

**MEMORANDUM OF COVERAGE
 POOLED PROPERTY PROTECTION PROGRAM
 ADMINISTERED BY
 CALIFORNIA FAIR SERVICES AUTHORITY
 1776 TRIBUTE ROAD, SUITE 100
 SACRAMENTO, CALIFORNIA 95815
 (A Joint Powers Authority herein referred to as the Authority)**

PARTICIPATING ENTITY: The Participating Entities listed in Attachment A are participants in the Pooled Property Protection Program, for coverages and deductibles as specified in Attachment A.

PROTECTION PERIOD: July 1, 2005 to July 1, 2006

PROTECTION AFFORDED: Protection is afforded for Real Property and for Personal Property and Contractors Equipment **as scheduled and paid by the Participating Entity** under the lead commercial property insurance policy, Lexington Insurance Company Policy No.RKS105900607 (hereinafter "Lead Policy"). Terms, conditions, definitions and exclusions under the Pooled Layer (see below) are identical to said Lead Policy unless expressly stated herein.

In event of a covered loss, the Participating Entity has financial responsibility up to the scheduled fair deductible for each occurrence (hereinafter "Fair Deductible"); the Pooled Property Protection Program has financial responsibility for the amount between the Fair Deductible and \$500,000 per occurrence* (hereinafter "Pooled Layer"); and commercial insurance, including the Lead Policy, shall respond in excess of \$500,000 per occurrence (hereinafter "Lead Policy Layer").

***Subject to Conditions below, including, but not limited to, Condition No. 4.**

FAIR DEDUCTIBLES: For Real Property, Fair Deductibles are on a per occurrence basis and are based on the Fair Classification of a Participating Entity as assigned by the Division of Fairs and Expositions, California Department Food and Agriculture as of the beginning of the Protection Period. For information only, the following is a schedule of Fair Deductible by Fair Classification for real property:

<u>Fair Class</u>	<u>Real Property Fair D eductible</u>
I	\$10,000 per occurrence
II	\$15,000 per occurrence
III	\$25,000 per occurrence
IV	\$40,000 per occurrence
V	\$60,000 per occurrence
VI	\$80,000 per occurrence
VII	\$100,000 per occurrence

For scheduled Personal Property and Contractors Equipment, the Fair Deductible is \$10,000 per occurrence.

See Attachment A for a listing of coverages and Fair Deductibles for each Participating Entity. In event of any discrepancy, the Fair Deductibles listed in Attachment A shall control.

FLOOD PROTECTION:

Flood Zone A/V - For Participating Entities located in Flood Zone A/V, there is flood protection only in the Pooled Layer up to \$500,000 per occurrence and subject to the Fair Deductible.

All Other Flood Zones - For Participating Entities located in all other Flood Zones, there is flood protection in the Pooled Layer and Lead Policy Layer, subject to the Fair Deductible.

TERRORISM EXCLUSION:

For all Participating Entities, there is terrorism protection only in the Pooled Layer up to \$500,000 per occurrence and subject to the Fair Deductible. For purposes of such Pooled Layer protection only, Endorsement No. 23 of the Lead Policy (Terrorism Exclusion) is not applicable.

MICROORGANISM EXCLUSION:

For all Participating Entities, there is mold/fungus protection only in the Pooled Layer up to \$500,000 per occurrence and subject to the Fair Deductible. For purposes of such Pooled Layer protection only, Endorsement No. 19 of the Lead Policy (Microorganism Exclusion) is not applicable.

EARTHQUAKE EXCLUSION:

THERE IS NO PROTECTION UNDER THE PROGRAM FOR THE PERIL OF EARTHQUAKE.

NOTICE OF LOSS:

In event of loss or damage covered by the Pooled Property Protection Program, the Participating Entity shall give immediate notice of such a loss to the Authority by telephone at (916) 921-2213 or by FAX at (916) 263-6159.

CONDITIONS

1. California Government Code Sections 990.8 and 990.4 provide that the pooling of claims or losses through a joint powers agreement shall not be considered insurance nor subject to regulation under the California Insurance Code. Any actual or alleged ambiguity herein will not be construed against the Authority or the Pooled Property Protection Program and, because the Program is not insurance, legal principles associated with the interpretation of insurance terminology will not be given effect over legal principles used to interpret contracts in general.
2. Notwithstanding the foregoing Condition No. 1, it is agreed that with respect to the Lead Policy Layer only, the terms, provisions, definitions, conditions, agreements and limitations of the above referenced Lead Policy shall be interpreted in accordance with principles of insurance law applicable to commercial insurance companies in California. Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, provisions, definitions, conditions, agreements and limitations of the Lead Policy.
3. The sole duty of the Authority is to administer the Pooled Property Protection Program in accordance with the terms of the Memorandum of Understanding between the Authority and the Division of Fairs and Expositions, California Department of Food and Agriculture and as reflected in this Memorandum of Coverage. There is no transfer of risk from the Participating Entities to the Authority and there is no assumption of risk by the Authority. The Authority's Board of Directors reserves the right to modify the Pooled Property Protection Program, including, but not limited to, this Memorandum of Coverage, the Lead Policy, or the carrier issuing the Lead Policy. The Authority's Executive Director is hereby authorized to approve non-substantive modifications to the Program, including, but not limited to, non-

substantive modifications to this Memorandum. The Authority shall give Participating Entities written notice of any modification.

4. The funds available for payment of covered claims in the Pooled Layer of the Program shall be accounted for separately from funds of any other program or account of the Authority. In the event that the Authority makes a determination that the Program's funds are not adequate to pay the Pooled Layer covered claims of all Participating Entities for a given Protection Period, the Authority may take such actions it determines necessary and in the best interests of the Program. In accordance with the terms of the Memorandum of Understanding between the Authority and the Division of Fairs and Expositions, the Authority shall request additional funding from the Division to pay covered claims in the Pooled Layer. In addition, the Authority may prorate the amount payable to each Participating Entity for any Pooled Layer covered claim based on the ratio that each such claim bears to all such covered claims multiplied by the total funds available for the Protection Period. The Authority may take any reasonable action or actions to effect such proration, including but not limited to the following: (1) pay only a portion of a covered claim; (2) delay payment of a covered claim; and (3) set a schedule of payments for a covered claim.
5. Participating Entities shall, at all times, comply with the terms, conditions and obligations which are contained in the current Joint Exercise of Powers Agreement (hereafter referred to as "JEPA") creating the Authority, the bylaws, resolutions and operating memoranda of the Authority, and any emergency order of the Executive Director of the Authority or her/his designee.

Operating Memoranda means memoranda issued by the Board of Directors of the Authority establishing policies and procedures for a Participating Entity's operations which affect risks of loss or damage to property protected by the Pooled Property Protection Program. Operating Memoranda shall become effective thirty (30) days after issuance.

The protection afforded by the Pooled Property Protection Program is conditioned upon the Participating Entity's compliance with Operating Memoranda issued by the Board of Directors of the Authority and any emergency order of the Executive Director of the Authority or her/his designee.

This Memorandum is subject to and subordinate to the JEPA of the Authority. In the event of any conflict between the terms of the JEPA and this Program, the terms of the JEPA shall control.

California Fair Services Authority

By: _____
Executive Director

ATTACHMENT A TO MEMORANDUM OF COVERAGE
POOLED PROPERTY PROTECTION PROGRAM

The Protection Schedule, attached hereto, specifies the following as respects to each Participating Entity covered under this Program:

- (A) Name of Participating Entity
- (B) Effective Date of Protection
- (C) Fair Deductible for each Protection

As respects Protection Schedule, the abbreviations used therein mean the following:

- (A) "RP" means Real Property
- (B) "PP" means Personal Property
- (C) "CE" means Contractors Equipment

Protection only applies to each Participating Entity of the Program where an "X" is placed next to the abbreviated Protection symbol.