributions and unjust enrichment in a scheme to loot the remaining assets of a failing company. The members allege that they were always acting on behalf of the company's best interests and that its failing was outside of their control. They blame the bankruptcy on a change in certain laws that adversely impacted its business.	Settlement and defense exceeded \$2 million
<b>Derivative Suit:</b>	<b>New in February 2020</b>	A derivative lawsuit was filed alleging that certain D&Os usurped control of the Board of Directors through false pretenses, fired key personnel including the company's CEO and hand-picked new directors to support their scheme to enrich themselves and their affiliates to the detriment of the shareholders.	Settlement and defense exceeded \$2.5 million
<b>Warrant to Purchase Common Stock:</b>	<b>New in November 2019</b>	An individual assigned a patent to a company in exchange for a warrant to purchase its common stock. When the individual attempted to exercise the warrant and pay the agreed upon price for the shares, the company informed him that the warrant was "null and void" and that the company would not be issuing the requested stock. The individual filed a lawsuit against the company and certain directors and officers.	Defense costs exceeded \$600k
<b>Creditor in Bankruptcy:</b>	<b>New in August 2019</b>	A distributor of computer components to companies in Latin America plunges into bankruptcy when the Venezuelan economy collapses. The company's unsecured creditors blame the bankruptcy on the breach of	Settlement and defense exceeded \$1.5 million

fiduciary duty and corporate waste by the directors and officers.

**Dilution; Breach of Fiduciary Duty:**

**New in May 2019**

A shareholder files a lawsuit against D&Os alleging breach of fiduciary duty. Specifically, they allege that a large shareholder used its control and influence over appointed and related directors and officers to dilute certain classes of stock, while extracting value for itself from simultaneous transactions with other entities controlled by that large shareholder.

Settlement and defense exceeded \$2.5 million

**Shareholder Suit:**

**New in February 2019**

Shareholders allege that they were fraudulently induced to invest in a start-up company based on financial misrepresentations and the failure to disclose that the company paid a kick-back to the financial advisor (was later sanctioned by SEC) who brought the investment opportunity to them. The company later went bankrupt.

Settlement and defense exceeded \$3 million

**Creditor Claim in Bankruptcy:**

**New in October 2018**

The bankruptcy trustee of a start-up bitcoin mining hardware company alleges breach of fiduciary duty, breach of loyalty, self-dealing and improper transfers against three of its officers. This company required payment up front from its customers, but was not able to timely fill orders, if it could even fill them at all. The company asserts that its ability to manufacture and deliver the hardware was plagued by delays caused by third party suppliers. As more and more customers demanded refunds, the company eventually had to file for bankruptcy. Though the officers blame the company's downfall on supplier issues rather than their own alleged unscrupulous acts, a settlement was reached with the bankruptcy trustee.

Settlement and defense exceeded \$800,000

**Misrepresentation in the Sale of a Company - Run-Off:**

**New in July 2018**

Three years after purchasing a company, the buyer alleges that it was induced into purchasing the company based on misrepresentations in that certain material information was concealed which masked its true financial condition. The buyer specifically alleges that a substantial amount of the company's inventory was defective which led to unanticipated litigation.

Settlement and defense exceeded \$4 million

**Derivative Shareholder Lawsuit:**

**New in April 2018**

Shareholders allege breach of fiduciary duty against the company's D&Os in regards to its merger into another company. Specifically, the shareholders allege that certain D&Os rushed the approval of the merger to benefit themselves personally in the form of accelerated stock options and senior positions in the new entity, and to the detriment of all shareholders in the form of a below market valuation for the company.

Settlement and defense exceeded \$750k

**Bankruptcy Trustee:**

**New in February 2018**

A bankruptcy trustee for a company files a lawsuit against its D&Os alleging that the

Settlement and defense

company's insolvency stemmed from its D&Os gross mismanagement and breach of fiduciary duty. Specifically, the bankruptcy trustee alleges that the company's D&Os engaged in certain self-interested transactions and financing prior to becoming insolvent that were to the detriment of shareholders and creditors.

exceeded \$1 million.

**Start-Up Liability:**

**New in November 2017**

One of three tech entrepreneurs who jointly developed a certain type of software which was just starting to flourish, allegedly cancelled the company's state registration without authority, shut down the existing company and started up a new one without the other two founders. The intellectual property was then moved from the old company to the new one. The two former founders filed suit against the new entity, its D&Os, and also the venture capital firms involved, for misappropriation of trade secrets, breach of fiduciary duty, aiding the breach of fiduciary duty, fraud and conspiracy.

Though other insurance was also involved, defense of the start-up company and its D&Os exceeded \$1 million.

**Joint Venture; Counterclaim:**

**New in July 2017**

A company that had an arrangement to import and market certain home appliances sued their Chinese business partner who manufactured the appliances after the products proved to be defective. The products overheated and triggered fires in consumers' homes which totaled approximately \$20 million in property damage. The company asserted fraud in the inducement in that their business partner was aware of the dangerous design and manufacturing defects before they entered into their agreement. The business partner counterclaimed against the company and D&Os for breach of fiduciary duty and breach of contract alleging that they improperly converted \$30 million from them based on purportedly fabricated invoices. The company eventually prevailed against their business partner at trial.

Defense of the counterclaim approached \$2 million.

**Partnership Liability (MIC Coverage Section):**

**New in May 2017**

Limited partners allege that the general partners wrongfully terminated the partnership agreement and sold the assets of its flourishing business to themselves through a newly formed entity. Since there was no auction or competing offers for the assets, those assets ended up being intentionally undervalued far below market value which enabled the general partners to buy them back at a bargain price. The limited partners allege that this constituted self dealing in breach of the general partners' fiduciary duty.

Defense of this claim exceeded \$1 million.

**Business Partner:**

**New in January 2017**

A company chose not to renew a contract with its supplier due to bad blood between the parties. The company thought that the supplier was overcharging them and considered them to be thieves. In response, the company allegedly used information gained in an audit of the supplier to start up its own competing

Settlement and defense approached \$1 million

venture which then supplied both this company and others in the industry with competing products. The supplier alleged defamation/business disparagement, negligence, fraud and civil conspiracy among other allegations.

**Federal Investigation:**

**New in  
October 2016**

Federal agencies conducted a formal investigation into the activities of a defense contractor for the armed services. They investigated the company and its owner/president for alleged overbilling of the government for labor, improperly charging their lobbying costs into the contracts, and also for allowing foreign nationals to work on certain government contracts in violation of The International Traffic in Arms Regulations.

The defense was successful in convincing the federal agencies to drop their investigation and not to commence a civil or criminal lawsuit against either party. Defense costs approached \$500,000.

**Investor Fraud:**

**New in June  
2016**

A company that provides medical billing services to a certain client is paid a set percentage of the amount it bills. A Medicare audit of the client determines that over a \$1 million worth of services was improperly billed to it. The client is forced to repay Medicare and the company is forced to repay the commissions. While this investigation is going on, the company conducts a round of financing but fails to mention that its cash flow could be greatly hindered should it be required to repay the commissions. An investor in that round of financing alleges breach of fiduciary duty and fraud when the company is incapable of paying interest on the security.

Settlement and defense exceeded \$250k

**Creditor; Non-Profit:**

**New in March  
2016**

A non-profit organization under severe financial constraints took out a bridge loan that was personally backed by a board member. The creditor alleges that the organization is in default on the debt and demands immediate payment.

Defense costs exceeded \$30k

**Breach of Contract; Non-Profit:**

**New in March  
2016**

A wealthy benefactor agreed to donate over two million dollars to a local non-profit organization. In exchange for the large donation, the organization agreed to put up an engraving recognizing the claimant in making this generous gift. The Insured later decided not to put up the engraving in the agreed upon area because of 'aesthetic' concerns.

A court ruled that the organization had to put up the engraving in the agreed upon location. The defense costs exceeded \$150k.

**Family Shareholders:**

**New in  
December  
2015**

After the death of a part owner of a company and his shares were bequeathed to his children, those children/shareholders noticed that their share of the profits was drastically reduced from what their father was receiving while he was still alive. ♦ The children alleged breach of fiduciary duty, conspiracy and fraud against the D&Os. ♦ Specifically, they alleged that once the D&Os were no longer under the

Defense and settlement exceeded \$500k.

watchful eye of their father, they allegedly began to drain the profits of the company through self-dealing, large personal purchases and other unscrupulous activities. ♦

**Misrepresentation in Sale of Company; Run-Off Claim:**

**New in October 2015**

A few months after purchasing an Insured Company and while the account was in Run-Off, the purchaser filed suit against the Company and its former D&Os for alleged fraud and conspiracy to commit fraud. The plaintiff alleged that prior to the sale, the defendants conspired to withhold crucial information regarding deficiencies in one of the Company's products causing the plaintiff to greatly overpay for the Company.

Settlement and defense exceeded \$2 million

**Investor:**

**New in April 2015**

An investor in a startup night club alleges misrepresentation, breach of contract, breach of fiduciary duty and unjust enrichment stemming from the failure of the company to pay him the proper profits from the venture. The investor alleges that the directors and officers diverted the profits out of this venture and into their own.

Settlement and defense exceeded \$500k.

**Non-Profit D&O - Improper Voting of Directors:**

**New in January 2015**

Members of a country club alleged negligence and breach of fiduciary duty against the club and certain board members stemming from the improper voting and election of its board of directors. Plaintiffs alleged that due to the failure to follow proper voting protocol, certain board members were elected who then mismanaged the club through self dealing and other improper acts.

Settlement (including new elections) and defense exceeded \$100,000.

**Sale of Assets & Bankruptcy:**

**New in January 2015**

A competitor who successfully bid for the assets of a bankrupt company and the bankruptcy trustee both allege breach of fiduciary duty and fraudulent transfer by certain directors and officers in that they used company funds to purchase personal real estate, paid well above market rates for office space in a building owned by D&Os, and improperly transferred other assets out of the company including its intellectual property which they then used to start up a similar venture.

Settlement and defense approached \$750k.

**Dilution:**

**New in November 2014**

Five founders of the company who once owned 40% of it allege that through the years a group of venture capital firms assumed management and engaged in a series of self-interested and dilutive stock offerings under terms that were grossly unfair to the common shareholders which resulted in them receiving less than \$50k from a \$80 million merger.

Defense costs exceeded \$250,000.

**Joint Venture:**

**New in November 2014**

Claimants allege that a D&O had been diverting funds for his personal use from \$12 million borrowed in a joint venture with the Insured to rebuild a medical facility. Without enough money to finish the project, the bank

Settlement and defense approached \$2 million.

foreclosed. The claimants alleged breach of the operating agreement, breach of fiduciary duty and negligence.

<b>Breach of Fiduciary Duty:</b>	<b>New in October 2010</b>	A shareholder who invested over four million dollars in a land management company files a complaint against the company and its directors and officers alleging breach of fiduciary duty, conspiracy and fraud. In particular, it is alleged that the company (insured) failed to make quarterly distributions, wrongfully transferred funds out of certain properties and participated in sham transactions to the detriment of all shareholders.	Settlement and defense exceeded \$1,200,000
<b>Non-Entity EPL:</b>	<b>New in November 2005</b>	Plaintiff agreed to help form and work for a company as its Chief Operating Officer. He alleges that his employment was terminated without cause. Further, it is alleged that the company hindered his attempt to find new employment by telling third parties that the plaintiff is prohibited from using trade secrets and intellectual property that allegedly belongs to the company. A complaint was filed against the company and a D&O which included causes of action for breach of contract, and unfair and deceptive trade practices.	Defense costs and settlement for the individually named defendant exceeded \$180,000.
<b>Creditor Claim:</b>	<b>New in September 2005</b>	Plaintiff filed a complaint against individual D&Os of a company alleging that its CEO, CFO, & COO conspired to use the plaintiff's services to furnish, install and repair the company's equipment knowing that it was insolvent and was planning to file for bankruptcy protection. Causes of action included: (1) fraud, misrepresentation and non-disclosure; (2) deceptive trade practices; and (3) civil conspiracy.	Total settlement and defense of the individually named defendants exceeded \$100,000.
<b>Class Action Complaint:</b>	<b>New in January 2005</b>	Plaintiffs represents a class of non-insider stockholders who invested in the company. Plaintiffs allege that certain directors and officers failed to disclose material facts and provided them with inaccurate and misleading information. It is alleged that the materials did not disclose the high turnover of management and that the company's website had not yet been developed. The company later went bankrupt. The complaint included causes of action for: (1) common law fraud; (2) negligent misrepresentation; and (3) breach of fiduciary duties.	Settled for over \$1 million and defense costs exceeding another \$1.4 million.
<b>Conspiracy &amp; Negligence:</b>	<b>New in September 2004</b>	A professional wrestler who competes in a wrestling circuit files a complaint against the organization - and its D&Os - which procures the talent for individual events across the country. Plaintiff alleges that he was excused by the organization from appearing at an event due to an illness in his family. The organization allegedly deemed that he was not properly excused pursuant to its rules and was	The matter is currently being defended and defense costs have exceeded \$200,000.

suspended for a period of over one year. Plaintiff alleges that the suspension was done in an arbitrary manner and violated his contract. Plaintiff further alleges that his suspension was done in a conspiratorial manner in order to stifle competition. The plaintiff alleges the following causes of action: (1) breach of contract; (2) negligence; (3) fraud; (4) interference with prospective economic advantage/business relations; (5) conspiracy; (6) and intentional/reckless infliction of emotional distress. Plaintiff is not an Employee as defined by the policy.

**Dispute Over Inventorship:**

**New in July  
2004**

An inventor filed a complaint against a research and development company specializing in medical devices alleging that the company was founded by his former partner for the purpose of stealing his highly valuable and uniquely innovative technology. This technology was the subject of a patent application which listed the plaintiff as the sole inventor. Plaintiff's former partner, in charge of securing the patent, allegedly informed the plaintiff that he must also be listed as a co-inventor for the patent to be filed. When the plaintiff refused, his former partner withdrew the application. With the partnership subsequently liquidated and the application abandoned, the former partner immediately formed a new company and filed a new patent application virtually identical to the plaintiff's but listed the former partner as the sole inventor. In his complaint plaintiff alleges that the company and its D&O (his former partner) misappropriated technology that he developed, and utilized it to establish the research and development company. Plaintiff asserts causes of action for: (1) fraud; (2) negligent misrepresentations; (3) breach of fiduciary duty; (4) conversion; and (5) successor liability.

Defense and settlement of this matter exceed \$1 million.

**Competitor Disputes:**

**New in  
January 2003**

The plaintiff filed a complaint against their competitor alleging that a former employee, now working at the competition, engaged in unauthorized use of confidential and proprietary information and committed other acts of unfair competition. As a result, the plaintiff alleges it has suffered irreparable and immediate injury. In addition, the plaintiff alleges that the defendant has possession of its confidential information and intellectual property. The plaintiff asserts causes of action for: (1) misappropriation of trade secrets and confidential information; (2) violation of the Computer Fraud and Abuse Act (3) unlawful access to stored information; and (4) unfair competition. The plaintiff seeks: (1) attachment of a computer server; (2) attachment of certain files and documents; (3) injunction ♦ preservation; (4) injunction ♦ proprietary information; (5) injunction ♦ surrender of possession; (6) injunction ♦ non-compete; (7) compensatory damages; (8) exemplary and

Total defense costs and settlement exceeded \$350,000.

punitive damages; and (9) attorneys' fees and costs.

**Shareholder:**

**New in  
January 2003**

The plaintiff alleges that certain directors have exerted complete domination and control over the company and used the company as a vehicle for their own business purposes at the expense of the company and minority shareholders. Specifically, the plaintiff alleges that certain directors helped to renegotiate a service contract and booked all of the revenue during one quarter instead of over the three year life of the contract. The plaintiff also contends that this service contract received steep discounts and would cause other customers to request similar discounts resulting in lost revenue to the company.

The defense and settlement of this case exceeded \$500,000.

**Misappropriation of Trade  
Secrets:**

**New in  
January 2003**

A wholesale supplier and distributor of food products meets with a sales representative of a new product line they are considering. The sales representative communicated that in order to develop a long-term exclusive relationship within the designated territory, the wholesaler must provide her with information regarding its business operations, customers, and trade secrets. Later on, the sales representative opened her own wholesale distributorship within the same territory.

This claim is currently being defended and defense costs have exceeded \$450,000.

**Breach of Investment  
Agreement:**

**New in  
January 2002**

A company enters into an investment agreement with a third party and agrees not to negotiate with other entity regarding financing or a potential acquisition for a two-week period. During the exclusivity period the company engages in negotiations with another investment group. The third party alleges breach of investment agreement and intentional and negligent misrepresentation.

Total defense costs and settlement exceeded \$350,000.

**Shareholder Derivative Action:**

**New in  
January 2002**

A shareholder derivative action is taken against a company for breach of fiduciary duties on behalf of the directors. The plaintiffs contend that the defendants have failed to provide them with certain information, such as shareholder listings, financial data and other corporate records. They also allege that certain directors borrowed money from the company without the Board's approval and subsequently these loans were forgiven.

Total defense costs and settlement exceeded \$500,000.

**Breach of Fiduciary Duty:**

**New in  
January 2002**

A private company agrees to perform market research for a start-up company in the material management industry. In exchange for their services, the company allegedly agrees to pay the private company \$20,000 in cash and 5% of the privately placed issued shares in the company. The company denies that they explicitly or implicitly agreed to pay the private company in stock. The plaintiffs allege several causes of action, including breach of fiduciary duty.

Total defense costs and settlement exceeded \$800,000.

**Misrepresentation/Deceptive Trade Practices:**

**New in January 2002**

A private software company represents that it can write software for a major corporation according to the corporation's specifications; provide maintenance services for four years; and execute updates and upgrades to the software. The private company misses key delivery dates. The software fails key functionality tests and ultimately crashes and becomes inoperable. The corporation decides to withhold payments until certain milestones are met. The private software company allegedly indicates to the corporation that it needs the payments in order to remain solvent. The plaintiff alleges that the private software company represented that it could produce the software and that it was a financially stable company. The plaintiff alleges the following causes of action; misrepresentation and deceptive trade practices; and breach of covenant of good faith and fair dealing.

Total defense costs and settlement exceeded \$1,000,000.

**Government Agency:**

**New in January 2002**

The federal government sued the CEO, the President and other officers of an East Coast manufacturing company for price fixing.

After an extensive trial, the allegations were dismissed due to lack of circumstantial evidence, but the defense costs and fees incurred were in excess \$750,000.

**Deceptive Trade Practices:**

**New in January 2002**

A private company that manages and runs a major natural resource receives a claim against the company and various members of the board of directors. The plaintiff alleges that the board of directors have used their position for their own private benefit and personal advantage, and for the benefit and advantage of their private employers. The plaintiff also alleges that the board of directors assigned a valuable contract without receiving any consideration. The plaintiff further alleges that such assignment also constitutes misappropriation of valuable assets for the benefit of private party in violation of state codes.

Total defense costs exceeded \$250,000.

**Inaccurate Disclosure:**

**New in January 2002**

A class action suit was commenced by various investors who participated in an internet startup company's a Private Placement that raised in excess of \$5 million to fund capital expenses, to provide working capital and to cover operating losses. An investigation made by and through counsel, primarily from corporate records and public records and documents shows that the Private Placement Memorandum contained an unaudited year end balance sheet and statement of profits and losses which were materially misleading.

Total defense costs and settlement exceeded \$500,000

**Inadequate Financial Reporting:**

**New in**

A technology company received a complaint

The plaintiff

**January 2002**

from an investor who alleges the company improperly induced the plaintiff to issue a note payable to the company. The plaintiff specifically alleges the company made false representations and other false statements regarding the company's forecasted rate of growth and failure to disclose its tax lien. The company defaulted on the promissory note when it failed to make the required principle and interest payments. The plaintiffs issued a demand letter and filed suit against the company.

agreed to accept the company's offer to convert the promissory note to stock in the company, but the defense costs exceeded \$100,000.

**Loan Default:**

**New in  
January 2002**

A diversified sports product company received a lawsuit against the President, CEO, and Chairman of the Board for not honoring a promissory note. The plaintiff alleges that it lent \$1 million to the company. The company allegedly agreed to pay the funds back within a month pursuant to the promissory note. Despite requests for return of the money, plus interest, the company has not returned the funds to the plaintiff.

Total defense costs and settlement exceed \$250,000.

**Foreclosure/Unfair Competition:**

**New in  
January 2002**

A shareholder commenced a derivative action against the president of a company which develops and markets chemical compounds, after all its assets were sold. The company entered into an agreement to allow a corporation to test and evaluate its compounds. The corporation subsequently received various patents for the compounds, however, it refused to enter into a licensing agreement with the company. The plaintiff concludes that the company can assert causes of action against the corporation for: breach of contract; breach of fiduciary duty; misappropriation of trade secrets; unfair competition; fraudulent concealment; and intentional misrepresentation. The plaintiff also alleges the company series B shareholders did not approve certain loans. Subsequently, after the company defaulted on the loans, the president decided to execute a foreclosure sale of the company's assets and he advised the shareholders that he is resigning. The plaintiff alleges that the president did not promptly advise the shareholders of the foreclosure sale and he breached his fiduciary duties when failed to have the Company commence litigation against the corporation that was retained to test its compounds. The complaint is comprised of four causes of action, including: (1) negligence, (2) breach of fiduciary duty; (3) concealment; and (4) unfair competition.

Total defense costs and settlement exceeded \$750,000.

**Shareholder Claim:**


**New in  
January 2001**

A Midwest domiciled home products company retained an independent research firm to evaluate its new home product. Based on a favorable review by the outside firm, the company raised in excess of \$10 million for the production and marketing of the new product. Prior to releasing the product, the company's

Damages alleged in the lawsuit exceed \$15 million.

internal evaluation team discovered, after extensive testing, that the new product did not work properly. Shareholders have brought suit against the company and the directors and officers for misrepresentation in the offering documents. The plaintiffs assert causes of action for violation of various state securities laws and the Securities and Exchange Act of 1934.

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