

**COUNTY OF MECKLENBURG
SELF-FUNDED LOSS PROGRAM**

The County of Mecklenburg (the "County") by its adoption hereof hereby establishes a Self-Funded Loss Program (the "Program") in order to implement an administratively efficient means for carrying out its risk management program. The Program shall be administered by the Division of Insurance and Risk Management of the City Finance Department of the City of Charlotte ("DIRM") in accordance with the terms, provisions and conditions of this Program and an Administration Agreement between the County and DIRM dated as of July 1, 1993 (the "Administration Agreement").

DIRM will be authorized to pay, on behalf of the County, Claims and Losses with respect to Occurrences within the scope of Article IV hereof, subject to the terms and limitations of this Program and subject to the terms and limitations of the following Resolutions adopted by the Mecklenburg County Board of Commissioners, as such Resolutions may be amended from time to time:

1. Resolution adopted by the Mecklenburg County Board of Commissioners on May 22, 1979, as amended by Resolution adopted October 21, 1991, which 1979 Resolution and the 1991 Amendment thereto are entitled "Resolution of the Mecklenburg County Board of County Commissioners Establishing Uniform Standards Under Which Claims or Civil Judgments Sought or Entered Against County Officers and Employees Shall Be Defended and Paid."

2. Resolution adopted by the Mecklenburg County Board of Commissioners on February 1, 1988 and entitled "Resolution of the Mecklenburg County Board of County Commissioners Establishing Uniform Standards Under Which Claims or Civil Judgments Sought or Entered Against County Officers and Employees Arising from Motor Vehicle Accidents Where The County Has Not Purchased Insurance Shall be Defended and Paid."

3. Resolution adopted by the Mecklenburg County Board of Commissioners on July 18, 1988, and entitled "Resolution of the Mecklenburg County Board of Commissioners Establishing Uniform Standards Under Which Claims or Civil Judgments Sought or Entered Against County or Area Mental Health, Mental Retardation and Substance Abuse Authority Officers and Employees Arising from Medical Professional Liability Claims Where The County or the Area Mental Health, Mental Retardation and Substance Abuse Authority Has Not Purchased Insurance Shall be Defended and Paid."

Copies of these Resolutions are attached as Exhibits 1 through 4 and are incorporated herein.

In the event of any conflict between the provisions of this Program and the provisions of the above-referenced Resolutions, the provisions of the Resolutions shall control. The authorization to make payments shall be limited and qualified by the terms stated in this Program (including the Resolutions mentioned above), the terms stated in the Self-Funded Loss Reserve Trust Agreement established to provide a loss fund, and the terms of the Administration Agreement.

The establishment of this Program shall not be deemed to be a waiver of immunity through the purchase of insurance within the meaning of N.C. Gen. Stat. § 153A-435 or any present or future statute of similar import or the waiver of any defense or rule of governmental or sovereign immunity available to County or to a Member with respect to any Claim asserted against County or a Member. The establishment of this Program shall not constitute the establishment of a Local Government Risk Pool within the meaning of N.C. Gen. Stat. § 58-23-1 et seq.

The County does not, by the establishment of this Program, elect to waive its defense or right of governmental or sovereign immunity and, accordingly, the provisions of Article IV hereof shall be deemed limited thereby. Additionally, the establishment of this Program shall not constitute the exercise by County of the option granted to it by Chapter 980 of the 1988 North Carolina Session Laws.

ARTICLE I
Definitions

The following terms used in this Agreement are defined as indicated:

1. The term "Administration Agreement" shall mean and refer to that certain Administration Agreement dated as of July 1, 1993 pursuant to which the County retains DIRM to serve as the administrator of a risk management program established by County including the Program established hereunder.

2. The term "County" shall mean and refer to the County of Mecklenburg, its various administrative departments and agencies, and boards, commissions and authorities as designated from time to time by the County as being within the scope of the Program.

3. The term "DIRM" shall mean and refer to the Division of Insurance and Risk Management of the City Finance Department of the City of Charlotte and being the administrator of the County's risk management program including the Program established hereunder.

4. The term "Loss" or "Claim" shall refer to liability for loss, or claim for liability for loss or any other payments to or on behalf of the County attributable to any Occurrence specified in Article IV hereof and, in addition thereto, the following:

(a) all expenses incurred and all costs taxed against the County or a Member in any suit or administrative action defended by County, and all interest on the entire amount of any judgment or award therein which accrues after entry of the judgment or award and before DIRM, on behalf of County or a Member, has paid or tendered or deposited in court that part of the judgment or award which does not exceed the limitations set forth in Article III hereof;

(b) premiums on appeal bonds required in any such suit or administrative action, premiums on bonds to release attachments in any such suit or administrative action for an amount not in excess of the limitations set forth in Article III hereof, but DIRM shall have no obligation to apply for or furnish any such bonds;

(c) expenses incurred by County or a Member for first aid to others at the time of an accident for bodily injury to which this Program applies; and

(d) reasonable costs and expenses incurred by County because of attendance at hearings or trials.

5. The term "Loss Fund" shall mean monies contributed by the County to the Trust in order to provide a source of funds to make payments as may be required under this Program.

6. The term "Member" or "Members" shall, subject to any applicable limitations contained in N.C. Gen. Stat. Sections 153A-97 and 160A-167, as amended from time to time, mean and refer to the following persons while acting within the scope of their duties on behalf of, or in the interest of the County:

(a) any member of the Mecklenburg County Board of Commissioners, as the governing body of the County (the "Board") serving in such capacity as of the date of an Occurrence;

(b) any elected officials of the County as of the date of an Occurrence; and

(c) any employee of the County as of the date of an Occurrence.

7. The term "Motor Vehicle" shall mean a County owned and operated boat and a County owned and operated land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus attached thereto). For the purposes of this Program only the definition of "Motor Vehicle" will also include "mobile equipment" which means a land vehicle (including any machinery or apparatus attached thereto), whether or not self-propelled, (i) not subject to motor vehicle registration, or (ii) maintained for use exclusively on premises owned by or rented to the County, including the ways immediately adjoining, or (iii) designed for use principally off public roads, or (iv) designed or maintained for the sole purpose of affording mobility of equipment of the following types forming an integral part of or permanently attached to such vehicles; power cranes, shovels, loaders, diggers and drills; concrete mixers, graders, scrapers, rollers and other road construction or repair equipment; air compressors, pumps and generators, including spraying, welding and building cleaning equipment; and well servicing equipment.

8. The term "Occurrence" means an event, or a continuous or repeated exposure to conditions, which causes a Loss or Claim or may give rise to a Loss or a Claim during the effective period of this Program.

9. The term "Resolution" means the resolutions, as may be amended from time to time, adopted by the Mecklenburg County Board of Commissioners as follows:

(a) "Resolution of the Mecklenburg County Board of County Commissioners Establishing Uniform Standards Under Which Claims or Civil Judgments Sought or Entered Against County Officers and Employees Shall Be Defended and Paid;"

(b) "Resolution of the Mecklenburg County Board of County Commissioners Establishing Uniform Standards Under Which Claims or Civil Judgments Sought or Entered Against County Officers and Employees Arising from Motor Vehicle Accidents Where The County Has Not Purchased Insurance Shall be Defended and Paid;" and

(c) "Resolution of the Mecklenburg County Board of Commissioners Establishing Uniform Standards Under Which Claims or Civil Judgments Sought or Entered Against County or Area Mental Health, Mental Retardation and Substance Abuse Authority Officers and Employees Arising from Medical Professional Liability Claims Where The County or the Area Mental Health, Mental Retardation and Substance Abuse Authority Has Not Purchased Insurance Shall be Defended and Paid."

10. The term "Trust" shall mean and refer to the County of Mecklenburg Self-Funded Loss Reserve Trust dated as of July 1, 1993 established for the purpose of providing a Loss Fund from which distributions can be made in payment of Losses and Claims to the extent contemplated by the terms of the Program.

ARTICLE II
Conditions

1. Notice of an Occurrence. County shall give written notice to DIRM of any Occurrence that may give rise to a Loss or Claim under Article IV hereof and take appropriate steps to mitigate the amount and scope of such Loss or Claim. As soon as practicable after the date of the Occurrence, County shall furnish to DIRM a statement setting forth County's knowledge and belief as to the following:

- (a) The time and origin of the Occurrence;
- (b) Where applicable, names and addresses of the injured and of available witnesses;
- (c) All contracts of insurance, if any, whether valid or not, that could provide coverage in any manner for the Occurrence other than insurance contracts purchased by DIRM pursuant to the Administration Agreement or this Program;
- (d) Any estimated or projected amount of loss, cost, expense or other damage estimated or claimed as a result of such Occurrence, accompanied by detailed statements of all values, costs and estimates upon which such amount is based; and
- (e) Where applicable, every demand, notice, summons or other process received by the County with respect to such Occurrence.

County shall immediately forward to DIRM every demand, notice, summons or other process or similar communication received by it with respect to any Occurrence. Unless otherwise instructed by County, DIRM shall be authorized to enter into settlement negotiations on behalf of County and settle and compromise Claims consistent with the settlement authority as communicated to DIRM by County. County shall cooperate with DIRM and, upon DIRM's request, assist in making settlement in the conduct of suits or administrative proceedings and in enforcing any right of subrogation, contribution or indemnity against any person or organization who may be liable to County because of an Occurrence with respect to which payment may be afforded under this Program; and County or Member, if applicable, shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. County shall not be obligated to make any payment, assume any obligation or incur any expense except in strict accordance with the terms and provisions of this Program and applicable law.

2. Possibility of Insurance. If County has valid and collectible insurance insuring against a Loss or Claim otherwise within the scope of the Program, distributions shall be made from the Loss Fund with respect to such Loss or Claim only to the extent that the full amount of such Loss or Claim is not otherwise paid by such insurance and then only to the extent that the Loss or Claim arises out of an Occurrence of the type described in Article IV hereof and within the limitations set forth in Article III hereof.

3. Recovery. In the event of any payment under this Program, County may sue or may authorize DIRM to sue on County's behalf for rights of recovery therefor against any person or organization to the extent such right of recovery shall exist at law or in equity.

4. Limitations. The limitations set forth in Article III hereof, and the scope of Occurrences to be administered hereunder as set forth in Article IV hereof and the other conditions and provisions set forth in this Program shall not be waived or changed except by amendment hereto signed by County following adoption of that amendment by the governing body of County.

5. Construction. This Program, and the undertaking by County to self-fund certain Claims and Losses to the limited extent set forth in Article III hereof and as enumerated in Article IV hereof, shall be strictly construed.

ARTICLE III

Funding of Loss Fund and Payments Under the Program

1. Funding of the Loss Fund. Except as otherwise provided herein, County will provide the funds for paying all Claims not otherwise covered by insurance incurred by or asserted against County or, where applicable, a Member, with respect to which the County has determined that it has legal liability, and will provide the funds for paying other Losses incurred by County and arising out of one or more Occurrences in those areas described in Article IV hereof. In order to provide a source of funds for payment of any such Claims and Losses asserted against or incurred by County or, where applicable, a Member, County has established the Trust and has caused to be deposited in the Loss Fund established thereunder funds representing its initial contribution to the Trust. County shall, on an annual basis, exert reasonable efforts to appropriate additional funds for deposit in the Loss Fund in an amount reasonably believed to be sufficient to fund Losses and Claims (up to the various limits set by County through its Resolutions and only in connection with the specific risks selected by County) incurred and expected to be incurred with respect to those areas of risk identified in Article IV hereof and subject to the limitations set forth in Article III hereof. In order to assist the County in determining its annual contribution to the Loss Fund, DIRM shall assist the County in obtaining an actuarial study of suggested funding to pay Claims and Losses under the County's Resolutions and under this Program.

2. Payments. Payments made under the terms of this Program shall be made by DIRM on behalf of County, or a Member, where applicable, out of the Loss Fund and shall be limited as follows:

(a) Subject to subparagraph (c) below, payments under Section A of Article IV shall be limited to a total of \$500,000 or the amount established by applicable Resolution per any one Occurrence;

(b) Actual cash value (or replacement cost if so valued prior to Loss) of Motor Vehicles;

(c) For Claims and Losses covered to any extent by insurance contracts, the amount of the deductible/retention or an amount not to exceed the deductible/ retention that is stated in the respective insurance contract;

(d) Faithful performance and fidelity bonds for an aggregate total of the statutory amount required for a particular faithful performance bond under applicable North Carolina General Statutes as the same shall be amended from time to time; and with respect to such faithful performance and fidelity bonds not required in any particular amount by an applicable North Carolina General Statute, now existing or hereafter enacted, an aggregate total of \$250,000; and

(e) Workers' compensation for a total equal to the lesser of (i) the County's per occurrence self-funded retention or (ii) the per occurrence maximum statutory benefit required under the N.C. Workers' Compensation Act (N.C. Gen. Stat. § 97-1 et seq.) as amended from time to time.

The limits set forth above may be changed only by amendment to this Program duly executed by the County following the adoption of such amendment or modification by the governing body of the County.

**ARTICLE IV
RISKS COVERED UNDER THE PROGRAM
SUBJECT TO AVAILABLE FUNDING**

Section A: Liability

Part 1: Risks Embodied By the Program.

The Program (including the County's Resolutions) will apply only to the following:

1. Occurrences happening during the effective period of the Program for: bodily injury, sickness or disease sustained by any person, including death resulting therefrom; property damages including physical injury to or destruction of tangible property including any resulting loss of use thereof; bodily injury and personal injuries of a comprehensive nature including, but not limited to, false arrest, detention or malicious prosecution and the publication or utterance in violation of an individual's rights of privacy; wrongful entry or eviction, or other invasion of the right of private occupancy, or oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; liability assumed by contract; law enforcement liability; civil rights violations including employment discrimination;
2. Errors and omissions for any wrongful act including any actual or alleged error or misstatement or act or omission or neglect or breach of duty including misfeasance, malfeasance, and nonfeasance by a Member in the discharge of their duties, committed during the period of membership;
3. Medical malpractice legal liability of (i) Emergency Medical Services, paramedics or other similar units for the rendering (or failure to render) appropriate medical assistance in an emergency situation, and (ii) public and mental health personnel and facilities, except as excluded in Article IV, Section A, Part 2.
4. Motor vehicle liability including personal and property protection in accordance with the County's Resolutions respecting this subject.

Part 2: Limitations

The Program will not apply to Claims or Losses resulting from the following:

1. Contaminants or pollutants liability unless the discharge, dispersal, release or escape is sudden and accidental;
2. Ownership, maintenance, loading and unloading, use or operation of any aircraft, airfields, runways, navigational equipment, hangars, buildings or other properties or operations directly related to aviation activities;
3. Liquor liability in any form;
4. The rendering of or failure to render medical, surgical, dental, x-ray or other professional service by any physician, surgeon or dentist;
5. Any obligations for which County may be held liable under unemployment compensation or disability benefits law, or under any similar law;
6. Any Loss or Claim arising out of errors and omissions which is proven to be the result of any dishonest, fraudulent, criminal or malicious act;
7. Nuclear energy liability in any form;

8. Those tort claims asserted against the County with respect to which the County would be entitled to assert as a defense the doctrine of governmental or sovereign immunity; and

9. Condemnation actions.

Section B: Auto Physical Damage

It is intended that the scope of the Program will include, if the County funds the Trust accordingly, payment to the County for damage to or loss of licensed or unlicensed Motor Vehicles as defined in Article I.

Section C: Real & Personal Property

Part 1: Risks Embodied By the Program

The Program will have application only for Occurrences relating to real and personal property as follows:

Buildings

1. Buildings or structures owned by County, including attached additions and extensions; fixtures, machinery and equipment constituting a permanent part of and pertaining to the service of buildings; buildings or structures while in the course of construction (including foundations); material and supplies, including prefabricated structures, intended for use in construction, alterations or repair of buildings or structures; yard fixtures; personal property used for maintenance or service including fire extinguishing apparatus and automatic sprinkler systems; outdoor furniture; floor coverings; and appliances for refrigerating, ventilating, cooking, dish washing and laundering.

2. Buildings or structures leased by the County as tenant, including attachments, additions and extensions as described in subparagraph 1 of Part 1 immediately above to the extent of the County's interest in or legal liability for such property under the terms of the applicable lease agreement or as otherwise established by applicable law.

3. Expense incurred in the removal of debris of the buildings or structures as enumerated in Paragraphs 1 and 2 immediately above which are occasioned by Losses not otherwise excluded.

Personal Property

4. Personal property owned by County, including County's interest in or legal liability for property owned by others.

5. Personal property leased by the County as tenant to the extent that the County has legal liability for damage thereto under the applicable lease agreement or under applicable principles of law.

6. County's interest in tenant improvements and betterments, including such improvements and betterments made by County as a tenant.

7. The cost of research or other expense necessary to replace damaged or destroyed books of account, abstracts, drawings, card index systems or other records (including film, tape, disc, drum, cell and other magnetic or laser recording or storage media for electronic data retention), that have been damaged or destroyed and that are related to the personal property described in Paragraphs 4 and 5 immediately above.

Part 2: Limitations

Application of the Program as to Occurrences relating to real and personal property will be limited as follows:

Scope of Property Loss Protection

1. The scope of loss or damage protection for real and personal property includes all risks of direct physical loss or damage for the amount of the deductible or retention provided in any enforceable insurance contract, if any, applicable to real and personal property. If County has valid and collectible insurance against a property loss, damage or claim, the Loss Fund, except for the amount of the deductible or retention as provided in such insurance contract, shall be excess only and not primary or contributing.

2. All Claims and Losses under ~~part C of Article IV~~ shall be determined on a replacement cost basis (without deduction for depreciation), provided the damaged or destroyed property is replaced. If the damaged or destroyed property is not replaced within one (1) year, then there will be no payment for such loss.

3. In the event a property is to be abandoned or vacated, County will provide notice to DIRM prior to the property being so vacated.

Part 3: Exceptions

The Program will not apply to Losses or Claims relating to real and personal property as follows:

1. Cost of excavations, grading or filling the foundations of buildings (unless under construction); and pipes, flues and drains which are underground.

2. All underground piping, water lines, gas lines, sewer lines, storm drains and other underground systems.

3. Trees, shrubs and plants.

4. Accounts, bills, currency, deeds, evidences of debt, money or securities, stamps, tickets or letters of credit.

5. Loss to the interior of buildings caused by rain, snow, sand or dust, whether driven by wind or not, unless the building shall first sustain actual damage.

6. Ownership, maintenance, loading or unloading, use or operation of any aircraft, airfields, runways, hangars, buildings or other properties or operations relating to aviation activities at Charlotte-Douglas International Airport.

7. Those tort claims against the County with respect to which the County would be entitled to assert as a defense the doctrine of governmental or sovereign immunity.

Part 4: Limitations on Events

The Program will not apply to Losses, Claims or damages relating to real and personal property resulting from or attributable to the following circumstances:

1. Loss, Claim or damage caused directly or indirectly by enforcement of any ordinance or law regulating the use, construction, repair, or demolitions of buildings or structures, including debris removal expense.

2. Loss, Claim or damage caused by, resulting from, contributed to or aggravated by (a) any earth movement, including but not limited to earthquake, landslide, mud flow, earth sinking, earth rising or shifting; (b) flood, surface water, waves, tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, whether driven by wind or not; or (c) water which backs up through sewers or drains (except where provided by statute or ordinance) or that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basements or other floors, or through doors, windows, or any other openings in such sidewalks, driveways, foundations, walls or floors unless fire, explosion or theft ensues, and then only for such ensuing Loss, Claim or damage.

3. Loss, Claim or damage caused by (a) nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled; or (b) nuclear reaction or nuclear radiation or radioactive contamination, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by "fire" resulting from nuclear reaction or nuclear radiation or radioactive contamination.

4. Loss, Claim or damage caused by wear and tear, deterioration, rust or corrosion, mold, wet or dry rot; inherent or latent defect; smog; settling, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings; animals, birds, vermin, termites or other insects.

5. Loss, Claim or damage caused by leakage or overflow from plumbing, heating, air conditioning or other equipment or appliances caused by or resulting from freezing while the building is vacant or unoccupied unless County shall have exercised due diligence with respect to maintaining heat in the building or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy.

6. Loss, Claim or damage caused from unexplained or mysterious disappearance of any property, or shortage disclosed on taking inventory, or caused by any willful or dishonest act or omission of County or a Member, or any employee or agent thereof provided, however, this exclusion shall not apply to Section D, Faithful Performance Blanket Bond.

7. Loss, Claim or damage caused by hostile or warlike action, including action in hindering, combating or defending against an actual, impending or expected attack (a) by any governmental or sovereign power (de jure or de facto); or (b) by any authority maintaining or using military, naval or air force; or (c) by any agent of any such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or war like action by such a government, power, authority or forces; or (d) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority, in hindering, combating or defending against such an occurrence; or (e) seizure or destruction under quarantine or custom's regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

Part 5: Extra Expense Limitations

"Extra Expense" reimbursement with respect to real and personal property under the Program will be limited as follows:

1. The scope of protection of this Section C includes the extra expense incurred in order to continue as nearly as practical the Normal operation following damage to or destruction of real or personal property covered under Article IV, Section C, Part 1 above, and then only for such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property as has been damaged or destroyed,

commencing with the date of damage or destruction. Reimbursement for a Loss under this Part 5 of Section C shall be limited to (i) in the case of real or personal property covered by a contract of insurance, an amount corresponding to the County's self-funded retention under the applicable insurance contract or (ii) in the case of real or personal property that is not covered by an insurance contract \$100,000 for any one Occurrence.

2. The term "Extra Expense" shall mean the excess (if any) of the total cost incurred during the period of restoration chargeable over and above the total cost that would normally have been incurred to conduct operations during the same period had not damage or destruction occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of Normal operations, shall be taken into consideration in the adjustment of any Loss hereunder.

3. The term "Normal" as used in this Part 5 of Section C shall mean the condition that would have existed had no Loss occurred.

4. It is expected that following an Occurrence giving rise to a Loss or Claim under this Section C, County shall, as soon as practicable, resume Normal operations and dispense with such Extra Expense.

5. This Part 5 of Section C shall not provide for reimbursement of the expense resulting from the cost of repairing or replacing any of the real or personal property damaged. Neither shall it provide for the reimbursement of the cost of research or other expense necessary to replace or restore damaged property and electronic data processing equipment and records.

Section D: Faithful Performance and Fidelity Bonds

The Program will provide for faithful performance and fidelity bonds as follows:

Part 1: Risks Embodied By the Program

The scope of protection afforded under this Section D of Article IV includes Loss or Claim caused by any Member by conversion to personal use, or through the failure of any of Member, acting alone or in collusion with others, to perform faithfully his or her duties or to account properly for all monies and property received by virtue of his position or employment during the period of the Program. Payment of Loss or Claims will be subject to the limitations set forth in Article III of this Program but in no event in excess of the maximum limits required by any applicable North Carolina statute or County ordinance. In the event there is a specific bond provided by an insurance carrier insuring a Member, this Program will pay such additional amounts in excess of that provided in the bond but not in excess of the limits provided in Article III. Payment under this Section D of Article IV will not exceed a total of \$250,000 for any one Occurrence under any circumstance unless higher limits are required by applicable law.

Part 2: Limitations

1. In case a Loss is alleged to have been caused to County through acts or defaults by a Member and County shall be unable to designate the specific Member causing such Loss, County shall nevertheless have the benefit of this provision provided that the evidence submitted reasonably establishes that the Loss was in fact caused by a Member through such acts or defaults and provided, further, that regardless of the number of such Members involved or implicated in such Loss, the aggregate reimbursement for any such Loss shall not exceed the limitations provided in Article III hereof.

2. The reimbursement limitations under this Section D shall not be cumulative from year to year.

3. The reimbursement afforded under this Section D shall be deemed to be canceled on a prospective basis as to any Member:

(a) Upon the death, resignation, retirement or removal of such Member provided, however, this Program shall apply to any Loss occurring during the period of membership by the Member notwithstanding it is discovered after the death, resignation, retirement or removal of such Member; or

(b) Upon termination of the Program.

Section E: Money & Securities

Part 1: Risks Embodied By the Program

The Program will provide reimbursement for:

1. Loss of money and securities by the actual destruction, disappearance or wrongful abstraction thereof within County's Premises or within any banking premises or similar recognized places of safe deposit.

2. Loss of a locked cash drawer, cash box or cash register by felonious entry into such container within the Premises or attempt thereat or by felonious abstraction of such container from within the Premises or attempt thereat.

3. Loss of money and securities by the actual destruction, disappearance or wrongful abstraction thereof outside the Premises while being conveyed by a messenger, Member or any motor vehicle company retained to deliver money, securities or other valuable instruments.

4. Loss due to the acceptance in good faith of counterfeit United States paper currency.

5. Loss which the County shall sustain through forgery or alteration of, on or in any check, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a certain sum in money, made or drawn by or drawn upon County, or made or drawn by one acting as agent of County, or purporting to have been made or drawn as hereinbefore set forth, including:

(a) any check or draft made or drawn in the name of County payable to a fictitious payee and endorsed in the name of such fictitious payee;

(b) any check or draft procured in a face to face transaction with County, or with one acting as agent of County, by anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and

(c) any payroll check, payroll draft or payroll order made or drawn by County, payable to the bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee;

and whether or not any endorsement mentioned in (a), (b) or (c) be a forgery within the law.

For purposes of this Section E of Article IV, mechanically reproduced facsimile signatures shall be treated the same as handwritten signatures. Further, if County shall refuse to pay any of the foregoing instruments made or drawn as hereinbefore set forth, alleging that such instruments are forged or altered, and such refusal shall result in suit being brought against County, any reasonable attorney fees, court costs, or similar legal expenses incurred shall be in addition to the reimbursement limits as elsewhere stated herein.

Part 2: Definitions Applicable to Section E

1. "Money" means currency, coins and bank notes.
2. "Securities" means all negotiable and nonnegotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.
3. "Premises" means the interior of that portion of any building which is occupied by County.
4. "Banking Premises" means the interior of that portion of any building which is occupied by a financial institution in conducting its business.
5. "Messenger" means the person authorized or otherwise employed by County to have the care and custody of County's property outside the Premises.
6. "Custodian" means the person authorized by County to have the care and custody of County's property within the Premises.

Part 3: Limitations

The Program will not provide reimbursement for Losses due to Occurrences attributable directly or indirectly to the giving or surrendering of money or securities (i.e. interest) in any exchange or purchase or due to accounting or arithmetic errors or omissions.

Section F: Workers' Compensation

The Program will apply to employee injuries and claims in accordance with the State of North Carolina Workers' Compensation Act, N.C. Gen. Stat. § 97-1 et seq., which are not covered by insurance policies to the dollar amount set forth in Article III hereof.

IN WITNESS WHEREOF, County has caused this Self-Funded Loss Program to be duly adopted the ____ day of _____, 1993 to be effective as of July 1, 1993.

COUNTY OF MECKLENBURG

[SEAL]

ATTEST:

Jamie S. Paige
County Clerk

By

Gerald J. [Signature]
County Manager