

**California Fair Services Authority
Board of Directors**

General Liability Program Operating Memorandum #03-01
EFFECTIVE JUNE 1, 2003

Issued pursuant to the “Memorandum Stating the Terms and Conditions of the General Liability Risk Sharing Program Administered by the California Fair Services Authority,” adopted effective January 1, 2000 (hereinafter “MOC”)

Section 1. CFSA Approval of Modification to Standard Indemnity Language

All fairs participating in the CFSA general liability program described by the MOC must obtain CFSA approval prior to accepting any modification to standard indemnity language contained in a fair contract or rental agreement form, including extensions of any contract or rental agreement.

Section 2. Policy for Non-Compliance with CFSA Operating Memoranda

The following policy and consequences for non-compliance with CFSA General Liability Program Operating Memoranda will apply to all fairs participating in the CFSA general liability program described by the MOC:

- A. Loss occurs and CFSA staff determines that the Fair did not comply with one or more of the requirements in CFSA General Liability Operating Memoranda (“Op. Memo”), e.g., minimum liability limits for fair contractors and other users of fair facilities (Op. Memo #02-01), specified additional insured language (Op. Memo #02-01), CFSA approval of modification to standard indemnity language (Op. Memo #03-01).
- B. If it is the Fair’s first non-compliance offense, the Fair CEO will receive written notification from CFSA staff. CFSA will schedule an “insurance review” at the Fair, to review the Fair’s contract files for compliance with Operating Memoranda requirements. To assist the Fair with compliance, CFSA will report the results of the insurance review to the Fair and answer any questions from Fair staff.
- C. If it is the Fair’s second non-compliance offense, the Fair CEO will receive written notification from CFSA staff, a copy of which will go to the CFSA Board of Directors. On this particular claim, the Fair will incur a loss participation percentage in the amount of 20%

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of all sums paid by CFSA for the claim, including attorneys' fees, costs, and any judgment or settlement amount. If requested by the Fair, CFSA will assess the loss participation amount over time such that the Fair will make a series of annual payments to CFSA. Each payment shall not exceed 20% of the Fair's annual general liability fee to CFSA.

- D. If it is the Fair's third or greater non-compliance offense, the Fair CEO will receive written notification from CFSA staff. CFSA staff will also submit a recommendation to the CFSA Board of Directors for further action, including, but not limited to, the imposition of a loss participation percentage, the imposition of other financial penalties, and/or termination from the CFSA General Liability Program or from CFSA, depending on the particular facts and circumstances. Any termination action taken by the CFSA Board of Directors shall be in compliance with the Joint Exercise of Powers Agreement for CFSA Dated October 20, 2008, including, but not limited to, Sections 21 and 22.
- E. In making the above determinations, CFSA will not consider a prior non-compliance offense by the Fair if it occurred more than 5 years before the loss under consideration.

Section 3. Effective Date

This Operating Memorandum shall become effective June 1, 2003 at 12:01 a.m. Pacific Standard Time and shall apply to all contracts and rental agreements, and extensions of any contracts or rental agreements, entered into by a participating fair on or after such effective date.

California Fair Services Authority

By: _____

Executive Director, CFSA