

**LOCAL GOVERNMENT CENTER
PROPERTY LIABILITY TRUST
STATEMENT OF FINANCIAL CONDITION
As of August 31, 2013**

ASSETS	Property Liability	Worker's Compensation	Combined
Cash	\$3,563,979	\$2,287,397	\$5,851,376
Cash-NHPDIP	\$637,318	\$76	\$637,393
Investment-Custody	\$364,009	\$592,313	\$956,322
Investment-Wellington	\$20,828,734	\$13,809,407	\$34,638,141
Investment-Vanguard 500 Index Fund	\$3,063,083	-	\$3,063,083
Accrued interest receivable	\$123,554	\$103,511	\$227,066
Contributions receivable	\$1,138,106	\$1,078,783	\$2,216,889
Accounts receivable	(\$200,420)	-	(\$200,420)
Claims excess receivable	-	\$50,448	\$50,448
Prepaid expenses	\$1,381,079	\$166,924	\$1,548,002
Investment-LGC Real Estate	\$1,761,089	-	\$1,761,089
Equipment & software, net of accumulated depreciation	\$100,867	\$59,422	\$160,290
Total Assets	\$32,761,397	\$18,148,281	\$50,909,678
LIABILITIES, RESERVES AND NET ASSETS			
Liabilities & Reserves:			
Accounts payable and accrued expenses	\$504,082	(\$152,798)	\$351,284
Unearned contributions	\$8,570,753	\$4,594,031	\$13,164,784
Contribution holiday payable	\$31,051	-	\$31,051
Contingent liability	-	-	-
Loss fund reserves	\$11,256,664	\$13,900,732	\$25,157,396
Total Liabilities & Reserves	\$20,362,550	\$18,341,965	\$38,704,515
Net Assets:			
Net assets-undesignated	\$4,109,226	(\$675,196)	\$3,434,031
Net assets-restricted	-	452,800	452,800.00
Net assets-designated	\$5,435,000	-	\$5,435,000
Net assets-invested in capital assets	\$100,867	\$59,422	\$160,290
Net asset-investment-LGC Real Estate	\$1,761,089	-	\$1,761,089
Net assets-unrealized appreciation (depreciation)	\$992,664	(\$30,711)	\$961,953
Total Net Assets	\$12,398,847	(\$193,684)	\$12,205,163
Total Liabilities, Reserves and Net Assets	\$32,761,397	\$18,148,281	\$50,909,678

Note: Although not reflected on these financial statements due to the current lack of resources to fulfill the note, the Workers' Compensation program has a note payable to LGC HealthTrust in the amount of \$17,111,804.35.

**LOCAL GOVERNMENT CENTER
PROPERTY LIABILITY TRUST, LLC
STATEMENT OF TRANSACTIONS
For the Eight Months Ending August 31, 2013**

	Current Month	Year-To-Date
COMBINED RESULTS		
Additions:		
Contributions	\$1,395,300	\$11,720,376
Contribution Adjustment-Property values	-	(\$6,149)
Contributions-Audit	-	(\$30,548)
Miscellaneous income	\$290	\$12,405
Investment Income	\$120,756	\$679,272
	<u>\$1,516,346</u>	<u>\$12,375,355</u>
Deductions:		
Reinsurance & taxes	\$178,233	\$1,607,792
Operating expenses	\$259,634	\$2,428,962
Projected losses	\$1,041,211	\$8,370,162
To (from) Net Assets	\$157,327	\$210,555
	<u>\$1,636,404</u>	<u>\$12,615,471</u>
 Property Liability Transactions:		
Additions:		
Contributions	\$735,969	\$6,592,388
Contribution Holiday	\$120,058	\$240,116
Contribution Adjustment-Property values	-	(\$6,149)
Investment Income	\$104,658	\$551,276
Miscellaneous income	\$290	\$10,923
	<u>\$960,975</u>	<u>\$7,388,554</u>
Deductions:		
Reinsurance & taxes	\$137,018	\$1,277,426
Operating expenses	\$188,719	\$1,768,183
Projected losses	\$532,449	\$4,281,841
To (From) Net Assets	\$101,789	\$61,104
	<u>\$960,975</u>	<u>\$7,388,554</u>
 Workers' Compensation Transactions:		
Contributions	\$598,870	\$4,635,260
Contributions-Unemployment	\$60,461	\$492,728
Contributions-Audit	-	(\$30,548)
Miscellaneous income	-	\$1,481
Investment Income	\$18,098	\$127,996
	<u>\$675,428</u>	<u>\$5,226,917</u>
Deductions:		
Reinsurance & taxes	\$41,215	\$330,365
Operating expenses	\$69,914	\$658,779
Projected losses	\$508,762	\$4,088,321
To (from) Net Assets	\$55,537	\$149,451
	<u>\$675,428</u>	<u>\$5,226,917</u>

Property Liability Trust

**LOCAL GOVERNMENT CENTER
PROPERTY LIABILITY TRUST, LLC
STATEMENT OF LOSS FUND RESERVE BALANCES
As of August 31, 2013**

	Property Liability	Workers' Compensation
Loss Fund Reserves-2000	\$ -	
Claims paid		\$ -
Claims expenses paid		
Claims recoveries	\$ (200)	
Total decrease	<u>\$ (200)</u>	<u>\$ -</u>
Loss Fund Reserve-2000-end of period	<u>\$ 200</u>	<u>\$ -</u>
Loss Fund Reserves-2001		
Claims paid		
Claims expenses paid		
Claims recoveries	\$ (687)	
Total decrease	<u>\$ (687)</u>	<u>\$ -</u>
Loss Fund Reserve-2001-end of period	<u>\$ 687</u>	<u>\$ -</u>
Loss Fund Reserves-2003		\$ -
Claims paid		
Claims expenses paid		
Claims recoveries	\$ (1,013)	
Total decrease	<u>\$ (1,013)</u>	<u>\$ -</u>
Loss Fund Reserve-2003-end of period	<u>\$ 1,013</u>	<u>\$ -</u>
Loss Fund Reserves-2004		\$ 22,000
Claims paid		
Claims expenses paid		
Claims recoveries	\$ (43)	
Total decrease	<u>\$ (43)</u>	<u>\$ -</u>
Loss Fund Reserve-2004-end of period	<u>\$ 43</u>	<u>\$ 22,000</u>
Loss Fund Reserves-2005	\$ 12,000	\$ 149,000
Claims paid		\$ 22,591
Claims expenses paid		\$ -
Claims recoveries	\$ (783)	\$ (42,921)
Total decrease	<u>\$ (783)</u>	<u>\$ (20,330)</u>
Loss Fund Reserve-2005-end of period	<u>\$ 12,783</u>	<u>\$ 169,330</u>
Loss Fund Reserves-2006	\$ 14,000	\$ 141,000
Claims paid	\$ 2,333	\$ 7,657
Claims expenses paid		
Claims recoveries	\$ (511)	\$ (35,506)
Total decrease	<u>\$ 1,823</u>	<u>\$ (27,849)</u>
Loss Fund Reserve-2006-end of period	<u>\$ 12,177</u>	<u>\$ 168,849</u>

Property Liability Trust

**LOCAL GOVERNMENT CENTER
PROPERTY LIABILITY TRUST, LLC
STATEMENT OF LOSS FUND RESERVE BALANCES
As of August 31, 2013**

	Property Liability	Workers' Compensation
Loss Fund Reserves-2007	\$ 80,000	\$ 255,000
Claims paid	\$ 4,723	\$ 54,494
Claims expenses paid		
Claims recoveries	\$ (270)	\$ (46,059)
Total decrease	\$ 4,453	\$ 8,436
Loss Fund Reserve-2007-end of period	<u>\$ 75,547</u>	<u>\$ 246,564</u>
Loss Fund Reserves-2008	\$ 127,000	\$ 621,000
Claims paid		\$ 56,081
Claims expenses paid	\$ 53,296	
Claims recoveries	\$ (1,720)	-
Total decrease	\$ 51,576	\$ 56,081
Loss Fund Reserve-2008-end of period	<u>\$ 75,424</u>	<u>\$ 564,919</u>
Loss Fund Reserves-2009	\$ 322,000	\$ 1,046,000
Claims paid	\$ 48,661	\$ 310,485
Claims expenses paid	\$ 60,387	-
Claims recoveries	\$ (431)	\$ (90,834)
Total decrease	\$ 108,617	\$ 219,652
Loss Fund Reserve-2009-end of period	<u>\$ 213,383</u>	<u>\$ 826,348</u>
Loss Fund Reserves-2010	\$ 1,192,000	\$ 933,000
Claims paid	\$ 232,601	\$ 42,378
Claims expenses paid	\$ 86,972	-
Claims excess recovery		
Claims recoveries	\$ (725)	\$ (24,009)
Total decrease	\$ 318,848	\$ 18,369
Loss Fund Reserve-2010-end of period	<u>\$ 873,152</u>	<u>\$ 914,631</u>
Loss Fund Reserves-2011	\$ 2,973,000	\$ 1,963,000
Claims paid	\$ 783,172	\$ 306,870
Claims expenses paid	\$ 293,438	-
Claims recoveries	\$ (7,715)	\$ (35,060)
Total decrease	\$ 1,068,895	\$ 271,810
Loss Fund Reserve-2011-end of period	<u>\$ 1,904,105</u>	<u>\$ 1,691,190</u>
Loss Fund Reserves-2012	\$ 4,033,000	\$ 4,576,000
Claims paid	\$ 1,180,268	\$ 939,837
Claims expenses paid	\$ 268,253	-
Claims excess paid	\$ (290,943)	-
Claims recoveries	\$ (56,864)	\$ (7,969)
Total decrease	\$ 1,100,714	\$ 931,868
Loss Fund Reserve-2012-end of period	<u>\$ 2,932,286</u>	<u>\$ 3,644,132</u>

Property Liability Trust

**LOCAL GOVERNMENT CENTER
PROPERTY LIABILITY TRUST, LLC
STATEMENT OF LOSS FUND RESERVE BALANCES
As of August 31, 2013**

	Property Liability	Workers' Compensation
Loss Fund Reserves-2013	\$ 5,362,229	\$ 3,433,002
Claims paid	\$ 1,615,122	\$ 861,290
Claims expenses paid	\$ 229,108	\$ -
Claims recoveries	\$ (94,326)	\$ (910)
Total decrease	<u>\$ 1,749,905</u>	<u>\$ 860,380</u>
Loss Fund Reserve-2013-end of period	<u>\$ 3,612,325</u>	<u>\$ 2,572,622</u>
Loss Fund Reserves-2014	\$ 1,063,612	
Claims paid	\$ 73,314	
Claims expenses paid	\$ 4,759	
Claims recoveries		
Total decrease	<u>\$ 78,073</u>	
Loss Fund Reserve-2014-end of period	<u>\$ 985,538</u>	
Unemployment Loss Fund Reserves		\$ 863,107
Unemployment claims paid		\$ 255,904
Unemployment claims recoveries		\$ (5,368)
Unemployment Loss Fund Balance		<u>\$ 612,571</u>

Property Liability Trust

LOCAL GOVERNMENT CENTER
PROPERTY LIABILITY TRUST, LLC
STATEMENT OF OPERATING EXPENSES
For the Eight Months Ending August 31, 2013

	2013 Current Month Actuals	2013 Year-to- Date Actuals	2013 Year-to- Date Budget	Year-to- Date Variance
Salaries & related expenses	\$140,210.71	\$1,007,560.08	\$946,109.38	\$61,450.72
Staff expense & LP vehicles	3,392.09	22,476.64	31,832.00	(9,355.37)
Membership/dues		6,397.93	5,402.64	995.29
Board expense	1,365.42	6,424.02	11,000.00	(4,575.98)
Rent	5,131.12	38,366.20	39,372.64	(1,006.44)
Telephone	1,482.86	11,790.85	17,582.00	(5,801.15)
Postage	792.18	6,025.02	5,025.36	999.66
Equipment rent and maintenance	3,213.92	110,890.57	76,665.28	43,205.29
Supplies & printing	1,223.48	15,806.96	17,258.00	(1,451.04)
Marketing promotion	875.00	81,701.25	81,410.00	291.25
Insurance		31,637.35	47,098.64	(15,411.29)
Publications purchased	32.13	2,330.20	2,390.00	(59.80)
Consultant-other		5,252.52	4,810.00	442.52
Consultant-legal	12,762.27	30,252.50	8,333.36	21,919.14
Consultant-auditor		41,354.52	24,748.00	16,606.52
Consultant-computer	541.81	3,763.48	25,000.00	(21,236.52)
Consultant-actuary	3,125.00	54,195.09	59,000.00	(4,804.31)
Consultant-investment management fees		30,808.67	39,466.64	(8,657.97)
Consultant-investment advisor		11,948.25	10,820.64	1,227.61
Consultant-insurance/underwriting			10,000.00	(10,000.00)
Consultant-building appraisals			41,525.36	(41,525.36)
Consultant-Lobbyist	49.50	5,283.74	16,000.00	(9,716.27)
Capital expenditures	1,475.76	13,597.29	36,515.36	(22,918.07)
Loss prevention	9,887.43	189,760.43	272,833.36	(83,072.93)
Bank Fees	4,358.82	31,200.67	23,149.38	8,051.31
Interest Expense		20.48		20.48
Miscellaneous		268.00	800.00	(512.00)
	<u>\$189,719.40</u>	<u>\$1,768,183.28</u>	<u>\$1,892,978.00</u>	<u>(\$124,794.72)</u>
Loss Prevention Expenses				
Building & Property Assessments			666.64	(666.64)
Memberships		1,063.23	833.36	229.87
Employment Practice/ Workplace Violence	559.80	18,057.28	8,886.64	11,390.64
Employment Law Hotline		13,164.95	24,668.64	(11,501.69)
Police	3,330.00	14,782.07	40,000.00	(25,207.93)
Fire	845.00	8,457.69	13,333.36	(4,875.67)
Public Works		6,957.06	13,333.36	(6,376.31)
Hands-on driving	2,033.33	10,168.66	11,333.36	(1,166.70)
Park & Recreation			2,000.00	(2,000.00)
Schools		2,155.00	13,333.36	(11,178.36)
Miscellaneous Workshops	115.32	1,018.79	3,333.36	(2,314.57)
Web Based Training program		61,841.25	56,668.64	4,974.61
Training Supplies/Materials	512.43	11,527.72	16,668.64	(5,138.92)
Leadership Institute	2,292.45	24,300.24	40,000.00	(15,699.76)
Selectpersons Institute		1,458.50	13,333.36	(11,874.86)
Police Policy Project		15,000.00	16,668.64	(1,668.64)
Total Loss Prevention	<u>\$9,687.43</u>	<u>\$189,760.43</u>	<u>\$272,833.36</u>	<u>(\$83,072.93)</u>

Property Liability Trust

LOCAL GOVERNMENT CENTER
PROPERTY LIABILITY TRUST, LLC
Statement of Workers' Compensation Operating Expenses
For the Eight Months Ending August 31, 2013

	2013 Current Month Actual	2013 Year-to- Date Actual	2013 Year-to- Date Budget	Year-to- Date Variance
Salaries and related expenses	\$49,038.05	\$444,773.57	\$517,801.36	(\$73,027.79)
Staff Expense	412.40	6,800.17	17,496.64	(10,696.47)
Rent	2,180.72	15,126.17	15,029.36	86.81
Membership/Dues		5,028.06	3,602.00	2,236.06
Board expense	31.74	284.42	3,866.64	(3,382.22)
Office supplies	80.43	1,489.12	3,866.64	(2,377.62)
Telephone Expense	440.00	3,550.06	5,864.00	(2,313.94)
Postage expense	535.42	6,288.42	6,574.00	(285.58)
Printing expense		277.05	4,600.00	(4,322.95)
Equipment rent & maintenance	1,107.01	50,257.05	25,561.28	24,695.77
Insurance expense		16,827.48	17,326.64	(499.16)
Bank fees	1,985.61	14,845.11	14,712.00	133.11
Publications purchased	278.69	3,903.11	5,847.36	(2,044.25)
Marketing promotion		50.00	14,900.00	(14,850.00)
Consultant-legal	2,815.43	7,846.68		7,948.69
Consultant-insurance/underwriting			6,666.64	(6,666.64)
Consultant-auditor		295.45		295.45
Consultant-computer consultant	51.47	377.07	8,333.36	(7,956.30)
Consultant-actuary	8,561.94	33,902.91	53,000.00	(19,097.09)
Consultant-other		2,125.82	3,153.28	(1,027.46)
Consultant-investment manager		20,294.05	11,733.36	8,560.69
Consultant-investment advisor		3,552.00	3,157.36	394.64
Consultant-Lobbyist	16.50	1,761.25	5,000.00	(3,238.76)
Capital expenditures	347.41	4,652.38	11,657.36	(7,005.00)
Loss prevention expenses	2,033.33	13,470.65	19,133.28	(5,662.63)
Miscellaneous expense	(0.03)	(0.03)	266.64	(266.67)
	<u>\$69,914.12</u>	<u>\$658,778.00</u>	<u>\$779,139.20</u>	<u>(\$120,360.30)</u>
Loss Prevention Expenses				
Lockout/tagout			1,000.00	(1,000.00)
General training supplies		1,713.00	1,666.64	46.36
Ergonomics & back injury prevention			1,000.00	(1,000.00)
Employee practices		1,591.00	2,888.64	(1,075.64)
Hands-on driving	2,033.33	10,168.65	11,333.36	(1,166.71)
Confined space entry			800.00	(800.00)
Blood borne pathogens			866.64	(866.64)
	<u>\$2,033.33</u>	<u>\$13,470.65</u>	<u>\$19,133.28</u>	<u>(\$5,662.63)</u>

Property Liability Trust

LGC Property-Liability Trust, LLC Investment Portfolio
 by Wellington Management Company, LLP
 75 State Street Boston, MA, 02109
 August 31, 2013

Securities	Maturity Date	Purchase Price	Par Value	Current Market Value
Chicago IL GO	12/01/13	15,690.00	15,000.00	15,148.00
Chicago IL GO	12/01/13	31,380.00	30,000.00	30,212.00
Vodafone Group PLC	12/16/13	76,291.50	75,000.00	75,940.00
Honda Auto Recv (HAROT 2012)	12/16/13	30,009.68	30,009.80	30,015.00
Illinois St (IL GO)	01/01/14	103,641.00	100,000.00	100,948.00
NC State (NC Eastern)	01/01/14	62,518.20	60,000.00	60,691.00
NJ State (NJ EDA POB)	02/15/14	68,086.25	75,000.00	74,596.00
Morgan Stanley	04/01/14	146,857.50	150,000.00	153,082.00
Regional Transn Auth (RTA IL)	04/01/14	45,000.00	45,000.00	45,130.00
San Francisco CA (SF Air Taxable)	05/01/14	100,000.00	100,000.00	100,586.00
Xerox Corp	05/15/14	4,999.10	5,000.00	5,253.00
US Bancorp MTNS	05/15/14	49,891.00	50,000.00	51,372.00
CO State (CO Unemp Fund)	05/15/14	65,000.00	65,000.00	65,154.00
Allstate Corp	05/16/14	19,971.80	20,000.00	20,770.00
State Str. Corp	05/30/14	19,981.00	20,000.00	20,588.00
Regional Transn Auth (RTA IL)	06/01/14	45,000.00	45,000.00	45,097.00
Nissan Auto Lease (NALT 2011-A)	08/15/14	23,650.48	23,767.21	23,778.00
Everest Reins. Holdings	10/15/14	76,295.25	75,000.00	78,514.00
Dallas Fort Worth TX (DFW Airport)	11/01/14	25,000.00	25,000.00	25,334.00
GABS Santander Tr (SDART 2010-1)	11/17/14	23,011.24	23,012.17	23,088.00
Toyota Mir Crd Corp	11/17/14	74,835.00	75,000.00	75,688.00
Honda Auto Recv (HAROT 2012-3)	12/15/14	20,981.63	20,982.63	20,983.00
National City Corp	01/15/15	75,766.00	75,000.00	79,181.00
World Omni Auto Tr (WOART 2010-A)	01/15/15	8,203.56	8,204.04	8,202.00
Hyundai Auto Recv (HART 2012-B)	01/15/15	21,253.48	21,254.22	21,259.00
BMW Veh Lease Tr (BMWLT 2013)	01/20/15	99,999.23	100,000.00	99,908.00
PNC FDG Corp.	02/08/15	49,950.00	50,000.00	51,987.00
CARMAX Auto TR 2010	02/15/15	2,407.40	2,407.44	2,408.00
Toyota Auto Rec (TAOT 2012-B)	02/17/15	55,602.58	55,607.99	55,600.00
Merc-Benz Auto Lease (MBART 2012-1)	03/16/15	45,352.61	45,366.17	45,361.00
AMSOUTH BANK Na	04/01/15	99,945.00	100,000.00	105,408.00
Nissan Auto Recv (NAROT 2012-B)	04/15/15	36,403.88	36,408.59	36,405.00
Santander Drive Auto (SDART 2012-2)	05/15/15	3,662.11	3,662.39	3,663.00
Nissan Auto Receivable (NALT 2012)	05/15/15	99,983.89	100,000.00	100,229.00
Carmax Auto Tr	05/15/15	15,868.65	15,869.87	15,874.00
Ally Auto Rec TR 2012-4	05/15/15	58,577.89	58,581.01	58,568.00
Bottling Group LLC	06/15/15	71,034.00	75,000.00	79,319.00
QWEST Corp	06/15/15	28,550.00	25,000.00	27,455.00
World Omni Auto Tr (WOART 2012-A)	06/15/15	19,353.86	19,354.35	19,356.00
USAA Auto Owner Tr (USAOT 2012-1)	06/15/15	13,235.97	13,237.38	13,234.00
Honda Auto Recv 2013 (HAROT 2013-1)	06/22/15	59,996.38	60,000.00	59,965.00
Oregon School Boards Assn	06/30/15	95,885.85	115,000.00	112,503.00
Santander Drive Auto (SDART 2012-2)	08/17/15	19,896.73	19,897.99	19,902.00
Suntrust Bank	09/01/15	89,866.00	100,000.00	106,582.00
Orange Cnty CA	09/01/15	57,168.00	75,000.00	71,384.00
Comerica Inc	09/16/15	4,993.80	5,000.00	5,200.00
BMW Veh Lease Tr (BMWLT 2012)	09/21/15	39,992.79	40,000.00	40,107.00
Massachusetts ST HEFA (Northeast Univ)	10/01/15	20,000.00	20,000.00	20,342.00
Cooperative Cenral (Rabobank Nederind)	10/13/15	50,047.00	50,000.00	51,197.00
Cooperative Cenral (Rabobank Nederind)	10/13/15	25,796.25	25,000.00	25,598.00
New Jersey Economic (NJ economic dev auth)	11/01/15	15,525.00	15,000.00	15,093.00
Dallas Fort Worth TX (DFW Airport)	11/01/15	55,000.00	55,000.00	56,156.00
World Omni Auto Tr (WOART 2012-B)	11/16/15	59,468.32	59,470.78	59,439.00
Ventas Rily LTD Part	11/30/15	40,806.48	41,000.00	42,853.00
Americredit Auto Rec (AMCAR 2012-3)	12/08/15	17,393.29	17,394.43	17,402.00

LGC Property-Liability Trust, LLC Investment Portfolio
 by Wellington Management Company, LLP
 75 State Street Boston, MA, 02109
 August 31, 2013

Securities	Maturity Date	Purchase Price	Par Value	Current Market Value
New York St Dorm Aut (NY EDA PIT)	12/15/15	90,495.20	80,000.00	80,323.00
Santander Drive Auto (SDART 2012-2)	12/15/15	16,729.46	16,729.99	16,727.00
Hyundai Auto (HART 2013-A)	12/15/15	99,993.49	100,000.00	99,985.00
NJ State (NJ Turnpike)	01/01/16	25,081.58	25,000.00	25,574.05
NJ State (NJ Turnpike)	01/01/16	36,992.08	35,000.00	35,803.95
Ford Credit Auto Tr (FORDO 2013-B)	02/15/16	99,991.95	100,000.00	99,907.00
Toyota Auto Rec (TAOT 2012-a)	02/16/16	79,965.05	80,000.00	80,126.00
Hyundai Auto Recv (HART 2012-A)	03/15/16	28,935.89	28,938.65	28,994.00
Americredit Auto Rec (AMCAR 2012-4)	04/08/16	32,322.57	32,323.68	32,313.00
Fed Home Ln Mtg Corp (Freddie Mac)	04/18/16	333,618.35	325,000.00	353,244.00
QWEST Corp	05/01/16	59,175.00	50,000.00	57,282.00
SBC Communications	06/15/16	49,627.00	50,000.00	55,725.00
BK of Amer Auto Tr (BAAT 2012)	06/15/16	39,998.57	40,000.00	40,085.00
Carmax Auto Tr	06/15/16	89,997.41	90,000.00	89,942.00
FL State (FL Catastrophe)	07/01/16	75,000.00	75,000.00	74,172.00
Volkswagen Auto Enh (VALET 2012-1)	08/22/16	74,999.13	75,000.00	75,215.00
US Treas Notes	08/31/16	125,668.95	125,000.00	125,772.00
Americredit Auto Rec (AMCAR 2012-1)	09/08/16	24,987.31	25,000.00	25,133.00
Health Care PPTY	09/15/16	51,362.50	50,000.00	56,512.00
FNMA #467933	10/01/16	50,061.06	49,024.00	51,671.00
Americredit Auto (AMCAR 2013-4)	11/08/16	59,997.40	60,000.00	60,014.00
Unitadhealth Group	11/15/16	74,336.50	75,000.00	76,211.00
Grant Cnty Wash Pub	01/01/17	53,634.50	50,000.00	51,558.00
Ohio St (Cleveland Clinic OH)	01/01/17	40,000.00	40,000.00	41,091.00
BMO Bank of Montreal	01/11/17	64,866.75	65,000.00	68,605.00
Bank of Nova Scotia	01/12/17	74,850.00	75,000.00	76,877.00
Goldman Sachs Group	01/15/17	100,137.40	100,000.00	108,906.00
Southwestern Elec PW	01/15/17	49,872.10	50,000.00	54,670.00
Kinder Morgan Energy	02/01/17	49,929.40	50,000.00	56,538.00
ACE INA HLDG INC	02/15/17	24,998.85	25,000.00	28,093.00
FNMA #0633572	03/01/17	5,065.33	4,908.11	5,179.00
US Treasury Note	03/31/17	49,888.67	50,000.00	49,887.00
FNMA #0633499	05/01/17	41,177.62	39,333.87	41,346.00
Unitrin Inc (Kemper Corp)	05/15/17	24,836.75	25,000.00	27,149.00
US Treasury Bond	05/15/17	102,135.84	75,000.00	95,869.00
Regency Ctrs LP	05/15/17	19,905.40	20,000.00	22,130.00
Union Elect Co	06/15/17	44,960.40	45,000.00	52,244.00
CARMAX Auto TR 2012	06/15/17	19,995.24	20,000.00	20,063.00
Nippon Teleg & Tel	07/18/17	34,952.75	35,000.00	34,379.00
Stalco ASA	08/17/17	75,072.10	75,000.00	79,014.00
Blackrock Inc	09/15/17	61,556.40	60,000.00	69,953.00
Liberty PPTY LTD	10/01/17	14,907.75	15,000.00	17,114.00
Americredit Auto Rec (AMCAR 2013-1)	10/10/17	24,999.35	25,000.00	24,883.00
Port Seattle WA	11/01/17	20,000.00	20,000.00	20,021.00
Marc-Benz Auto Lease (MBALT 2012-A)	11/15/17	84,991.94	85,000.00	85,191.00
Principal Fint Group	11/15/17	9,989.60	10,000.00	9,810.00
FHLMC REMIC Series (FHMS K701)	11/25/17	25,539.06	25,000.00	26,834.70
FHLMC REMIC Series (FHMS K701)	11/25/17	70,699.16	70,000.00	75,137.30
US Treasury Note	11/30/17	225,114.26	225,000.00	218,265.00
Chicago IL GO	12/01/17	50,000.00	50,000.00	53,958.00
Bank Amer Corp	12/01/17	51,883.50	50,000.00	55,945.00
COMM 2013 LC6	01/10/18	57,106.54	55,445.00	54,611.00
JP Morgan Chase	01/15/18	56,969.00	50,000.00	57,214.00
Capital Auto Recv AB (AFIN 2013-1)	01/22/18	99,993.32	100,000.00	99,135.00
FNMA #0684154	02/01/18	76,926.80	74,541.13	78,963.00

LGC Property-Liability Trust, LLC Investment Portfolio
 by Wellington Management Company, LLP
 75 State Street Boston, MA. 02109
 August 31, 2013

Securities	Maturity Date	Purchase Price	Par Value	Current Market Value
Wachovia Corp. Global FNMA #467319	02/01/18	79,049.25	75,000.00	85,924.00
Hewlett Packard Co	02/01/18	109,273.44	100,000.00	106,487.00
Hewlett Packard Co	03/01/18	5,422.25	5,000.00	5,564.00
US Treasury Note	03/01/18	5,481.65	5,000.00	5,564.00
Conocophillips	04/30/18	273,334.96	275,000.00	264,258.00
Glaxosmithkline Cap	05/15/18	19,998.20	20,000.00	22,635.00
Citigroup Inc	05/15/18	74,954.25	75,000.00	86,451.00
Amgen Inc	05/15/18	110,268.00	100,000.00	114,728.00
XTO Energy Inc	06/01/18	49,914.00	50,000.00	58,039.00
New York State (NYS Environment BAB)	06/15/18	54,746.45	55,000.00	64,062.00
NH Health (NH H&E UNH)	06/15/18	50,000.00	50,000.00	54,371.00
Nissan Auto Receivable (NAROT 2012-A)	07/01/18	50,000.00	50,000.00	54,421.00
Fresno Cnty CA	07/16/18	69,978.34	70,000.00	70,231.00
Transcanada Pipeline	08/15/18	60,168.00	70,000.00	72,894.00
Metlife Inc	08/15/18	62,354.00	50,000.00	59,484.00
Mt State GO (MS GO)	08/15/18	121,780.00	100,000.00	120,593.00
Atlantic City Electric	11/01/18	25,000.00	25,000.00	26,419.00
University Southern CA (USC)	11/15/18	40,085.00	40,000.00	49,996.00
Goldman Sachs Group	01/01/19	54,460.50	50,000.00	58,312.00
PFIZER Inc	02/15/19	28,528.00	25,000.00	29,925.00
Really Income Corp	03/15/19	49,949.50	50,000.00	59,616.00
ACE INA HLDG INC	04/15/19	49,913.50	50,000.00	58,367.00
FL ST (Florida State BD Ed)	06/15/19	19,009.20	20,000.00	23,545.00
Ford Credit FirPtn (FORDF 2012-5)	07/01/19	75,000.00	75,000.00	82,754.00
FNMA #0788060	09/15/19	99,955.29	100,000.00	98,295.00
US Treas Notes	10/01/19	28,158.34	27,748.48	29,495.00
Novant Health Inc. (NC Med Care Novant)	10/31/19	429,170.90	425,000.00	407,137.00
Metropolitan Transn (MTA Dedicated tax)	11/01/19	74,988.24	75,000.00	83,898.00
Port Auth NY & NJ	11/15/19	100,000.00	100,000.00	109,438.00
Fort Lauderdale FLA	12/01/19	35,000.00	35,000.00	39,150.00
Pepsico Inc	01/01/20	50,000.00	50,000.00	47,650.00
Ameriprise Finl	01/15/20	74,748.75	75,000.00	81,745.00
NY ST TWY Auth (NY TWY AUTH BAB)	03/15/20	71,697.40	70,000.00	79,484.00
United Technologies	04/01/20	75,000.00	75,000.00	79,132.00
Novartis Capital Cor	04/15/20	49,750.60	50,000.00	55,036.00
US Treasury Note	04/24/20	74,427.75	75,000.00	81,796.00
US Treasury Note	05/31/20	296,671.88	300,000.00	285,375.00
Philadelphia PA SCH	05/31/20	675,500.00	700,000.00	665,875.00
Goldman Sachs Group	06/01/20	55,000.00	55,000.00	56,372.00
Chevron Crop	06/15/20	28,328.50	25,000.00	28,053.00
US Treasury Note	06/20/20	10,000.00	10,000.00	9,759.00
General Elec Cap Corp	08/15/20	48,797.07	50,000.00	51,473.00
BP CAP MKTS	09/16/20	124,021.25	125,000.00	132,010.00
Hewlett Packard Co	10/01/20	74,588.25	75,000.00	80,004.00
NGN 2010-R3	12/01/20	24,242.75	25,000.00	24,107.00
General Elec Cap Corp	12/08/20	10,582.88	10,609.03	10,583.00
Simon PPTY Group LP	02/11/21	9,964.70	10,000.00	10,802.00
Simon PPTY Group LP	03/01/21	24,863.65	25,000.00	26,423.00
Keycorp Medium Term	03/01/21	28,465.25	25,000.00	26,423.00
HSBC Hldgs	03/24/21	58,160.50	50,000.00	54,819.00
Entergy Louisiana ILL	04/05/21	108,215.00	100,000.00	109,325.00
Bank Amer Corp	05/01/21	74,870.25	75,000.00	81,238.00
CNA Finl Corp	05/13/21	74,673.75	75,000.00	79,413.00
CNA Finl Corp	08/15/21	9,962.60	10,000.00	11,181.40
CNA Finl Corp	08/15/21	20,012.20	20,000.00	22,362.80

LGC Property-Liability Trust, LLC Investment Portfolio
 by Wellington Management Company, LLP
 75 State Street Boston, MA. 02109
 August 31, 2013

Securities	Maturity Date	Purchase Price	Par Value	Current Market Value
CNA Finl Corp	08/15/21	24,029.76	24,000.00	26,835.36
CNA Finl Corp	08/15/21	21,028.04	21,000.00	23,480.44
Baptist Hlth S FLA	08/15/21	40,071.00	40,000.00	42,342.00
FNMA #898913	11/01/21	5,917.02	5,873.89	6,224.00
Prudential Finl Inc	11/16/21	56,564.00	50,000.00	52,807.00
UCR Inc Medium Term	01/10/22	24,775.00	25,000.00	25,638.00
JP Morgan Chase & Co	01/24/22	56,456.50	50,000.00	51,876.00
PNC Funding Corp	03/08/22	78,876.75	75,000.00	72,725.00
Fifth Third Bancorp	03/15/22	52,947.50	50,000.00	48,812.00
US Treasury	05/15/22	101,078.13	100,000.00	93,375.00
Berkshire Hathaway	05/15/22	76,824.75	75,000.00	72,103.00
Oncor Elec Delivery	06/01/22	42,043.20	40,000.00	41,186.00
US Treasury Note	08/15/22	198,777.34	200,000.00	183,672.00
US Treas Notes	08/15/22	74,967.77	75,000.00	68,877.00
CT State (CT Spl Tax BAB)	12/01/22	50,000.00	50,000.00	55,102.00
Connecticut LT & PWR	01/15/23	74,513.25	75,000.00	69,345.00
Wells Fargo	02/13/23	71,156.50	75,000.00	69,934.00
DCP Midstream Operations	03/15/23	44,821.25	45,000.00	41,138.00
Medtronic, Inc	04/01/23	74,823.75	75,000.00	69,707.00
Hornes Depot Inc	04/01/23	24,981.00	25,000.00	23,328.00
JP Morgan Chase & Co	05/01/23	34,811.70	35,000.00	31,790.00
State Str. Corp	05/15/23	14,975.70	15,000.00	13,902.00
Merck & Co Inv	05/18/23	59,947.80	60,000.00	56,007.00
Pacificorp	06/01/23	74,680.50	75,000.00	71,744.00
Total CAP CDA LTD	07/15/23	74,864.25	75,000.00	68,044.00
Wellpoint Inc	07/15/23	47,885.25	50,000.00	47,029.00
San Bernardino Cnty	08/01/23	26,322.25	25,000.00	24,775.00
Commercial Mortgage (COMM 2013-CCRE10)	08/10/23	41,197.96	40,000.00	40,788.00
Sacramento Cnty Call	08/15/23	29,925.00	30,000.00	27,884.00
FNMA #995265	01/01/24	354,139.49	327,338.64	353,843.00
FNMA #AC3445	11/01/24	86,888.72	84,788.57	89,617.00
US Treasury	11/15/24	81,730.47	50,000.00	72,359.00
FNMA #AC7007	01/01/25	296,030.94	274,738.69	291,218.00
FNMA #AL0554	08/01/26	902,489.49	852,410.39	891,737.00
FNMA #0498441	08/01/29	10,833.75	10,357.83	11,445.00
NY ST TWY Auth (NY TWY AUTH BAB)	04/01/30	30,000.00	30,000.00	33,298.00
Bay Area Toll Auth	04/01/30	75,000.00	75,000.00	87,322.00
FNMA #0656283	09/01/32	7,087.68	6,869.20	7,505.00
GNMA #604872	12/15/33	22,037.10	21,563.71	23,690.00
GNMA #781724	12/15/33	47,501.95	45,828.13	51,756.00
GNMA #638095	01/15/35	40,929.24	40,859.02	44,878.00
FNMA #826500	08/01/35	73,959.84	69,159.22	74,383.00
FNMA #844809	11/01/35	52,486.61	49,442.80	53,136.00
FNMA #891588	05/01/36	83,988.92	78,447.94	85,089.00
FNMA #902988	11/01/36	13,040.79	12,925.68	14,137.00
FHLMC Pool G04222	04/01/37	18,499.49	17,269.09	18,594.00
FNMA #256749	06/01/37	93,023.79	85,736.21	93,598.00
FHLMC Pool G03432	11/01/37	28,804.98	26,727.76	28,779.00
News Amer Inc	11/15/37	42,289.00	50,000.00	57,599.00
LBUBS CMBS 2006-C4	06/15/38	210,781.25	200,000.00	220,291.00
FHLMC Pool G05081	10/01/38	83,380.85	82,047.58	86,257.00
Chicago IL GO	12/01/38	10,000.00	10,000.00	11,161.00
Credit Suisse Firat Boston (CSMC 2006-C1)	02/15/39	204,554.69	200,000.00	216,644.00
FNMA #AE0103	05/01/39	94,609.46	87,512.73	95,538.00
Merrill Lynch MTG TR (MLMT 2006-C1)	05/12/39	207,281.25	200,000.00	219,048.00

LGC Property-Liability Trust, LLC Investment Portfolio
 by Wellington Management Company, LLP
 75 State Street Boston, MA, 02109
 August 31, 2013

Securities	Maturity Date	Purchase Price	Par Value	Current Market Value
FNMA #AD9322	08/01/40	134,516.21	128,704.41	136,082.00
FNMA #AD8269	09/01/40	187,196.85	182,186.71	188,180.00
FHMC GOLD POOL #A95121	11/01/40	115,624.32	110,438.88	116,330.00
FHLMC Pool C03565	12/01/40	172,149.06	166,780.78	172,025.00
Kalamazoo Mich Hosp (MI Bronson Hlt)	05/15/41	70,000.00	70,000.00	71,484.00
Morgan Stanley Cap (MSC 2006-T23)	08/12/41	209,312.50	200,000.00	220,952.00
FHLMC POOL #Q03759	10/01/41	4,324.52	4,014.64	4,008.00
FNMA POOL #AJ5565	01/01/42	9,912.22	9,195.27	9,203.00
FHLMC POOL #Q07758	04/01/42	88,220.28	81,874.97	81,702.00
FHLMC POOL #C04014	06/01/42	55,637.13	51,642.87	51,530.00
FHLMC POOL #Q08917	06/01/42	102,315.52	96,852.45	98,647.00
FHLMC Pool #Q08997	06/01/42	75,073.49	74,584.03	74,426.00
FNMA POOL #AO8034	07/01/42	1,454.31	1,351.48	1,352.00
FNMA #AO2655	07/01/42	42,505.15	39,531.05	39,571.00
FNMA POOL #AO7445	08/01/42	9,361.14	8,684.04	8,690.00
FHLMC Pool C09013	09/01/42	367,066.54	355,149.61	340,208.00
FNMA POOL #AP2294	09/01/42	30,270.00	28,080.60	28,105.00
FHLMC POOL #Q10924	09/01/42	60,232.91	55,779.29	55,657.00
FNMA POOL #AP9944	09/01/42	14,459.57	13,408.93	13,416.00
FNMA POOL #AB8069	09/01/42	251,028.67	233,040.93	233,242.00
FNMA POOL #AP5931	09/01/42	38,806.82	35,999.96	36,031.00
FNMA POOL #AQ0440	10/01/42	95,278.58	88,592.60	88,656.00
FNMA POOL #AQ0004	10/01/42	23,345.42	21,645.86	21,661.00
FHLMC POOL #Q11595	10/01/42	33,644.53	31,179.41	31,111.00
FNMA POOL #AP9208	10/01/42	80,901.99	75,148.45	75,202.00
FHLMC Q12044	10/01/42	350,541.09	336,066.96	321,928.00
FHLMC POOL #Q11791	10/01/42	119,967.80	113,511.82	113,271.00
FHLMC G08521	01/01/43	353,821.90	339,212.28	324,941.00
FHLMC POOL #Q14826	01/01/43	7,088.90	6,707.42	6,693.00
FNMA #AR0142	01/01/43	240,424.00	227,992.20	228,154.00
FHLMC Pool C04619	03/01/43	73,143.17	72,881.25	69,815.00
FHLMC Gold Pool #Q1-7359 (Q17359)	04/01/43	61,957.08	57,773.05	57,650.00
FHLMC Q17451	04/01/43	177,869.01	173,491.07	166,192.00
FHLMC Pool Q18098	05/01/43	68,084.80	67,867.41	65,012.00
FHLMC Pool G08525	05/01/43	32,109.48	31,994.50	30,648.00
FHLMC Pool #G08538	07/01/43	683,203.06	678,432.83	676,947.00
FHLMC Pool #G08537	07/01/43	391,171.42	404,001.63	387,004.00
JP Morgan Chase (JPMCC 2006-LDP7)	04/17/45	56,578.13	50,000.00	54,813.00
JP Morgan Chase (JPMCC 2006-LDP7)	04/17/45	28,316.41	25,000.00	27,406.00
Banc Amor coml MTG (BACM 2006-2)	05/10/45	208,226.56	200,000.00	218,482.00
Comm 2006-C7 MTG TR	06/10/46	208,671.86	200,000.00	219,093.00
WFRBS Coml Mig	08/15/46	65,847.14	65,000.00	64,832.00
WFRBS Coml Mig	09/15/46	56,845.77	55,000.00	55,813.00
JP Morgan Chase (JPMCC 07-CB18)	08/12/47	9,835.94	10,000.00	10,965.00
Total Cost		20,711,271.60	20,233,780.81	20,828,735.00
Amortized discounts (premiums) on investments		-82,818.05		
Adjusted cost of investments		20,628,453.55		
Fair market value of investments		20,828,735.00		
Unrealized Gain or -Loss on Investments		200,281.45		

LGC Workers Comp Trust Investment Portfolio
 by Wellington Management Company, LLP
 75 State Street Boston, MA, 02109
 August 31, 2013

Security	Maturity Date	Purchase Price	Par Value	Current Market Value
US Treas Note	09/30/2013	1,414,861.10	1,325,000.00	1,328,002.00
GNMA #691612X	09/15/2023	576,273.60	582,094.55	618,866.00
US Treas Note	02/28/2015	500,429.69	500,000.00	515,567.50
US Treas Note	02/28/2015	800,683.60	750,000.00	773,348.50
FNMA #AE1159	07/01/2025	263,687.35	252,407.87	266,603.00
Fed Natl MTG Assn	10/15/2015	2,040,411.60	1,800,000.00	1,946,470.00
Fed Natl MTG Assn	10/15/2015	988,079.00	875,000.00	946,201.00
FNMA #AE2572	09/01/2025	46,691.27	45,214.98	47,292.00
FNMA #AE6274	10/01/2025	262,964.86	254,648.97	266,425.00
FNMA	04/15/2014	464,359.25	425,000.00	435,422.00
US Treas Note	11/30/2016	798,656.25	800,000.00	799,167.00
FNMA #AI8869	08/01/2026	230,736.65	220,569.77	230,795.00
FHLMC POOL #Q09306	07/01/1942	462,155.27	437,414.03	436,456.00
US Treas Note	07/31/2017	98,589.84	100,000.00	97,281.25
US Treas Note	07/31/2017	173,482.42	175,000.00	170,241.75
Freddie Mac	08/25/2016	316,315.50	300,000.00	309,735.00
FNMA #AQ4695	11/01/1942	1,204,489.95	1,144,493.44	1,098,994.00
US Treas Note	03/15/2016	2,751,718.75	2,750,000.00	2,735,392.00
FNMA #AR1951	01/01/1943	97,555.05	92,175.73	92,241.00
FHLMG #J23055	04/01/2028	125,672.64	121,166.95	120,315.00
US Treasury Bill	06/26/2014	574,183.50	575,000.00	574,562.00
Total Cost		14,192,997.34	13,525,186.29	13,809,405.00
Amortized discounts (premiums) on investments		-352,881.44		
Adjusted cost of investments		13,840,115.90		
Fair market value of investments		13,809,405.00		
Unrealized Gain or -Loss on Investments		-30,710.90		

STATE OF NEW HAMPSHIRE
SUPREME COURT
2012 TERM

IN THE MATTER OF:)
)
Local Government Center, Inc. *et al.*) Case No. 2012-0729
)
_____)

**AFFIDAVIT OF GEORGE BALD IN SUPPORT OF RENEWED MOTION
OF APPELLANT PROPERTY-LIABILITY TRUST, INC.
FOR STAY OF FINAL ORDER PENDING APPEAL**

I, George Bald, depose and state on oath as follows:

1. From February 6, 2013, through August 19, 2013, I served as the Interim Executive Director of Local Government Center Property-Liability Trust, LLC (“Old PLT”), to which, as of September 1, 2013, Property-Liability Trust, Inc. (“PLT”) became the successor-in-interest, pursuant to a transfer of all assets and all liabilities from Old PLT to PLT in connection with a restructuring of Old PLT.

2. My career has been spent in local, regional (intra-state), and state government in New Hampshire beginning in 1978 with the first of my three terms as mayor of the City of Somersworth, which then had the “strong mayor” form of municipal government. I also served for a total of six years with the Pease Development Authority (the “PDA”), the last two, 2004-2006, as the PDA’s Executive Director. While several serious disputes arose between the City of Portsmouth and the PDA, they were all resolved, and the redevelopment of Pease Air Force Base was successful. Most recently before my employment with Old PLT, I served from 2006 to

November 2012 as Commissioner of the New Hampshire Department of Resources and Economic Development.

3. In my capacity as Old PLT's Interim Executive Director, I was actively and daily engaged with PLT's efforts and activities both (a) to negotiate with the BSR regarding the terms of the Final Order, and (b) to comply with the terms of the Final Order.

4. Indeed, compliance with, and clarification of, the Final Order was one of my principal responsibilities, as PLT had told me would be the case if I accepted its offer of employment. I was thus intent both on complying to the extent possible, and on negotiating, notwithstanding the BSR's rejection of a PLT proposal to mediate that preceded my arrival at PLT.

5. Among other things, the Final Order called for PLT to pay \$17.1 million by December 1, 2013, to co-appellant HealthTrust, Inc. ("HT"), which since September 1, 2013 has been the successor-in-interest to Local Government Center HealthTrust LLC ("Old HT"), pursuant to an Asset Purchase Agreement by and among HT, Old HT, and Local Government Center, Inc. The financial statements that Old PLT submitted during the proceeding before the Bureau demonstrated that PLT did not have funds sufficient to make that payment.

6. The Final Order therefore provided that "[t]he funds to make this re-payment may be borrowed from an independent entity at commercially reasonable terms, in consultation with the Bureau of Securities Regulation in the exercise of its supervisory powers which shall be exercised in good faith." Final Order at 78, Item 13.

7. My office calendar records during my six-month tenure as Interim Executive Director shows at least 12 personal meetings or telephone calls, the first on February 12, 2013, and the last on August 6, 2013, with Barry Glennon, the Director of the Bureau, regarding the Final Order. The same records also show six meetings or telephone calls with William Gardner, the New Hampshire Secretary of State and Mr. Glennon's superior. The \$17.1 million payment required by the Final Order and PLT's inability to pay such an amount – and my position that the parties should acknowledge the reality of such inability and attempt to deal with it – were always among the topics discussed during these meetings and telephone conferences.

8. At no time during my tenure at PLT, did either PLT or I lose sight of, or ignore, the \$17.1 million obligation or the peril it posed for PLT.

9. PLT simultaneously availed itself of the permission granted to it in the Final Order to seek to borrow the money to discharge the \$17.1 million obligation.

10. The most obvious avenue for borrowing such a large amount was PLT's current and long-standing bank, RBS Citizens, N.A. ("Citizens Bank") in Manchester. I met four times with PLT's banker, Jeffrey B. Tatro, Senior Vice President of Citizens Bank. One of the meetings was also attended by Mr. Tatro's colleague, Keith Pine, Vice President of Citizens Bank's Government Banking Division. I provided Citizens Bank with PLT's most recent 2011 audited financials and other requested financial information. Citizens Bank concluded after the meetings and its review of the situation that the requested loan was "not a bankable credit," expressing concerns about the insufficiency both of cash flow to repay the loan and of collateral to secure it. While it is true that PLT did not submit a formal "loan application," it was merely sparing itself a nugatory effort. PLT was not a stranger to Citizens Bank, walking in off the

street to get a home mortgage. If anyone was going to lend \$17.1 million to PLT, it was Citizens Bank.

11. Nonetheless, I also met with Steve Webb, President of TD Bank New Hampshire, on May 1, 2013, to explore a loan from Mr. Webb's bank. Mr. Webb reviewed PLT's audited financials at the meeting. He declined to pursue PLT's request further politely but firmly.

12. My third and final approach on behalf of PLT was to the New Hampshire Business Finance Authority ("BFA"), an organization I know well from my years in government. I spoke three times with Jack Donovan, the Executive Director of BFA, and also provided him with PLT's audited financials.

13. BFA, which is not itself a direct lender but rather a provider of loan guaranties, declined to provide support for a borrowing from a third-party private lender and expressed its opinion that no such lender could be found, even if BFA support were available, because of the same cash flow and collateral concerns that deterred Citizens Bank.

14. What is obvious from PLT's 2010 financials before the Presiding Officer was also obvious to prospective lenders from PLT's 2011 financials: PLT was in no position to discharge or incur a \$17.1 million obligation.

15. In light of PLT's inability to make the \$17.1 million payment, I met with the Bureau's consultant, Michael Coutu, in July 2013 and eventually was able to schedule a negotiating session between PLT and the Bureau.

16. The meeting convened on neutral territory, at the office of the New Hampshire Department of Resources and Economic Development. Old PLT was represented by myself and

two board members (including the chair); Old HT, the prospective recipient of PLT's \$17.1 million repayment (and PLT's co-appellant of the Final Order), sent two board members (including its chair); Old PLT's and Old HT's corporate parent, Local Government Center, Inc., sent its board chair.

17. The Bureau was represented by two people, Mr. Glennon, its Director, and Mr. Coutu, its consultant. The Secretary of State was invited, but did not attend.

18. The meeting was held on Monday, August 5, 2013.

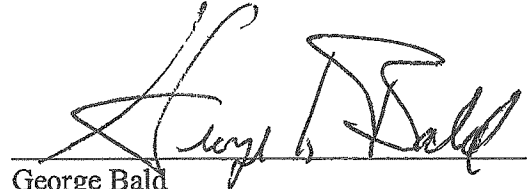
19. The attendees tentatively agreed on a list of items that Mr. Coutu undertook to turn into a written term sheet. It is my understanding and belief that Mr. Coutu prepared the term sheet and gave it to Mr. Glennon to present to the Secretary of State. Neither Old PLT nor Old HT nor LGC has received a copy of this term sheet.

20. On Tuesday afternoon, August 6, 2013, I received a telephone call from Mr. Glennon. He told me that the term sheet that was prepared by Mr. Coutu was not acceptable to the Secretary and that the \$17.1 million repayment order was no longer under discussion.

21. These matters stood until the end of my agreed-upon six-month term on August 19, 2013. On August 14, I had asked Mr. Glennon to give me a copy of Mr. Coutu's term sheet, in the hope it might assist my successor in renewing settlement efforts. Mr. Glennon denied my request the next day.

22. I believe I did my best to end or ameliorate the disputes and difficulties arising from the Final Order, and I regret that they remain in the judicial arena, where it appears they will have to be resolved.

Subscribed and sworn to before me under the pains and penalties of perjury on this 3rd
day of October, 2013.


George Bald

2258314.3

**RACKEMANN
SAWYER & BREWSTER**

PROFESSIONAL CORPORATION
COUNSELLORS AT LAW

Established 1886

J. David Leslie
617-951-1131
dleslie@rackemann.com

August 23, 2013

By E-mail @ dennis@newburynh.org

Dennis J. Pavlicek, Chair
Local Government Center Property-Liability Trust, LLC
25 Triangle Park Drive
Concord, NH 03302

**Re: Possible Distribution to Members of the Local Government Center Property-
Liability Trust, LLC ("PL Trust")**

Dear Mr. Pavlicek:

I write to you on behalf of my client, the Local Government Center Health Trust, LLC, ("Health Trust") regarding the \$3.1 million distribution to PL Trust members that is directed in the Department of State's Final Order entered on August 16, 2012 ("Order"). The Order requires that the PL Trust make that \$3.1 million distribution of notional "excess surplus" on or before September 1, 2013, and also that the PL Trust make a \$17.1 million "re-payment" to the Health Trust on or before December 1, 2013. I am directed by the Board of Managers of the Health Trust to inform you that the Health Trust objects to any distribution to PL Trust members of "excess surplus" unless and until adequate provision has been made to honor the \$17.1 million "re-payment".

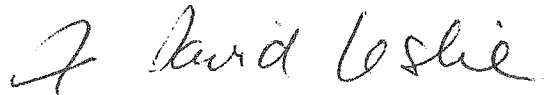
To the extent that the Order is valid -- a proposition that the Health Trust and PL Trust are challenging in their appeal to the New Hampshire Supreme Court -- the Health Trust is a creditor of the PL Trust. If that is the case, the managers of the PL Trust may owe fiduciary duties to protect the interests not only of the PL Trust and its members but also of the interests of the Health Trust and other creditors of the PL Trust. See, *In re Felt Mfg. Co., Inc.*, 371 B.R. 589, 611 (Bkrcty.D.N.H. 2007). The interests of the Health Trust include both the continuing stability of all Local Government Center-related risk pools and collection (if appropriate) of the \$17.1 million "re-payment". This latter interest is superior to any interest that the members of the PL Trust may have in receiving distribution of "excess surplus". See RSA 304-C:93. See also RSA 304-C:92 (Members' status as creditors of a LLC with respect to a distribution is subject to the provisions of RSA 304-C:93).

The Health Trust recognizes that the Order has not been stayed and places the PL Trust in a difficult position by requiring potentially irremediable actions. The Health Trust also recognizes that the Order does not generally specify self-operative consequences in support of its various mandates. Compare pg. 73-74 (“Failing re-organization as ordered above... the LGC, Inc. is deemed... and shall... be penalized by forfeiture of the statutory exemption...”) and pg. 77-78 (requiring actions without imposing operative consequences). The Health Trust does take the position, however, that in considering its options regarding those mandates, the Board of Managers of the PL Trust should avoid preferring one putative creditor over another.

It is for this reason that the Health Trust has directed that I advise of its position that a distribution to PL Trust members is appropriate only if the PL Trust has previously made adequate provision for the \$17.1 million “re-payment”. The Health Trust has also directed that I seek advance notice from you of any distribution so that the Health Trust may take timely action to ensure that its interests are protected.

Please contact me if you have any questions regarding the Health Trust's position on these issues.

Very truly yours,



J. David Leslie

cc: Peter J. Curro
David Frydman



Peter Nils Baylor
Direct Line: (617) 439-2390
Fax: (617) 310-9390
E-mail: pbaylor@nutter.com

August 29, 2013
0099970-00065

By e-mail to dleslie@rackemann.com
J. David Leslie, Esq.
Rackemann, Sawyer & Brewster, P.C.
160 Federal Street
Boston, MA 02110-1700

Re: Local Government Center Property-Liability Trust, LLC ("PLT");
\$3.1 million distribution pursuant to NH Dept. of State Final Order
(the "Order") dated August 16, 2012

Dear Dave:

This letter follows our telephone conference earlier this afternoon and confirms that PLT will comply with the Order and dispatch checks constituting the \$3.1 million distribution tomorrow, Friday, August 30, 2013, at or about 3:00 p.m. EDT.

My earlier telephone conference with you about this course of action by PLT and now this letter are intended to accommodate your request in your August 23, 2013, letter to PLT that you receive advance notice of the distribution PLT plans to make.

PLT notes the object you raised on behalf of Health Trust in your August 23 letter. The entire situation created by the Order is an unfortunate one. PLT believes its decision to proceed with the distribution is in the circumstances lawful and compelled by the Order.

I am available to you for any further discussion you may wish to have, and I confidently assume this courtesy will be mutual. Thank you.

Yours truly,


Peter Nils Baylor

PNB:rmj

2245674.1

Local Government Center Health Trust, LLC
Board of Managers
25 Triangle Park Drive
Concord, New Hampshire

August 30, 2013

BY E-MAIL

Hon. William M. Gardner
Secretary of State
State of New Hampshire
State House, Room 204
Concord, New Hampshire 03301

Re: Local Government Center Health Trust, LLC – August 16, 2012 Order – Distribution of \$3.1 of
“Excess Surplus” by Local Government Center Property-Liability Trust, LLC

Dear Secretary Gardner:

We write as the independent Board of Managers of the Local Government Center Health Trust, LLC (“Health Trust”) appointed in response to the Department of State’s Final Order entered on August 16, 2012 (“Order”). In recognition of the terms of the Order, and in the discharge of our responsibilities as the Board of Managers of the Health Trust, we have carefully considered the various sections of the Order. One of those provides for the Local Government Center Property-Liability Trust, LLC (“PL Trust”) to pay \$3.1 million of “excess surplus” to its current members participating in the property and liability risk pool management program by September 1, 2013. (Order, § 11). Another section directs the PL Trust to pay the Health Trust \$17.1 million by December 1, 2013. (Order, § 13). Assuming that the New Hampshire Supreme Court affirms the Order, we believe that payment of the \$3.1 million by the PL Trust irrevocably injures the Health Trust as well as the other creditors of the PL Trust (i.e., workers compensation claimants and those public entities covered by its programs with unpaid claims). We ask for your help in preventing that result.

The PL Trust’s statement of financial position as of December 31, 2011 (the most recent year for which information is publically available) shows \$10.3 million in unrestricted net assets. The PL Trust’s obligations under the Order are not reflected in this number. Absent a substantial increase in net assets since 2011, it appears that the PL Trust presently has inadequate assets to satisfy its obligations to the Health Trust (\$17.1 million) and the ordered \$3.1 million distribution. Should the Order be affirmed, it appears that the PL Trust does not have the funds to meet all its obligations let alone any excess surplus. A \$3.1 million distribution at this time, characterized as a distribution of “excess surplus”, prefers those receiving the funds to the detriment of the Health Trust and the PL Trust’s other creditors.

For the foregoing reasons, our independent counsel wrote to the Chair of the PL Trust requesting that the \$3.1 million distribution not be made. Attached is a copy of his letter. We were informed yesterday afternoon that the PL Trust Board of Managers has decided to proceed with the distribution on or about

3:00 this afternoon because it is, in part, "compelled by the Order". Attached is a copy of that letter as well.

In these circumstances, the Health Trust Board of Managers is faced by the following situation arising from the Order. The Order instructs the Health Trust Board to exercise its independent fiduciary responsibilities in accordance with New Hampshire law. It has engaged independent counsel and carefully considered the implications of the Order from the perspective of the Health Trust. The Order directs the PL Trust to pay \$17.1 million to the Health Trust but first to distribute \$3.1 million of "excess surplus". Review of the available PL Trust statement of financial position raises serious doubt that the PL Trust can satisfy those ordered obligations as well as its responsibilities for the claims it is currently paying and the claims incurred but payable in the future.

This is why we requested the PL Trust not to pay the \$3.1 million and why we respectfully ask that you advise the PL Trust that you have no objection to it not paying the \$3.1 million at this time. We are committed to working with you and your representatives to deal with and solve all of these issues in a prompt and responsible manner. Please let us know whether you are able to assist us and the other creditors of the PL Trust by causing the PL Trust to delay its distribution this afternoon of the \$3.1 million.

Very truly yours,

Local Government Center Health Trust, LLC Board of Managers

Peter J. Curro, Chair, Administrator, Londonderry School District

John A. MacLean, V. Chair, City Manager, Keene

Michelle R. Clark, Business Administrator, Hopkinton School District

Shelagh Connelly, Selectman, Holderness

Thomas Enright, School Board Member, Hollis-Brookline Coop. School District

Harry Hobbs, Teacher, Exeter

Scott Myers, City Manager, Laconia

Daniel Rossner, Business Administrator, Newfound Area School District

Cathy Ann Stacey, Register of Deeds, Rockingham County

Attachments

cc: Barry J. Glennon (w/attachments)
Michael A. Coutu "
Dennis J. Pavlicek "
Chair, Local Government Center Property-Liability Trust, LLC
Peter Nils Baylor "

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Established 1886

J. David Leslie
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August 23, 2013

By E-mail @ dennis@newburynh.org

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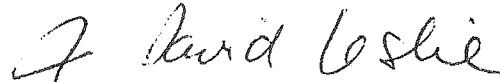
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J. David Leslie

cc: Peter J. Curro
David Frydman



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Direct Line: (617) 439-2390
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E-mail: pbaylor@nutter.com

August 29, 2013
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By e-mail to dleslie@rackemann.com
J. David Leslie, Esq.
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160 Federal Street
Boston, MA 02110-1700

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Yours truly,


Peter Nils Baylor

PNB:rmj

2245674.1



Barry Glennon
Director

State of New Hampshire
Department of State
Bureau of Securities Regulation

107 North Main Street, State House Rm. 204
Concord, NH 03301-4989
Telephone: (603) 271-1463
Fax: (603) 271-7933

August 30, 2013

Mr. Peter J. Curro, Chair
Local Government Center HealthTrust, LLC
25 Triangle Park Drive
Concord, NH 03301

Dear Mr. Curro:

This letter is in response to your letter of August 30, 2013. The Order issued by the Hearings Officer on August 16, 2012 required Property-Liability Trust to return \$3.1 million in surplus to its members by September 1, 2013. PLT's request for reconsideration of the Order was denied by the Hearings Officer. A subsequent request for a stay of that Order, filed with the New Hampshire Supreme Court, was also denied. As you know in your capacity as Chair of the HealthTrust board, HealthTrust was provided with several opportunities in the last few weeks alone to address this matter, and as recently as last week, the board chose not to pursue them.

Although the Hearings Officer's decision has been appealed to the New Hampshire Supreme Court, Property-Liability Trust is obligated to comply with the Order. This office will not instruct them to delay distribution of the funds as requested by the HealthTrust board.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Glennon'.

Barry J. Glennon
Director