

**MEMORANDUM STATING THE TERMS AND CONDITIONS  
OF THE SPECIAL EVENTS PROGRAM  
ADMINISTERED BY THE CALIFORNIA FAIR SERVICES AUTHORITY**

Amended and restated by the **Authority's** Board of Directors effective January 1, 2006 on April 3, 2006, also incorporating amendments made on September 16, 2003.

Originally adopted by the **Authority's** Board of Directors on September 26, 2000 as the Special Events Program authorized pursuant to California Government Code Section 6516.5. Amended by Addendum #1 to the Memorandum Stating the Terms the Terms and Conditions of the Special Events Program Administered by the California Fair Services Authority effective April 1, 2001 and adopted by the **Authority's** Board of Directors on February 16, 2001.

**COVER PAGE**

**MEMORANDUM STATING THE TERMS AND CONDITIONS  
OF THE SPECIAL EVENTS PROGRAM  
ADMINISTERED BY THE CALIFORNIA FAIR SERVICES AUTHORITY**  
(A Joint Powers Authority herein referred to as the **Authority**)  
1776 Tribute Road, Suite 100, Sacramento, CA 95815

**Covered Special Event Operator:** Lessee, concessionaire, exhibitor or other Special Event operator using fair facilities who is named on the Special Events Coverage Receipt form issued for specific dates and operations.

Mailing Address: As specified in Special Events Coverage Receipt form issued

Protection Period: Protection provided for specific event dates indicated on Special Events Coverage Receipt form issued. This memorandum is in effect from January 1, 2006 at 12:01 a.m. Pacific Standard Time until terminated.

**NOTE:** The prior Memorandum Stating the Terms and Conditions of the Special Events Program Administered by the California Fair Services Authority effective April 1, 2003 is hereby terminated effective January 1, 2006 12:01 a.m. Pacific Standard Time.

Maximum Amount of Protection: \$1,000,000 each occurrence combined single limit for **Bodily Injury**, **Property Damage**, and **Personal and Advertising Injury**, inclusive of defense obligations.

Subject to terms and conditions contained in SECTION 3 MAXIMUM AMOUNT OF PROTECTION of this Memorandum.

This Memorandum is a description of the terms and conditions of the **Program** administered by the **Authority**, through which **Covered Special Event Operators** share certain general liability losses through a risk pooling arrangement, as authorized by Government Code Section 6516.5. *This Memorandum is not an insurance policy.*

California Fair Services Authority

By: \_\_\_\_\_  
Executive Director

CALIFORNIA FAIR SERVICES AUTHORITY

SPECIAL EVENTS PROGRAM

MEMORANDUM OF COVERAGE

SECTION 1 INTRODUCTION

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The purpose of this Memorandum is to describe the Special Events Program as adopted by the California Fair Services Authority Board of Directors.

The **Program** provides that **Covered Special Event Operators** shall be protected for certain general liability losses from a segregated risk pooling arrangement as authorized in Government Code Section 6516.5. Pooling of losses in this **Program** is *not insurance and this Memorandum is not an insurance policy*. The sole duty of the **Authority** is to administer the **Program** adopted by the **Authority's** Board of Directors. There is no transfer of risk from the **Covered Special Event Operators** to the **Authority**, nor assumption by the **Authority**.

By electing to participate in the **Program**, the **Covered Special Event Operator** agrees to abide by all terms and conditions of the **Program**, that any actual or alleged ambiguity herein will not be construed against the **Authority** or the **Program** and that because this **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.

The provisions of the **Program** are subject to and subordinated to the **Joint Powers Agreement**.

Throughout this Memorandum, including the Cover Page, words and phrases that appear in **bold print** are defined in SECTION 6.

SECTION 2 PROTECTION

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- A. Except as excluded or limited elsewhere in the Memorandum, the general liability protection of the **Program** provided to **Covered Special Event Operators** shall have the same terms and conditions of the insurance policy as referenced below and attached thereto.

Policy No.:	EGL000680-03
Insurer:	Clarendon National Insurance Company
Coverage:	Commercial General Liability - Occurrence

The following Forms attached to the above referenced insurance policy shall be deleted and shall not apply to the general liability protection of the **Program**.

<u>Form</u>	<u>Designation</u>
Commercial General Liability Coverage	EBI CG DEC 101 (05-02), 2
Declarations	pages
Signature Page	CN 019 10 04, 1 page
Schedule of Forms	C-GLS-3 (02/94), 1 page
Common Policy Conditions	IL 00 17 11 98, 1 page
Calculation of Premium	IL 00 03 04 98, 1 page
Self-Insured Retention Form	EBI CG 3 6 1 (03-04),
	Endorsement No.3, 4 pages
California Changes - Cancellation and Nonrenewal	IL 02 70 11 04, 4 pages

- B. The general liability protection of the **Program** shall include protection for the Additional Covered Entities and Individuals as specified below.

The State of California, District Agricultural Associations, County Fairs, Counties in which County Fairs are located, Lessor/Sublessor if fair site is leased/subleased, Citrus Fruit Fairs, or California Exposition and State Fair, their agents, directors, officers, servants, and employees; but only as respects liability arising out of operations of the **Covered Special Event Operator** at rented or leased fair facilities as specified in the Special Events Coverage Receipt form.

- C. Listed below are further limitations on the protection afforded by the **Program**.

1. The **Products-Completed Operations Hazard** protection of the **Program** is limited solely to **Covered Special Event Operators** who are food and beverage concessionaires.
2. The liquor liability protection of the **Program**, as described in the Liquor Liability Coverage Form (CG 00 33 10 01, 5 pages) of the above referenced insurance policy, is provided only to those **Covered Special Event Operators** who paid additional special fees for liquor liability protection as evidenced by the Special Events Coverage Receipt form issued.
3. If there is a conflict in meaning between this Memorandum and the insurance policy specified in SECTION 2. A. above, the terms and conditions of the policy are subject to and subordinate to this Memorandum.

- D. No other obligation or liability to pay sums or perform acts or services is included within the protection afforded by this **Program** unless explicitly provided for under SECTION 4 DEFENSE AND SETTLEMENT. The amount the **Program** will pay for injuries, damages or **Defense Costs** is limited as described in SECTION 3 MAXIMUM AMOUNT OF PROTECTION.

### SECTION 3 MAXIMUM AMOUNT OF PROTECTION

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- A. The Maximum Amount of Protection as shown in the Cover Page and as set forth in the terms and conditions of this SECTION 4, determines the most this **Program** will pay, inclusive of **Defense Costs**, regardless of the number of:
1. **Covered Special Event Operators;**
  2. Injuries or damages sustained or alleged;
  3. **Claims** made or **Occurrences;** or
  4. Persons or organizations making **Claims**.
- B. The funds available for making payments under this **Program** shall be segregated and kept separate from funds of any other program or account of the **Authority**. Government Code Section 6516.5 provides that the aggregate payments made under this **Program** shall not exceed the amount available in the pool established for this **Program**. In the event that the **Authority** makes a determination that the **Program's** funds are not adequate to pay all covered **Claims** during an **Annual Period**, the **Authority** may take such actions it determines necessary and in the best interests of the **Program**. The **Authority** may prorate the amount payable for any covered **Claim** based on the ratio that each such **Claim** bears to all covered **Claims** multiplied by the total **Program** funds available for that **Annual 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**, (3) set a schedule of payments for a covered **Claim**, or (4) borrow funds from another **Authority** program to pay a covered **Claim** contingent upon the **Program** repaying the loan as additional **Program** revenues are received.

### SECTION 4 DEFENSE AND SETTLEMENT

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- A. The **Authority**, as an expense of this **Program**, shall have the right and duty to investigate, negotiate, settle or defend, at its sole discretion, any **Claim** which, in the opinion of the **Authority**, is or may be encompassed by this **Program**.
- This obligation shall cease to apply after the Maximum Amount of Protection shown in the Cover Page and pursuant to SECTION 3 has been exhausted by any combination of payments or tender of sums hereunder for judgments, settlements or **Defense Costs**. Any **Defense Costs** incurred prior to the tender of the Maximum Amount of Protection shall be deducted from the Maximum Amount of Protection that is tendered.
- B. With respect to any **Claim** over which the **Authority** assumes responsibility or charge of the settlement or defense, the **Authority** will, if applicable, cause the **Program** to pay the following on behalf of a **Covered Special Event Operator** or an Additional Covered Entity or Individual as specified in Section 2 above:
1. **Defense Costs** incurred by the **Authority**;
  2. Costs taxed in the suit; and
  3. Other reasonable expenses incurred at the **Authority's** request to assist the **Authority** in the investigation or defense of the **Claim**.

- C. The payment of **Defense Costs** and other costs listed in SECTION 4.B above will reduce the Maximum Amount of Protection under this **Program**.

## SECTION 5 CONDITIONS

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- A. All **Covered Special Event Operators**' duties in the event of an **Occurrence** or **Claim** are as follows:

1. Immediately following an **Occurrence**, the **Covered Special Event Operator** shall give immediate written notice thereof to the:

California Fair Services Authority  
1776 Tribute Road, Suite 100  
Sacramento, CA 95815  
Attention: Liability Claim Administrator

The notice shall contain the following:

- a. Particulars sufficient to identify the **Covered Special Event Operator**;
  - b. Information as to the time, place and circumstances of the **Occurrence**;
  - c. The names and addresses of the injured parties and any witnesses; and
  - d. Copy of Special Events Coverage Receipt, if available.
2. If a **Claim** is brought against the **Covered Special Event Operator**, the **Covered Special Event Operator** shall immediately forward to the **Authority** every **Claim**, demand, notice, summons or other process or correspondence received by the **Covered Special Event Operator** or its representative.
3. The **Covered Special Event Operator** shall cooperate with the **Authority**, its claims representative and investigators, and attorneys representing the **Authority**, and if requested, attend hearings and trials and assist in securing and obtaining evidence, and obtaining the attendance of witnesses.
4. The **Covered Special Event Operator** shall not admit to any liability, assume any obligation, voluntarily make any payment or incur any expense other than for first aid to others at the time of the accident.
- B. The **Authority** shall be subrogated to the extent of any payment hereunder to all of the **Covered Special Event Operator**'s rights of recovery therefore, and the **Covered Special Event Operator** shall do nothing after any loss to prejudice such rights and shall do everything necessary to secure such rights.
- C. If collectible insurance or any other coverage or protection with any insurer, joint powers authority or other source is available to the **Covered Special Event Operator**, covering a loss also protected hereunder (whether on a primary, excess or contingent basis), the protection hereunder shall be in excess of, and shall not contribute with, such insurance or other coverage or protection. Under no circumstances shall the protection afforded by this **Program** be considered primary, pro rata, concurrent or co-existent with such insurance

coverage or other protection.

- D. This **Program** and all protection and defense obligations afforded under this **Program** may be terminated or amended at any time by the Board of Directors of the **Authority** pursuant to the terms of the **Joint Powers Agreement**. In the event of such termination, a refund of fees paid for coverage of an event occurring on or after the termination date shall be made to the **Covered Special Event Operator** in the amount the **Authority** deems to be fair and reasonable.
- E. 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.
- F. Terms of this Memorandum, if any, which are in conflict with the statutes or laws of the State of California are amended to conform to such laws.

## SECTION 6 DEFINITIONS

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- A. **Annual Period** means the 12 month period beginning January 1<sup>st</sup> of each year, at which time the general aggregate limit shown on the Cover Page under the Maximum Amount of Protection is reinstated. Any unused portion of the general aggregate limit remaining at the end of each **Annual Period** is no longer available. The general aggregate limit shown on the Cover Page is reinstated at the beginning of each **Annual Period**.
- B. **Authority** means the California Fair Services Authority.
- C. **Bodily Injury** means "Bodily injury" as defined in the insurance policy referenced in SECTION 2.
- D. **Claim** means any demand, service of suit, **Occurrence** report or institution of arbitration proceedings in which injury or damages are alleged to have arisen out of **Bodily Injury**, **Property Damage**, or **Personal and Advertising Injury** to which this **Program** applies or is alleged to apply.
- E. **Claims** means more than one **Claim**.
- F. **Covered Special Event Operator** means any lessee, concessionaire, exhibitor or other special event operator using fair facilities who has purchased protection under the **Program** as evidenced by being named on the Special Events Coverage Receipt form issued for the specific dates and operations performed at the fair facilities rented or leased.
- G. **Covered Special Event Operators** means collectively all special event operators participating in the **Program**.
- H. **Defense Costs** means all fees and expenses incurred in connection with the adjustment, investigation, defense and appeal of a **Claim**, including, but not limited to, attorney fees, court costs and interest on judgements accruing after entry of the judgement and also shall include the costs of any adjuster, administrator or defense attorney assigned by the

**Authority** to respond to any individual **Claim** on behalf of the **Authority**.

- I. **Joint Powers Agreement** means the agreement creating and governing the **Authority** executed by the **Member Entities**, as amended from time to time.
- J. **Member Entities** means Member Entities as defined in the **Joint Powers Agreement**.
- K. **Occurrence** means “Occurrence” as defined in the insurance policy referenced in SECTION 2.
- L. **Occurrences** means more than one **Occurrence**.
- M. **Personal and Advertising Injury** means “Personal and advertising injury” as defined in the insurance policy referenced in SECTION 2.
- N. **Products-Completed Operations Hazard** means “Products-completed operations hazard” as defined in the insurance policy referenced in SECTION 2.
- O. **Program** means the Special Events Program as adopted and amended by the **Authority’s** Board of Directors.
- P. **Property Damage** means “Property damage” as defined in the insurance policy referenced in SECTION 2.