



Monterey County Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Agreement No.: A-13274

Upon motion of Supervisor Adams, seconded by Supervisor Parker and carried by those members present, the Board of Supervisors hereby:

- a. Approved and authorized the Chief Probation Officer to sign Amendment No. 2 to Agreement No. A-13274 with Rancho Cielo, Incorporated in the amount of \$169,825, for a total contract amount of \$604,751, to continue to provide a job readiness and placement program for AB 109 Public Safety Realignment eligible clients, for the term from July 1, 2018 to June 30, 2019; and
- b. Authorized the Chief Probation Officer to sign up to three (3) future amendments to this Agreement where each amendment does not exceed ten percent (\$21,746) of the original contract amount and does not significantly change the scope of work.

PASSED AND ADOPTED on this 15th day of May 2018, by the following vote, to wit:

AYES: Supervisors Alejo, Salinas, Phillips, Parker and Adams

NOES: None

ABSENT: None

I, Nicholas E. Chiulos, Acting Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 80 for the meeting May 15, 2018.

Dated: May 29, 2018
File ID: A 18-148

Nicholas E. Chiulos, Acting Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

**AMENDMENT #2 TO AGREEMENT NO. A-132-74
BY AND BETWEEN
COUNTY OF MONTEREY &
RANCHO CIELO, INCORPORATED**

ORIGINAL

THIS AMENDMENT is made to the Standard Agreement for the provision of Rancho Cielo Youth Corps program, a job readiness and placement program for clients referred from the probation department and identified as participants aged 18 – 25 years old funded by the AB109 Public Safety Realignment Plan by and between **RANCHO CIELO, INCORPORATED**, hereinafter “CONTRACTOR”, and the County of Monterey, a political subdivision of the State of California, hereinafter referred to as “County”, (collectively, “the Parties”).

WHEREAS, the County and CONTRACTOR first entered into the Agreement on August 23, 2016 by board action for the term July 1, 2016 through June 30, 2017, for an amount not to exceed \$217,463; and

WHEREAS, Agreement was amended by the Parties on May 24, 2017 (hereinafter, “Amendment No. 1”) to extend the term for one (1) additional year through June 30, 2018 and to increase the Agreement’s amount by \$217,463 which resulted in a total not to exceed amount of \$434,926; and

WHEREAS, CONTRACTOR has fully performed the services required by the Agreement and effective July 1, 2018, the scope of work needs to be updated; and

WHEREAS, the County and CONTRACTOR wish to further amend the Agreement by \$169,825 for a total not to exceed amount of \$604,751, update the scope of work effective July 1, 2018, and extend the term for one (1) additional year to June 30, 2019 to allow CONTRACTOR to continue to provide services identified in the Agreement and as amended by this Amendment No. 2.

NOW THEREFORE, the Parties hereby agree to amend the Agreement as follows:

1. The first sentence of Section 3.01 of Paragraph 3, “Term of Agreement”, shall be amended to read as follows:

The term of this Agreement is from July 1, 2016 to June 30, 2019, unless sooner terminated pursuant to the terms of this Agreement.

2. The second sentence of Section 2.01 of Paragraph 2, “Payment Provisions” shall be amended to read as follows:

The total amount payable by County to CONTRACTOR under this Agreement shall not exceed the sum of \$604,751.

3. Effective July 1, 2018, in Section 4.01 of Paragraph 4, "Scope of Services and Additional Provisions" delete "Exhibit A, Scope of Services/Payment Provisions" and add "Exhibit A-1, Scope of Services/Payment Provisions".
4. Effective July 1, 2018, in all places within the Agreement, any reference to Exhibit A, Scope of Services/Payment Provisions is hereby replaced with Exhibit A-1, Scope of Services/Payment Provisions.
5. References to fiscal year (FY) 2017-2018 are updated to include FY 2018-19 for the funding period July 1, 2018 through June 30, 2019. AB 109 funding in the amount of \$169,825 for FY 2018-19 is intended to be used by June 30, 2019.
6. Except as provided herein, all remaining terms, conditions and provisions of the Agreement are unchanged and unaffected by this Amendment No. 2 and shall continue in full force and effect as set forth in the Agreement.
7. This Amendment No. 2 shall be attached to the Agreement and incorporated therein as if fully set forth in the Agreement.
8. The recitals to this Amendment No. 2 are incorporated into the Agreement and this Amendment No.2.

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 2 to the Agreement which shall be effective as of the last date opposite the respective signatures below.

MONTEREY COUNTY

Marcia Parsons
Marcia Parsons, Chief Probation Officer
County of Monterey

Dated: 5-30-18

Approved as to Fiscal Provisions:

[Signature]
Deputy Auditor/Controller

Dated: 5-4-18

Approved as to Liability Provisions:

Risk Management

Dated: _____

Approved as to Form:

[Signature]
Deputy County Counsel

Dated: May 3, 2018

CONTRACTOR

By: Susie Brusa
Signature of Chair, President, or
Vice-President

Susie Brusa CEO
Printed Name and Title

Dated: 4-23-18

By: [Signature]
(Signature of Secretary, Asst. Secretary, CFO,
Treasurer or Asst. Treasurer) *

Michael Zimmerman, Treas
Printed Name and Title

Dated: 4/23/18

*INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement.

EXHIBIT-A-1

**To
Service Agreement
by and between
County of Monterey hereinafter referred to as "COUNTY"
AND
Rancho Cielo, Incorporated, hereinafter referred to as "CONTRACTOR"**

Scope of Services / Payment Provisions

A. SCOPE OF SERVICES

- A.1** CONTRACTOR shall provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

In support of the Public Safety Act of 2011 (AB109), Rancho Cielo will provide a job readiness and placement program to all clients referred from the Probation Department and identified as AB109 funded participants aged 18 – 25 years old. AB109 funded participants include Post Release Community Supervision, Mandatory Supervision and Intensive Supervision probationers.

Rancho Cielo Youth Corps program is a six-month job training and paid employment program located at the Rancho Cielo Youth Campus. The program involves training for soft skills, appearance, professional behavior, resume writing, and interviewing, as well as counseling and participation in a cognitive behavioral group as needed with full time, on-campus Behavioral Health counselors. The on-site charter school provides diploma credit recovery, awarding diplomas to youth up to the age of 25.

The program is a sequence of three phases following intake interview performed by Rancho Cielo Program Coordinator/Case Manager;

- If during the intake interview, the client expresses preference in first obtaining a high school diploma, he/she will be placed in the classroom. While in the classroom, client will have the opportunity to complete the necessary credits to earn a high school diploma while receiving job training in solar panel installation. This training is unpaid. Client will also have the opportunity to work on resume and mock interview sessions and will also receive job placement help upon completion of high school diploma. Further job training can be received by moving into Rancho Cielo's Youth Corps program (explained below).
- If during the intake interview, client expresses interest in job training then the following three (3) phases commence:

Phase I – Volunteer: Week 1

Orientation phase consists of 40 hours of unpaid program participation that is to be completed over the course of one week.

Phase II - Crew Membership: Week 2-19

Participant becomes an employee of Rancho Cielo and joins as a Youth Corps Crew Member. As part of the team, participants will receive supportive services, which include safety equipment, a work T-shirt, work boots, up to 6 months of employment readiness based training, opportunity to obtain a high school diploma or G.E.D, access to pre-employment, job searching and job retention services, workshops and ongoing support.

Phase III – Transition: Week 20-24

Referral to job placement, intense job search, exit interview and on-going case management.

Management Plan and Staffing

<u>Classification/Title</u>	<u>Full-Time Equivalent (FTE)</u>
Case Manager	.25
Crew Supervisor	.50

CONTRACTOR shall in writing notify the Adult Division Director and the Assistant Chief or Chief Probation Officer of any change in staffing within two working days of the modification.

CONTRACTOR agrees to:

1. Maintain a referral criterion that incorporates program eligibility and suitability requirements.
2. Protect the confidentiality and maintain the security of confidential information. Comply with the federal Health Insurance Portability and Accountability Act regarding individual's medical and health information.
3. Require the participant to be in full compliance with program rules. If a participants' behavior indicates otherwise, CONTRACTOR shall notify the Probation officer within two business days and expenditure of incentive based funds shall be placed on hold until further authorization is provided by the Probation Department.

4. Act as the fiscal agent in charge of issuing checks to participants for payment for employment for eligible individuals.
5. Collaborate as necessary with other agencies involved in working with this population of individuals.
6. Maintain records and documentation of the services provided to individuals referred and the outcomes associated with the services they received.
7. Submit monthly information and data to the Probation Department for program analysis, outcome and evaluation.
8. Upon implementation of Efforts to Outcomes (ETO) Software, submit referrals electronically.
9. Record all case management activities.
10. Provide full access to the manner and specifics of the expenditures of all allocated funds from County.
11. Attend collaborative meetings, when necessary, to coordinate the overall implementation of the AB 109 funding.
12. Attend team meetings when necessary.
13. Communicate regularly with Probation regarding case management and financial assistance provided.
14. Upon mutual agreement, provide other services as needs are identified.

PROBATION agrees to:

1. In FY 2018-19 provide allocated funds from AB 109 on a monthly basis upon presentation, and verification of receipts, time cards, or other proofs of expenditure for a total of **\$169,825**.
2. Identify a Probation staff member(s) to be the primary contact to CONTRACTOR.
3. Provide CONTRACTOR with a list of information needed for adequate record keeping and data gathering, which should include: number of individuals referred, number of referrals that did not follow through or declined participation, number of referrals accepted into the program, number of participants that completed each program phase, number of individuals who completed an Individual Development Plan, number of active participants each month, number of participants who are open/active or closed each month, and include a signed Release of Information from all individuals who are referred.
4. Implement terms and conditions of supervision that support participation and provide accountability.
5. Communicate regularly with CONTRACTOR regarding program implementation.

EVIDENCE-BASDED PRACTICES AND PROGRAMS

One of the legislative intents of AB109 is to maximize the role of evidence-based intervention strategies to effectively reduce criminal recidivism. The Probation Department has agreed to provide AB109 service providers additional support through the Smart Supervision Grant in collaboration with the City of Salinas. Specifically, an assessment of evidence based practice utilization, training and technical support will be provided for your staff. It is expected that staff will fully participate and utilize these trainings and techniques to enhance delivery of services. These efforts will also provide support for identifying measurable service objectives used in Probations program evaluation of your service delivery.

DATA COLLECTION

Individual participant data must be collected for each person referred and served. Collected data shall reflect the dates and specific services received; outcome of service delivery and related participant expenditures. Aggregate data shall also be collected to reflect total numbers of those referred each month; assessed, case managed, and closed. Data shall be provided monthly, or as requested by County. Upon implementation of ETO (Efforts to Outcomes), all required data will be entered into the web-based software application. Users shall be responsible for maintaining confidentiality of their user license; accurately entering data on a daily to weekly basis, and notifying Probation Site Administrators of identified issues relating to access, data entry or training needs.

B. PAYMENT PROVISIONS

B.1 COMPENSATION/ PAYMENT

The County shall pay an amount not to exceed **(\$169,825)** for the performance of all things necessary for or incidental to the performance of work as set forth in the Scope of Work. CONTRACTOR'S compensation for services rendered shall be based on the following rates or in accordance with the following terms:

B.2 BUDGET

<u>Budget Line Item</u>	<u>Budget Amount*</u>
Program Participant Salaries	\$97,237
Contractor Employee Salaries	\$47,520
Supportive Services as described in A.1	\$9,629
Administrative & Operating Costs (10%)	\$15,439
TOTAL	\$169,825

NOTE*: Contractors will charge eligible expenses as allocated by line item. However, funding could be reallocated between line items upon request and justification by the Contractor and written approval by the Office of the Chief (or designee), providing that the total contract amount remain unchanged.

All fees and costs stated herein shall include all applicable tax.

If County approves travel reimbursement, CONTRACTOR shall receive compensation for travel expenses as per the "County Travel Policy". A copy of the policy is available online at www.co.monterey.ca.us/auditor/policies.htm. To receive reimbursement, CONTRACTOR must provide a detailed breakdown of authorized expenses, identifying what was expended and when.

CONTRACTOR warrants that the cost charged for services under the terms of this contract are not in excess of those charged any other client for the same services performed by the same individuals.

B.2 CONTRACTORS BILLING PROCEDURES

Contractor shall invoice County monthly, in arrears, and based upon hours or expenses actually incurred. Contractor shall submit a monthly claim for payment, with back-up documentation, no later than the 20th day following the month of service. Failure to submit reports will be deemed non-compliance with the grant terms and conditions and may cause reimbursement to be delayed or denied. Expenses may only be incurred prior to June 30, 2019.

DISALLOWED COSTS: CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

01/05/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	TNT Insurance Agency P.O. Box 95 Greenfield, CA 93927 License #: 0476326	CONTACT NAME:	Elizabeth Andrade	
		PHONE (A/C, No, Ext):	(831)674-5538	FAX (A/C, No):
		E-MAIL ADDRESS:	Liz@tntinsurance.com	
INSURED	RANCHO CIELO, INC. PO BOX 6948 SALINAS, CA 93912	INSURER(S) AFFORDING COVERAGE		NAIC #
		INSURER A:	Philadelphia Insurance Co.	18058
		INSURER B:	State Compensation Ins. Fund	35076
		INSURER C:		
		INSURER D:		
		INSURER E:		
		INSURER F:		

COVERAGES

CERTIFICATE NUMBER: 00000000-754180

REVISION NUMBER: 55

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PROJECT ☐ LOC OTHER:	Y	Y	PHPK1754303	01/01/2018	01/01/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY	Y	Y	PHPK1754303	01/01/2018	01/01/2019	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	☒ UMBRELLA LIAB ☒ EXCESS LIAB ☐ DED ☐ RETENTION \$			PHUB611736	01/01/2018	01/01/2019	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	Y	9100500-17	07/01/2017	07/01/2018	☒ PER STATUTE ☐ OTHER \$ 1,000,000 E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Directors & Officers			PHSD1305802	01/01/2018	01/01/2019	Each Occurrence \$5,000,000
A	EPLI			PHSD1305802	01/01/2018	01/01/2019	Each Occurrence 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

County of Monterey, its officers, agent and employees are included as an additional insured (Primary and non-contributory) on the General Liability policy and additional insured on Automobile Liability. Waiver of Subrogation applies. Notice of cancellation is 10 days for non-payment of premium. Per Forms CG 20 26 04 13; CG 24 04 05 09; PI-GL-005 07 12; CA 20 48 02 99; PI-CA-001 0915

CERTIFICATE HOLDER

CANCELLATION

County of Monterey
Contracts/Purchasing
1488 Schilling Place
SALINAS, CA 93901

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

(EEA)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

County of Monterey, its Officers, Agents
and Employees

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
PRIMARY AND NON-CONTRIBUTORY INSURANCE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Effective Date: 01/01/2017

Name of Person or Organization (Additional Insured):

County of Monterey, Its Officers, Agents and Employees
168 W Alisal St Fl 3
Salinas CA 93901-2487

SECTION II – WHO IS AN INSURED is amended to include as an additional insured the person(s) or organization(s) shown in the endorsement Schedule, but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" arising out of or relating to your negligence in the performance of "your work" for such person(s) or organization(s) that occurs on or after the effective date shown in the endorsement Schedule.

This insurance is primary to and non-contributory with any other insurance maintained by the person or organization (Additional Insured), except for loss resulting from the sole negligence of that person or organization.

This condition applies even if other valid and collectible insurance is available to the Additional Insured for a loss or "occurrence" we cover for this Additional Insured.

The Additional Insured's limits of insurance do not increase our limits of insurance, as described in **SECTION III – LIMITS OF INSURANCE.**

All other terms, conditions, and exclusions under the policy are applicable to this endorsement and remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

CA2048 Additional Insured - Designated Insured

The following is added per form CA2048 Additional Insured - Designated Insured with respect to transportation services:

County of Monterey, its Officers, Agents and Employees
168 West Alisal St FL 3
Salinas, CA 93901

All other terms and conditions of this Policy remain unchanged.

I. LIABILITY COVERAGE EXTENSIONS

A. Who Is An Insured

SECTION II – LIABILITY COVERAGE, A. Coverage, 1. Who Is An Insured is amended by adding the following:

The following are also "insureds":

1. **Board Members** – Board members (or their spouses) while renting a vehicle while on business for the named insured.
2. **Newly Acquired Entities** – Any business entity newly acquired or formed by you during the policy period, provided you own 50% or more of the business entity and the business entity is not separately insured for Business Auto Coverage. Coverage is extended up to a maximum of 180 days following the acquisition or the formation of the business entity.
3. **Designated Insured** – Any person or organization designated by the "insured" is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in **SECTION II** of the Coverage Form.
4. **Lessor of Leased Autos** – The lessor of a "leased auto" is an "insured" only for "bodily injury" or "property damage" resulting from the acts or omissions by:
 - a. You;
 - b. Any of your "employees" or agents; or
 - c. Any person, except the lessor or any "employee" or agent of the lessor, operating a "leased auto" with the permission of any of the above.

Any "leased auto" in the policy schedule will be considered a covered "auto" you own and not a covered "auto" you hire or borrow.

The coverages provided under this endorsement apply to any "leased auto" in the policy schedule until the expiration date of the lease, or when the lessor or his or her agent takes possession of the "leased auto," whichever occurs first.

"Leased auto" means an "auto" leased or rented to you, including any substitute, replacement or extra "auto" needed to meet seasonal or other needs, under a leasing or rental agreement that requires you to provide direct primary insurance for the lessor.

B. Cost of Bail Bonds

SECTION II – LIABILITY COVERAGE, A. Coverage, 2. Coverage Extensions, a. Supplementary Payments, Item (2) is deleted in its entirety and replaced with the following:

- (2) Up to \$5,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

C. Reasonable Expenses

SECTION II – LIABILITY COVERAGE, A. Coverage, 2. Coverage Extensions, a. Supplementary Payments, Item (4) is deleted in its entirety and replaced with the following:

E. Hired Auto Physical Damage

SECTION III – PHYSICAL DAMAGE COVERAGE, A. Coverage, 4. Coverage Extensions is amended by adding the following extension:

Hired Auto Physical Damage

Any "auto" you lease, hire, rent or borrow from someone other than your "employees" or partners, or members of their household is a covered "auto" for each of your physical damage coverages.

The most we will pay for any "loss" in any one "accident" is the ACV or the cost for repair or replacement of the vehicle, whichever is less.

For each covered "auto" our obligation to pay will be reduced by a deductible of \$500 for Comprehensive Coverage and \$1000 for Collision Coverage.

F. Personal Effects Coverage

SECTION III – PHYSICAL DAMAGE COVERAGE, A. Coverage, 4. Coverage Extensions is amended by adding the following extension:

Personal Effects Coverage

We will pay up to \$500 for "loss" to personal effects, which are:

1. Owned by an "insured"; and
2. In or on your covered "auto."

This coverage applies only in the event of the total theft of your covered "auto." No deductible applies to this coverage.

G. Rental Reimbursement

SECTION III – PHYSICAL DAMAGE COVERAGE, A. Coverage, 4. Coverage Extensions is amended by adding the following extension:

Rental Reimbursement Coverage

We will pay up to \$100 per day, for up to 30 days, for rental reimbursement expenses incurred by you for the rental of an "auto" because of "loss" to a covered "auto."

We will also pay up to \$300 for reasonable and necessary expenses incurred by you to remove and replace your materials and equipment from the covered "auto."

If "loss" results from the total theft of a covered "auto," we will pay under this coverage only that amount of your rental reimbursement expenses which is not already provided under Item III. C. **Transportation Expenses** of this endorsement.

H. Accidental Discharge – Airbag Coverage

SECTION III – PHYSICAL DAMAGE COVERAGE, B. Exclusions, Paragraph 3. is amended by adding the following exception:

- (1) The actual cash value of the damaged or stolen property as of the time of the "loss";
or
 - (2) The cost of repairing or replacing the damaged or stolen property with other property
of like, kind and quality.
- b. Our Limit of Insurance for "total loss" will be the greater of:
- (1) The balance due under the terms of the lease or loan, to which your "auto" is subject
but not including:
 - (a) Past due payments;
 - (b) Financial penalties imposed under the lease;
 - (c) Security deposits not refunded;
 - (d) Costs for extended warranties or insurance; or
 - (e) Final payment due under a "balloon loan"; or
 - (2) Actual cash value of the stolen or damaged property.

An adjustment for depreciation and physical condition will be made in determining actual cash value at the time of "loss."

c. Additional Definitions

- (1) "Total loss" for the purpose of this coverage, means a loss in which the estimated cost of repairs, plus the salvage value, exceeds the actual cash value.
- (2) "Balloon loan" is one with periodic payments that are insufficient to repay the balance over the term of the loan, thereby requiring a large final payment.

d. Additional Conditions

This coverage will apply only to the original lease or loan written on your covered "auto." In order for this coverage to apply, leased "autos" must be leased or rented to you under a leasing or rental agreement, for a period of not less than six months, which requires you to provide direct primary insurance for the benefit of the lessor.

L. One Comprehensive Coverage Deductible

SECTION III – PHYSICAL DAMAGE COVERAGE, D. Deductible is amended by adding the following:

Only one Comprehensive Coverage Deductible per occurrence will apply to any "loss" resulting from a covered peril.

For the purpose of this extension, occurrence means a single incident, including continuous or repeated exposure to substantially the same general harmful conditions within a 24-hour period.