

FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Teleconference Meeting

Tuesday, November 16, 2010
9:30 a.m. – 11:30 a.m.

Vacaville Fire Protection District
420 Vine Street
Vacaville, CA 95688

Call-In Number: (866) 704-7500

Passcode: 978212

Subscriber PIN: 381060

Agenda

<i>Item</i>	<i>Action</i>
I. Welcome and Introductions	
II. Public Comment	Discussion
III. Consent Calendar	Action
A. Minutes – August 25 & September 28, 2010	
B. Financials – October 31, 2010	
C. Ratify New Board Member	
<i>The Board will approve the consent calendar, including minutes from the last meetings, financials as of October 31, 2010 and ratifying new Board Member Jean Moore from Alpine Fire.</i>	
IV. Possible Termination of North Central FPD	Info/Action
<i>The Board will discuss North Central FPD, and the fact that they have no active employees remaining in the pool, which may be cause for termination.</i>	
V. Potential Bylaws Revision	Info/Action
<i>The Board will discuss a potential Bylaws revision regarding terms and conditions of membership.</i>	
VI. Strategic Planning Discussion	Discussion
<i>The Board will discuss the topics for strategic planning that were generated from the previous Board meeting, including finding a new medical carrier.</i>	
VII. Open Enrollment Update	Discussion
<i>The Board will hear an update on the status of the 2010 open enrollment process.</i>	
VIII. Discussion on Withdrawals from the Plan	Discussion

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| IX. Marketing Plan, Branding and Materials | Info |
| <i>The Board will receive an update on the status.</i> | |
| X. Discussion on Carrier Renewal Rates | Info/Action |
| <i>The Board will review and consider adjustment to health care rates.</i> | |
| XI. Consultant Reports | Discussion |
| <i>The Board will receive updates and reports from its consultants, including but not limited to marketing updates, trend data and updates on the pool's claims experience.</i> | |
| A. Thoits – Broker | |
| B. David Turner – Actuary | |
| C. BRMS – Third Party Administrator | |
| D. SMA - Administrator | |
| XII. New Business | |
| A. FDAC EBA vs. PERS | Discussion |
| XIII. Next Meeting | Discussion |
| A. January 6, 2011 – Planning Session | |
| XIV. Adjourn | Action |

FDAC Employment Benefits Authority
Board of Directors Meeting
Wednesday, August 25, 2010

In Attendance

Mike McMurry, President
Jim Hill, Director
Charlene Virts, Director
Ron Collier, Director

Consultants/Guests

Melissa Dixon, Deputy Administrator
Catherine Smith, Administrator
David McMurchie, Legal Counsel
Anna Marie White, Thoits
Rosa Soria, Thoits
Helen Buhagiar, Thoits
Nick Perrin, BRMS
David Turner, Turner Consulting

President Mike McMurry called the meeting to order at 9:46 a.m. A quorum was established, and there was no public comment.

Consent Calendar

The Board addressed the consent calendar, which included minutes from the July 2 meeting and financials for the periods ending June and July 2010. Director Ron Collier noted an adjustment needed to be made to line item 6720 to adjust the expense to the appropriate fiscal year. Director Collier moved to approve the consent calendar, with the financials as amended. Director Jim Hill seconded. The motion passed unanimously.

Open Enrollment

Rosa Soria with Thoits Insurance informed the Board that she is working on the materials to be distributed to each member during the open enrollment period, which is from October 1 through November 15 annually. She is working with BRMS to ensure all the rates are entered correctly, and should have that renewal information from Delta before the end of the month.

Marketing and Branding Update

Anna Marie White with Thoits Insurance indicated that the FDAC EBA logo is on all materials leaving the Thoits office on behalf of the EBA, including the newsletter provided by Thoits. Thoits is distributing to EBA members approximately ten newsletters annually, as well as some additional notices as "hot topics" arise. There was some discussion about creating a URL for the EBA, and providing EBA-specific email addresses for Thoits. It was requested that copies of the newsletters sent to the members be included in future Board packets, as well as archived on the EBA website once it's created.

Strategic Planning

President McMurry requested input on the agenda for the strategic planning session in January. Some ideas included:

- Wellness Programs. It was suggested that the EBA use materials available from Blue Shield and Kaiser to see if there is buy-in from the districts on wellness programs prior to the EBA making an investment to create its own program.

- Life Benefits. Some carriers offer individual will creation as an additional benefit to life insurance, as well as burial service assistance. Include this and other benefit enhancements on the January agenda for discussion.
- Review 2008 Strategic Plan. Discuss where we are in relation to the existing plan, see what has worked and what hasn't, and readjust the Board's priorities.
- Feasibility study on self-funding.
- Review rate balancing/equity.
- Identify target markets for regional pricing.
- Relationship development with potential new members.
- Branding/image. How do we want to be known?
- Rebuilding credibility and stability.
- Discuss possible change in moving to a different medical carrier.
- Become more involved in workers compensation claims.
- Create EBA website, coordinate with BRMS's Vbas.

It was suggested that prior to the January meeting we submit a questionnaire to the members to ask what is most important—rates, flexibility in plans, or the network?

Thoits will return to the Board in January with a recommendation on a medical carrier for as early as July 2011.

Carrier Renewals

White began the discussion on rate setting, informing the Board that Blue Shield started with a 16.67% increase. After several months of negotiating, the final renewal rate was settled at 15.58% increase. White believes this is indicative of Blue Shield's not wanting to work with association business any longer, and suggested the Board look at partnering with another medical carrier in 2011. Soria noted that some of the plans within the districts were rated disproportionately, and requested that some effort be made at this time to balance out those rates. Director Charlene Virts moved to authorize Thoits to reapportion the rates so that no one plan increases more than 20%, and so that an overall district's renewal rate averages out to no more than 15.8%. There should be a net zero gain/loss to the pool. Director Hill seconded; the motion passed unanimously.

Board Vacancy

President McMurry had previously requested staff distribute a letter to all EBA members notifying of the vacant Board position. Only one response received, from Cathy Beck, president of Bodega Bay Fire Protection District. There was some discussion over whether the Board felt it appropriate to have four out of five Board members from Sonoma County. Director Virts moved to solicit interest and representation from outside Sonoma County, and Director Collier seconded. The motion passed unanimously. Staff will write a letter to Cathy Beck thanking her for her interest, and explaining the Board's decision.

Consultant Updates

White indicated that Thoits had been paid their percentage based on the gross rate rather than based on the carrier rate, and requested BRMS change their calculations to be based on the carrier rates.

The Board set its next meeting date for November 16 at 9:30 a.m.

Having nothing further to discuss, the meeting was adjourned at 12:31 p.m.

Respectfully submitted,

Melissa Dixon
Deputy Administrator

**FDAC Employment Benefits Authority
Board of Directors
Meeting Minutes**

September 28, 2010

In Attendance

Mike McMurry
Charlene Virts
Ron Collier

Anna Marie White
Helen Buhagiar
David McMurchie
Melissa Dixon

The FDAC Employment Benefits Authority (EBA) Board of Directors convened via teleconference on Tuesday, September 28, 2010 at 1:03pm. President Mike McMurry welcomed everyone, and confirmed a quorum was in attendance.

Director Charlene Virts moved to add to the agenda approval of the 2011 Delta Dental agreement. Director Ron Collier seconded, and the motion was unanimously approved.

There was no public comment.

The Board discussed Fortuna Fire Protection District joining the EBA, for ancillary coverages only at this time. Fortuna intends to make the coverages available to its volunteers as well as paid employees. Director Virts moved to approve Fortuna FPD joining the EBA; Director Collier seconded. The motion passed unanimously. Staff will verify that Fortuna FPD is already a member of FDAC.

Thoits informed the Board that the Delta Dental renewal came in at a 7.37% increase. Thoits successfully negotiated that down to 5%, which will be in place for the 2011 calendar year. Director Collier moved to approve the Delta Dental agreement. Director Virts seconded, and the motion passed unanimously.

Director Collier requested an update on the Board vacancy, hearing that there is nothing yet to report. Staff was directed to make some contacts in Southern California, looking for interest.

The next Board of Directors meeting will be held in person on November 16, at 9:30am, at Vacaville FPD.

Having nothing further to discuss, the Board meeting adjourned at 1:13pm.

Respectfully submitted,

Melissa Dixon
Deputy Director

FDAC EBA
Balance Sheet
As of October 31, 2010

	<u>Oct 31, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
Margin Fund	387,375.52
Medical Reserve (BRMS held)	59,110.12
Money Market Account	8,735.29
US Bank	64,876.45
Total Checking/Savings	<u>520,097.38</u>
Accounts Receivable	
1200 - Accounts Receivable	60,889.88
Total Accounts Receivable	<u>60,889.88</u>
Other Current Assets	
Pre Paid Expense	5,020.00
Total Other Current Assets	<u>5,020.00</u>
Total Current Assets	<u>586,007.26</u>
TOTAL ASSETS	<u><u>586,007.26</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	379.05
Total Accounts Payable	<u>379.05</u>
Other Current Liabilities	
Promissory Note from FDAC	146.50
2200 - Preliminary Reports Recon	43,199.49
Total Other Current Liabilities	<u>43,345.99</u>
Total Current Liabilities	<u>43,725.04</u>
Total Liabilities	43,725.04
Equity	
Reserves & Contingencies	50,000.00
1110 - Retained Earnings	479,007.24
Net Income	13,274.98
Total Equity	<u>542,282.22</u>
TOTAL LIABILITIES & EQUITY	<u><u>586,007.26</u></u>

FDAC EBA
Budget vs. Actual
July through October 2010

	<u>Jul - Oct 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4000 - INCOME				
4100 - Interest	66.69			
4300 - Premium Earnings	3,256,220.03	9,561,228.62	-6,305,008.59	34.06%
Total 4000 - INCOME	<u>3,256,286.72</u>	<u>9,561,228.62</u>	<u>-6,304,941.90</u>	<u>34.06%</u>
Total Income	3,256,286.72	9,561,228.62	-6,304,941.90	34.06%
Expense				
6000 - EXPENSE				
6010 - Administration				
6014 - Administration Contract	20,000.00	48,000.00	-28,000.00	41.67%
6016 - Third Party Administrator	35,178.50	107,782.99	-72,604.49	32.64%
6018 - FDAC Subsidiary Fee	0.00	20,000.00	-20,000.00	0.0%
Total 6010 - Administration	<u>55,178.50</u>	<u>175,782.99</u>	<u>-120,604.49</u>	<u>31.39%</u>
6040 - Bank Service Charges	0.00	100.00	-100.00	0.0%
6100 - Board Meetings	391.19	3,500.00	-3,108.81	11.18%
6150 - Broker	119,674.08	369,128.90	-249,454.82	32.42%
6200 - Carrier Payments	3,053,489.45	8,879,514.42	-5,826,024.97	34.39%
6300 - Insurance				
6350 - Insurance Other	0.00	1,500.00	-1,500.00	0.0%
Total 6300 - Insurance	<u>0.00</u>	<u>1,500.00</u>	<u>-1,500.00</u>	<u>0.0%</u>
6650 - Office Supplies				
6665 - Office	80.00	300.00	-220.00	26.67%
Total 6650 - Office Supplies	<u>80.00</u>	<u>300.00</u>	<u>-220.00</u>	<u>26.67%</u>
6700 - Operating Expenses				
6710 - Postage and Delivery	104.59	500.00	-395.41	20.92%
6715 - Printing and Reproduction	0.00	50.00	-50.00	0.0%
6720 - Staff Travel	69.24	200.00	-130.76	34.62%
6730 - Telephone	299.20	600.00	-300.80	49.87%
6735 - Storage	23.04			
6740 - Operating Expense Other	0.00	1,000.00	-1,000.00	0.0%
Total 6700 - Operating Expenses	<u>496.07</u>	<u>2,350.00</u>	<u>-1,853.93</u>	<u>21.11%</u>
6800 - Professional Fees				
6801 - Accounting	0.00	10,000.00	-10,000.00	0.0%
6804 - Consulting/Actuary	12,000.00	36,000.00	-24,000.00	33.33%
6807 - Legal Fees	1,687.50	7,500.00	-5,812.50	22.5%
Total 6800 - Professional Fees	<u>13,687.50</u>	<u>53,500.00</u>	<u>-39,812.50</u>	<u>25.58%</u>
6850 - Training/Communication	14.95	5,000.00	-4,985.05	0.3%
Total 6000 - EXPENSE	<u>3,243,011.74</u>	<u>9,490,676.31</u>	<u>-6,247,664.57</u>	<u>34.17%</u>

FDAC EBA
Budget vs. Actual
July through October 2010

	<u>Jul - Oct 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Total Expense	<u>3,243,011.74</u>	<u>9,490,676.31</u>	<u>-6,247,664.57</u>	<u>34.17%</u>
Net Ordinary Income	<u>13,274.98</u>	<u>70,552.31</u>	<u>-57,277.33</u>	<u>18.82%</u>
Net Income	<u><u>13,274.98</u></u>	<u><u>70,552.31</u></u>	<u><u>-57,277.33</u></u>	<u><u>18.82%</u></u>

Melissa Dixon

From: Jean Moore [jmoore@alpinefire.org]
Sent: Thursday, October 21, 2010 8:07 AM
To: Melissa Dixon
Cc: Bill Paskle
Subject: RE: FDAC EBA Board Vacancy

Melissa,

I spoke with the Fire Chief and have his full support in respect to this decision. I would be interested in the appointment to the FDAC EBA Board as long as there is no financial burden to the District in respect to my obligations as a board member. It looks like the closest airport is Sacramento, is that correct?

I have the full support of the Fire Chief in respect to this decision.

Jean

Jean Moore

Finance Officer
Alpine Fire Protection District
(619) 445-2635 x 301
fax (619) 445-2634



CONFIDENTIALITY NOTICE: This communication with its contents may contain confidential and/or legally privileged information. It is solely for the use of the intended recipient(s). Unauthorized interception, review, use or disclosure is prohibited and may violate applicable laws including the Electronic Communications Privacy Act. If you are not the intended recipient, please contact the sender and destroy all copies of the communication.

From: Melissa Dixon [mailto:mdixon@fdac.org]
Sent: Wednesday, October 20, 2010 2:38 PM
To: Jean Moore
Subject: RE: FDAC EBA Board Vacancy

Travel is reimbursed. The Board officially meets quarterly, but has a number of conference calls on an as-needed basis. I went back through my calendar and counted two in-person Board meetings and four conference calls so far this year, and we have another in-person meeting scheduled for November 16. The in-person meetings typically last 3-4 hours (would mostly likely be a full-day for you, as it'll save us in reimbursement costs if we continue to hold the meetings in Vacaville); the conference calls can last anywhere from 30 to 120 minutes.

Melissa Dixon, MBA, CAE
Deputy Director

Fire Districts Association of California
1215 K Street, Suite 2290
Sacramento, CA 95814
916.231.2133 | 800.829.4309
916.231.2141 fax

11/10/2010

From: Jean Moore [mailto:jmoore@alpinefire.org]
Sent: Wednesday, October 20, 2010 2:26 PM
To: Melissa Dixon
Subject: RE: FDAC EBA Board Vacancy

Melissa,

I will get back to you after I speak with the Fire Chief. What would be my commitment in time? Is there any reimbursement for travel?

Jean Moore

Finance Officer
 Alpine Fire Protection District
 (619) 445-2635 x 301
 fax (619) 445-2634



CONFIDENTIALITY NOTICE: This communication with its contents may contain confidential and/or legally privileged information. It is solely for the use of the intended recipient(s). Unauthorized interception, review, use or disclosure is prohibited and may violate applicable laws including the Electronic Communications Privacy Act. If you are not the intended recipient, please contact the sender and destroy all copies of the communication.

From: Melissa Dixon [mailto:mdixon@fdac.org]
Sent: Wednesday, October 20, 2010 11:25 AM
To: Jean Moore
Subject: RE: FDAC EBA Board Vacancy

Jean,

The FDAC EBA Board of Directors has decided that they want the vacancy to be appointed by someone in the southern part of the state (to break up the northern representation). Would you be interested?

Melissa Dixon, MBA, CAE
Deputy Director

Fire Districts Association of California
 1215 K Street, Suite 2290
 Sacramento, CA 95814
 916.231.2133 | 800.829.4309
 916.231.2141 fax

From: Melissa Dixon [mailto:mdixon@fdac.org]
Sent: Tuesday, July 06, 2010 2:58 PM
To: 'jmoore@alpinefire.org'; 'mbanuelos@ci.american-canyon.ca.us'; 'bsilva@ci.american-canyon.ca.us'; 'slindke@arcatafire.org'; 'bfpd@beckwourthfire.com'; 'bldsec@pacbell.net'; 'ruthnew@sonic.net'; 'dmiller@bodegabayfire.com'; 'kmclish@bcfd.com'; 'grantparker@sbcglobal.net'; 'sec_17@burneyfireems.org'; 'BeverlyJ@centralfpd.com'; 'ccfrpd@goldrush.com'; 'dingrum@sjgov.org'; 'cfdblack@comcast.net'; 'cfdastran@aol.com'; 'liz@dsfd.sdcoxmail.com'; 'epfd@epfd.org'; 'ffpd@pacbell.net'; 'sholmstrom@georgetownfiredepartment.com'; 'ruthnew@sonic.net'; 'melindahappyvalleyfire@com-pair.met'; 'sclarey@higginsfire.org'; 'michele559@mchsi.com'; 'rschiwitz@lakesidefire.com'; 'lcfpdofficemgr@mchsi.com'; 'Jody@mammothlakesfd.com'; 'mbfire@wildblue.net'; 'chief@mokehillfire.org'; 'mke_fd@comcast.net';

'lisalabarbera@nccfire.com'; 'Joe.Barcelos@fresno.gov'; 'mraufiero@earthlink.net'; 'lmacubbin@novatofire.org'; 'pvfpd.hughes@sbcglobal.net'; 'jodi@rescuefiredepartment.org'; 'CVirts@rvfire.org'; 'jlewis@rossvalleyfire.org'; 'dmiller@bodegabayfire.com'; 'sacrivierfire100@frontier.com'; 'lwester@salidafire.com'; 'rrasmussen@ncfire.org'; 'awalton@scottsvallyfire.com'; 'SKim@smfd.org'; 'bhannah@scfpd.us'; 'Finance@tiburoniafire.org'; 'jlengler@sbcglobal.net'; 'tjl@windsorfpd.com'; 'susan.barfoot@woodbridgefire.org'

Cc: Anna Marie White; 'Brandi Milbourne'; Catherine Smith; David McMurchie (dmcurchie@mcmurchie.com); David Turner; 'Geraldine Welford'; Heather Trimble; Helen Buhagiar; Jim Hill (jimothill@aol.com); 'Joanne Lewis'; Karlana Rannals; 'Marc Revere'; mikemcmurry@scottsvallyfire.com; Nick Perrin; Paul Schafer; Ron Collier (rcollier@windsorfpd.com); Rosa Soria

Subject: FDAC EBA Board Vacancy

Dear FDAC EBA member,

The FDAC Employment Benefits Authority (EBA) has a vacant seat on its Board of Directors, term to expire in April 2011. The Board of Directors meets at least quarterly, either in person or via teleconference. To be eligible for this vacancy you must be either a member of the governing body or a management employee (as defined by your agency) of an FDAC EBA member agency.

One of the benefits of belonging to the FDAC EBA is that you have an opportunity to sit on the Board of Directors. You have an opportunity to make decisions on how high or low the rate increase is, what plans and carriers are offered, or even how long open enrollment is. Being on the Board of Directors of the EBA helps put you in the driver's seat for your benefit plan.

If you're interested in being considered for this open position, please send me a letter of interest no later than 4:00 p.m. on Wednesday, August 4, 2010.

I look forward to hearing from you!

Melissa Dixon, MBA, CAE

Deputy Director

Fire Districts Association of California

1215 K Street, Suite 2290
Sacramento, CA 95814
916.231.2133 | 800.829.4309
916.231.2141 fax

**BYLAWS
OF
FIRE DISTRICT ASSOCIATION OF CALIFORNIA
EMPLOYMENT BENEFITS AUTHORITY**

THESE BYLAWS shall govern the operation and conduct of the business and affairs of the Fire District Association of California Employment Benefits Authority (hereinafter “FDAC Employment Benefits Authority” or the “Authority”).

**ARTICLE I
MEMBERSHIP**

A. Eligibility

Any public agency organized under the laws of the State of California with the power to provide at least one of the following services: (1) fire suppression services, (2) emergency medical services, (3) hazardous material response services, (4) medical transport and/or ambulance services, (5) rescue services, and which is a member of the Fire Districts Association of California, is eligible for membership in FDAC Employment Benefits Authority subject to approval of its membership by the FDAC Employment Benefits Authority Board of Directors.

B. Participating Member

A “participating member agency” or “Member”, as that phrase is used herein is any eligible public agency in the State of California whose participation in FDAC Employment Benefits Authority has been approved by the members of its legislative body and the Board of Directors of FDAC Employment Benefits Authority; which is a member of the Fire District Association of California; which has executed the Joint Powers Agreement of which these Bylaws are a part; which has enrolled, at a minimum, all of its active employees in one or more of the health and welfare benefit programs offered by the Authority and which has paid all contributions and fees required for those health and welfare benefit programs offered by FDAC Employment Benefits Authority in which the participating member agency is enrolled.

C. Successor Members

Should any participating member agency reorganize in accordance with the statutes of the State of California, the successor in interest, or successors in interest, if a member of the Fire Districts Association of California, may be substituted as a participating member

subject to approval by the members of its legislative body and the Board of Directors of FDAC Employment Benefits Authority.

D. Authority of Members

All participating member agencies shall have the right to vote, as set forth in these Bylaws, on the disposition of all or substantially all of the assets of FDAC Employment Benefits Authority, on any merger and its principal terms and any amendments of those terms, and on any election to terminate FDAC Employment Benefits Authority. Only participating member agencies in good standing are entitled to cast one vote on each such matter submitted to a vote of the Members. Participating member agencies who have maintained enrollment of all of their active employees in Authority health and welfare benefit programs, who have timely paid the required contributions, fees and assessments in accordance with these Bylaws and the policies and procedures of FDAC Employment Benefits Authority, and who are not suspended as members, shall be members in good standing.

E. Admission Fee

Any agency approved for participation in FDAC Employment Benefits Authority after the effective date of the Joint Powers Agreement and these Bylaws may be required to pay an admission fee in such amount as may be established by the members of the Board of Directors of FDAC Employment Benefits Authority.

F. Annual Membership Meeting

An Annual Membership Meeting shall be held after the close of each fiscal year at such time, on such date, and at such place as shall be determined by the Board of Directors. The Secretary shall furnish to each participating member agency a written notice of the time, place and date of the annual meeting at least thirty (30) days before the date of the meeting. At each Annual Membership Meeting, the President shall submit a status report with respect to each of the health and welfare benefit programs offered by FDAC Employment Benefits Authority, a report of the claims experience within each such program, and an audited financial report for FDAC Employment Benefits Authority for the preceding year.

Fifty-One Percent (51%) of the total authorized number of participating member agencies shall constitute a quorum for the transaction of any item of business by the Members. If a quorum is present, the affirmative vote of a majority of the Members represented at the

meeting entitled to vote and voting on any matter, shall be deemed an act of the Members. Each Member shall be entitled to one vote. No Member shall have the right to vote by means of a proxy.

**ARTICLE II
BOARD OF DIRECTORS**

A. Powers

The business and affairs of FDAC Employment Benefits Authority shall be managed, and all powers of this joint powers authority shall be exercised by or under the direction of the Board of Directors. The specific powers of the Board of Directors in managing the affairs of this Joint Powers Authority are specified in the Joint Powers Agreement.

B. Appointment of Directors

The Board of Directors shall consist of five directors appointed by the Board of Directors of the Fire Districts Association of California. At the time of such appointment and selection, and at all times thereafter, a director so designated must be, and must continue to be during his/her entire term of office a member of the legislative body of a participating Member, or a management employee of that Member. Only one director from any individual Member may serve on the Board of Directors at the same time. If, at the time of such appointment and selection of members of the Board of Directors, there are an insufficient number of Members to generate five appointees to the Authority's Board of Directors, the Board of Directors of the Fire District Association of California may appoint directors who must be, and must continue to be during his/her entire term of office, a member of the Board of Directors of the Fire District Association of California. Each Director shall serve a term of 4 years. However, at the time of appointment of the initial Board of Directors of FDAC Employment Benefits Authority, three of the duly appointed Directors, determined by lot, shall be assigned a term of office of 2 years to provide for an initial Board of Directors of five members with staggered four year terms. The Board of Directors of the Fire District Association of California shall appoint representatives to the Board of Directors of FDAC Employment Benefits Authority every two years in order to maintain such staggered terms. Any Director may be selected or appointed to additional terms of office.

C. Vacancy

Upon the death or resignation of a member of the Board of Directors, the vacancy shall be filled for the balance of the unexpired term by appointment by the Fire District Association of California Board of Directors.

D. Meetings of the Board of Directors

An organizational meeting of the Board of Directors shall be held as soon as possible after the commencement of each fiscal year. This business shall be for the purpose of election of officers and transaction of other business as required.

Regular meetings of the Board of Directors shall be held at any place within the State of California that has been designated by the Board in the notice of the meeting.

Special meetings of the Board of Directors, for any purpose, may be called at any time by the President. Notice of the time and place of special meeting shall be given to each Director by (a) personal delivery of written notice; or (b) first class mail, postage prepaid; or (c) telephone, including voicemail; or (d) facsimile; or (e) electronic mail; or (f) other electronic means. All such notices shall be given or sent to each Director's last known address as shown on the records of FDAC Employment Benefits Authority. Notice of the special meeting must be provided 24-hours in advance of the meeting to all members of the Board of Directors. The notice should indicate that the meeting called is a special meeting, and shall state the time, place and business to be transacted at the meeting. No other business shall be considered at the special meeting.

Notice of any regular or special meeting of the Board of Directors need not be given to any Director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents and/or approvals shall be filed with the Secretary and made a part of the minutes of the meeting.

All meetings of the Board of Directors, including regular, adjourned, and special meetings shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (*Government Code* section 54956 et seq.).

E. Quorum and Required Vote

A quorum of at least three members of the Board of Directors must be present at any meeting before the business of the Board of Directors can be transacted. The vote of a majority of the authorized number of members of the Board of Directors shall be required for any act or decision of the Board of Directors.

F. Expenses

The members of the Board of Directors shall be reimbursed for all reasonable and necessary travel expenses when required and incurred in connection with attendance at a meeting of the Board of Directors or a committee thereof. Travel expenses shall include all charges for transportation, meals, and lodging, other than first-class airfare. The cost of travel by private automobile shall be at a rate per mile established by the Board of Directors, but reimbursement for the cost of travel by automobile shall not exceed the applicable airfare charge.

**ARTICLE III
OFFICERS**

At the first meeting of the Board of Directors, and thereafter at the first meeting following January 1 of each year, the Board of Directors shall elect a President, a Vice-President, and a Secretary to serve for a one-year term or until a successor is elected. Such officers shall serve at the pleasure of the Board of Directors. In the event the President, Vice-President, or Secretary so elected ceases to be a member of the Board of Directors, the resulting vacancy in office shall be filled at the next regular meeting of the Board of Directors after such vacancy occurs.

The President shall preside at and conduct all meetings of the Board of Directors, and shall carry out the resolutions and orders of the Board of Directors, and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe. In his/her absence, the Vice-President shall carry out the duties of the President. The Secretary shall record the minutes of all meetings, prepare agendas, records and correspondence, attest documents requiring the execution by authorized representatives of FDAC Employment Benefits Authority, and to fulfill other duties normally required of the Secretary.

The Board of Directors shall appoint an Administrator who shall have general administrative responsibility for the activities of this joint powers authority, and shall be

responsible for all minutes, notices and records of meetings and shall perform such other duties as may be assigned by the Board of Directors. The Administrator shall serve as Treasurer of FDAC Employment Benefits Authority pursuant to *Government Code* section 6505.6, and perform those duties specified in *Government Code* section 6505.5.

ARTICE IV CONTRIBUTIONS

A. Payment of Contributions

Each participating member agency shall, at a minimum, enroll all of its active employees in one or more health and welfare benefit programs offered by the Authority during each Program Year during the period of that member agency's membership. Each participating member agency shall have the option of enrolling their retirees and elected governing board members in each Program Year. Each participating member agency shall pay to FDAC Employment Benefits Authority or its designee by contract each fiscal year the annual contributions for each health and welfare benefit program offered by FDAC Employment Benefits Authority in which the participating member agency is enrolled, calculated as provided in this Article. Commencing with the first month of participation, each participating member shall pay a proportionate part of its annual contribution in advance, as described below:

1. A Member joining on the first day of a calendar quarter shall pay in advance one-fourth (1/4) of its annual contribution for each health and welfare benefit program in which it is enrolled, and a like amount on the first day of each calendar quarter thereafter;

2. A Member joining on the first day of any other month shall pay one-six (1/6) or one-twelfth (1/12) of its annual contribution for each health and welfare benefit program in which it is enrolled, ~~i.e., an amount sufficient to pay its contribution for each such program to the end of the current calendar quarter.~~ Thereafter, on the first day of each calendar quarter of participation, each participating member shall pay one-fourth (1/4) of its annual contribution for each health and welfare benefit program in which it is enrolled.

Deleted: an i.e.,

Payment shall be delinquent if not received by FDAC Employment Benefits Authority or its designee by the close of business on the tenth day of the first month of each calendar quarter.

B. Calculation of Contributions

The amount of the annual contribution for each participating member agency for each health and welfare benefit program in which such Member is enrolled shall be calculated by reference to the FDAC Employment Benefits Authority rates for each health and welfare benefit program offered, as adopted by the FDAC Employment Benefits Authority Board of Directors based upon the advice, consultation and negotiations between the Board of Directors, the Authority's insurance brokers and consultants, and various providers of health and welfare benefit programs. Such program rates will be adopted by the Board of Directors for each health and welfare benefit program offered by the Authority on an annual basis. The amount of the annual contribution for each participating member agency for each health and welfare benefit program in which such Member is enrolled for each Program Year shall be calculated by multiplying such Authority rates by the number of all active employees together with their dependents enrolled in Authority programs, and the number of retirees and governing board members which a participating member agency has elected to enroll in an Authority program for a Program Year.

The Board of Directors has authority to modify the contributions so computed for any member agency based upon criteria developed and established by the Board of Directors.

At least 60 days before the commencement of each fiscal year, the Administrator will determine the contribution for each member agency for all of its enrollees with respect to each health and welfare benefit program in which such Member is enrolled for the new fiscal year, and shall promptly notify such Member of the amount of such contribution for each health and welfare benefit program in which such Member is enrolled. An invoice will be sent to each member agency specifying the amount of that member agency's contribution for each health and welfare benefit program in which such Member is enrolled for the ensuing fiscal year. Any agency which is a Member of the Authority at the beginning of a fiscal year shall pay to the Authority on July 1, and on the first day of each quarter thereafter, a contribution equal to 25% of that Member's total invoiced contributions for all health and welfare benefit programs in which such Member is enrolled. Any agency which becomes a Member after the beginning of a fiscal year shall, upon joining the Authority, pay an amount sufficient to pay its pro rata share of its total annual contributions for all health and welfare benefit programs in which such Member

is enrolled to the end of the then current quarter, and shall thereafter pay its contributions quarterly until the end of the fiscal year.

**ARTICLE V
FINANCIAL AFFAIRS**

A. Accounts and Records

FDAC Employment Benefits Authority shall establish and maintain such bank accounts and maintain such books and records as determined by the Board of Directors and as required by good accounting practice. Books and records of FDAC Employment Benefits Authority shall be open to inspection at all reasonable times by authorized representatives of participating member agencies. Periodic financial reports shall be made to all participating member agencies.

B. Audit

FDAC Employment Benefits Authority shall obtain an annual certified audit of its accounts and records which audit shall be made by a certified public accountant and shall conform to generally accepted auditing standards. A copy of said report shall be filed as a public record with each of the participating member agencies. Such audit shall be obtained and filed within six months after the end of the fiscal year under examination.

C. Fiscal Year

FDAC Employment Benefits Authority shall operate on the fiscal year commencing July 1 and ending on the following June 30.

D. Agency Funds

All funds received for the purposes of FDAC Employment Benefits Authority shall be utilized solely for the purposes of FDAC Employment Benefits Authority, and all expenditures of funds shall be made only upon signatures authorized by the Board of Directors, which shall establish the necessary procedures for doing so. Any funds not required for the immediate need of FDAC Employment Benefits Authority, as determined by the Board of Directors, may be invested in any manner authorized by law for the investment of funds of a public agency.

E. Contributions

Without in any way limiting the powers otherwise provided for in the Joint Powers Agreement, these Bylaws, or by statute, FDAC Employment Benefits Authority shall

have the power and authority to receive, accept, and utilize the services of personnel offered by any Members, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for purposes consistent with the provisions of FDAC Employment Benefits Authority, which funds may be provided by any participating Members, their agents, or representatives.

**ARTICLE VI
DIVIDENDS AND ASSESSMENTS**

A. Dividends

Any surplus from the operation by FDAC Employment Benefits Authority of each health and welfare benefit program offered by FDAC Employment Benefits Authority may be distributed to the member agencies participating in each such program under such terms and conditions as may be determined by the Board of Directors. The amount of any dividends shall be determined by the Board of Directors based upon appropriate actuarial information, including the cash reserves on hand, the reserves for unpaid claims, the contributions paid and to be paid, the difference between revenues and expenses, and other relevant information.

B. Assessments

If, in the opinion of the Board of Directors, claims against participating member agencies in a program are of such a magnitude as to endanger the ability of FDAC Employment Benefits Authority to continue to meet its obligations with respect to such health and welfare benefit program, each member agency which has participated in such program during the current fiscal year and/or during any portion of the prior two fiscal years shall be assessed by FDAC Employment Benefits Authority a pro rata share of the additional amount determined necessary by the Board of Directors to restore the ability of FDAC Employment Benefits Authority to continue to meet its obligations with respect to such program offered by the Authority. Each member agency's pro rata share of the total assessment for each health and welfare benefit program assessed by the Authority shall be in the same proportion as the total contributions paid by that Member for that program during the current fiscal year and the last two fiscal years bear to the total contributions paid by all member agencies participating in such program during that period of time. Failure of any participating member agency to pay any regular contribution or assessment when due shall be cause for the involuntary termination of that agency's membership

in FDAC Employment Benefits Authority. Such assessment shall be a debt due by all member agencies who have participated in an Authority program for which an assessment has been declared during said three-year period.

**ARTICLE VII
TERMINATION OF MEMBERSHIP**

A. Voluntary Termination of Membership in a Program

After completing three full Program Years of participation in any health and welfare benefit program offered by FDAC Employment Benefits Authority, any participating member agency may voluntarily withdraw or terminate its participation in such a program at the end of any fiscal year by sending to the Authority a written Notice of Intention to Withdraw from a program at least six months prior to the end of the Program Year. No withdrawal shall become effective until the end of the applicable Program Year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than ninety (90) days prior to the end of the Program Year.

A member agency voluntarily withdrawing and/or terminating its membership in any health and welfare benefit program offered by the Authority shall remain liable to the Authority for all contributions and assessments levied in any program in which such Member was enrolled that may become due pursuant to the terms of this terms of these Bylaws. No participating member agency that has voluntarily withdrawn or terminated its membership in any health and welfare benefit program offered by the Authority shall be entitled to any refund of contributions or to any return of loss reserve contribution by virtue of its participation in such program. Any participating member agency that has voluntarily withdrawn or terminated its membership in any program offered by the Authority shall also continue to be liable for any assessments levied by the Authority pursuant to these Bylaws after the date of such agency's withdrawal and/or termination of membership in a program that pertains to a year during which the withdrawn or terminated member agency was a participating member agency in such program offered by the Authority.

Any participating member agency that voluntarily withdraws or terminates its participation in any program offered by the Authority shall be entitled to receive its pro rata share of any dividends declared by the Board of Directors for that particular program after the date of its withdrawal and/or termination that pertains to a year during which the withdrawn or

terminated member agency was a participating member agency in such program offered by the Authority.

B. Voluntary Withdrawal from the Authority

After completing three full Program Years of participation in FDAC Employment Benefits Authority, any participating member agency may voluntarily withdraw from FDAC Employment Benefits Authority at the end of any Program Year by providing written Notice of Intention to Withdraw to FDAC Employment Benefits Authority at least six months prior to the end of such Program Year. No withdrawal shall become effective until the end of the applicable Program Year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than ninety (90) days prior to the end of the Program Year.

A member agency voluntarily withdrawing and/or terminating its membership in the Authority shall remain liable to the Authority for all contributions and assessments levied in any program in which such Member was enrolled that may become due pursuant to the terms of these Bylaws. No participating member agency that has voluntarily withdrawn or terminated its membership in the Authority shall be entitled to any refund of contributions or to any return of loss reserve contribution by virtue of its participation in the Authority. Any participating member agency that has voluntarily withdrawn or terminated its membership in the Authority shall continue to be liable for assessments levied by the Authority, and shall continue to be entitled to receive its pro rata share of any dividends declared by the Board of Directors pursuant to the provisions of Article VII Section A above.

C. Involuntary Termination of Membership in the Authority

Any participating member agency may be involuntarily terminated as follows for any of the following reasons:

1. Failure to pay any contribution, surcharge or assessment when due.
2. Failure to maintain membership in the Fire Districts Association of California.

3. Failure to maintain minimum enrollment requirements in the Authority's programs, consisting of all active employees eligible for Authority programs for each Program Year of a Member's participation in the Authority.

4. Failure to comply promptly with any requirements established by the FDAC Employment Benefits Authority Board of Directors concerning loss control or other programs or procedures of the agency.

5. Failure to comply with the Bylaws or any other policies or procedures established by the FDAC Employment Benefits Authority Board of Directors.

6. Failure to sign any properly adopted amendment to the Joint Powers Agreement when requested to do so.

7. For cause, based upon a determination by the Board of Directors that such cause is detrimental to the FDAC Employment Benefits Authority and/or to the effectiveness of any of the health and welfare benefit programs offered by the Authority.

In the event a participating member agency fails to pay any contributions, surcharge, or assessment when due, or fails to maintain membership in the Fire District Association of California, or fails to comply with any of the other membership requirements specified in these Bylaws, FDAC Employment Benefits Authority may immediately mail to the delinquent agency a notice stating the delinquency and stating that coverage by FDAC Employment Benefits Authority will be canceled and terminated upon a date not less than thirty (30) days thereafter unless during that period of time the stated delinquency is corrected. Termination will be effective pursuant to notice if the delinquency is not corrected within the time stated.

Involuntary terminations may also be effected by FDAC Employment Benefits Authority giving written Notice of Intention to Terminate to the participating member agency upon a date not less than thirty (30) days thereafter for the reason or reasons set forth in this notice. The termination may be effective upon the date set forth in the notice unless prior to that effective date the participating member agency being terminated requests a hearing by the Board of Directors of FDAC Employment Benefits Authority. At the hearing evidence will be received as to the reasons for the termination and as to the reasons why the termination should not be completed. After such hearing, the vote of four (4) members of the FDAC Employment Benefits Authority Board of Directors shall be required to terminate a participating member agency as a member of the Authority. If, following the hearing, the FDAC Employment Benefits Authority Board of Directors decides to involuntarily terminate the participating member agency, then

FDAC Employment Benefits Authority shall give such agency thirty (30) days written notice of its decision to involuntarily terminate such Member after hearing and the effective date of the termination. If no request for hearing by the Board of Directors is received, then the termination shall be effective upon the date set forth in the Notice of Intention to Terminate. A terminated member agency shall remain liable to FDAC Employment Benefits Authority for all contributions and assessments that may become due as a result of its membership in FDAC Employment Benefits Authority and/or its participation in any of the health and welfare benefit programs offered by the Authority.

All notices provided for above shall be mailed “certified mail, return receipt requested”.

D. Payment Upon Involuntary Termination

Any member agency which is involuntarily terminated from FDAC Employment Benefits Authority shall have no residual rights in any funds or other assets of FDAC Employment Benefits Authority, whether or not resulting from participation by the member agency, and the member agency shall continue to be responsible for the amount of any costs, contributions, liabilities, assessments, surcharges or contingencies required because of the member agency’s participation in FDAC Employment Benefits Authority or any of its health and welfare benefit programs as set forth in these Bylaws. An involuntarily terminated member agency shall not be entitled to share in any dividends declared in any program offered by the Authority during those years in which the involuntarily terminated member agency was a participant in that program.

**ARTICLE VIII
INSURANCE**

The Authority shall have the right, and shall use its best efforts to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any Officer, Directors, employee, or agent in such capacity or arising from the Officer’s, Director’s, employee’s or agent’s status as such.

The Authority shall maintain, at a minimum, the following insurance policies:

- (1) a general liability insurance policy protecting the Authority and its directors, officers and employees from damage claims by third parties alleging personal injury and/or property damage;
- (2) Director's and Officer's Liability Coverage with Fiduciary Liability and Employee Dishonesty endorsements;
- (3) a fidelity bond covering employees and/or agents of the Authority as deemed necessary and reasonable by the Board of Directors.

**ARTICLE IX
TERMINATION OF FDAC EMPLOYMENT BENEFITS AUTHORITY**

Upon termination of FDAC Employment Benefits Authority pursuant to the Joint Powers Agreement, provision shall be made for the payment of all known claims in each of the health and welfare benefit programs offered by the Authority; for insuring, reinsuring or making other provision for the payment of any and all unknown claims covered by any insurance coverage or coverage program provided by FDAC Employment Benefits Authority to a member agency and occurring during its period of coverage by FDAC Employment Benefits Authority; and for the payment of all debts, liabilities, administrative expenses and obligations of FDAC Employment Benefits Authority. After having paid or made provision for all such matters, FDAC Employment Benefits Authority shall pay to each member agency who was a member of FDAC Employment Benefits Authority at the time of termination its pro rata share of the remaining assets of FDAC Employment Benefits Authority. An agency's pro rata share shall be in the same proportion as the total contributions paid by that agency to FDAC Employment Benefits Authority during its period of participation in any or all of the programs offered by the Authority bears to the total contributions paid to FDAC Employment Benefits Authority during its period of operation by all agencies participating in any or all of the programs offered by the Authority and who are members of FDAC Employment Benefits Authority at the time of termination.

**ARTICLE X
AMENDMENTS**

These Bylaws may be amended at any time by majority vote of the Board of Directors following a thirty (30) day written notice to all participating member agencies as to the

amendment proposed to be adopted, except that they Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Joint Powers Agreement.

**ARTICLE XI
EFFECTIVE DATE**

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of FDAC Employment Benefits Authority, California Joint Powers Authority; these Bylaws, consisting of 15 pages are the Bylaws of this corporation as adopted by the Board of Directors of FDAC Employment Benefits Authority on _____, 2010; and that these Bylaws have not been amended or modified since that date. Executed on _____, 2010, at Sacramento, California

Deleted: 05

Deleted: 05

Secretary of
FDAC Employment Benefits Authority



BOARD OF DIRECTORS
Meeting of November 16, 2010

AGENDA SUPPORTING DATA

Agenda Item VII. Open Enrollment Update

Background:

Open Enrollment began on October 1, 2010 through November 15, 2010. Thoits Insurance provided each district with open enrollment communication to send out to their employees to provide them the opportunity to make changes to their current enrollment elections.

Thoits also sent out a few communication pieces to the districts via email to offer support during the open enrollment period, which included being available to answer questions by telephone, attend on-site open enrollment meetings, and to assist with making updates to the BRMS system on their behalf.

Thoits worked closely with BRMS to make sure that the 2011 rate information has been updated.

Thoits will provide status on the overall outcome of the open enrollment period at the meeting, which will include carrier requests for finalizing the renewal.



BOARD OF DIRECTORS
Meeting of November 16, 2010

AGENDA SUPPORTING DATA

Agenda Item X. Discussion on Carrier Renewal Rates

Background:

At the August 25, 2010 Board Meeting, the Board of Directors requested that Thoits Insurance market the plans currently being offered through the FDAC EBA.

Since then, Thoits Insurance has been working with carriers to market the medical plans to see if there is a better fit for the EBA. We have been working with carriers to determine who is interested in developing a long-term partnership. It is important that we find a carrier that is not interested in buying the business, but is willing to work strategically to help make the growth and financial stability of the pool successful.

Listed below are the probable carriers that make the most sense from a pricing and network standpoint.

- Health Net – Provided initial quote. Very interested in establishing a long-term partnership with the FDAC EBA.
- Anthem Blue Cross – Will not release a quote until we are closer to the June/July 2011 effective date. Also, they would like to wait and review the experience without the Novato Fire Protection District.

Recommendation:

We will resubmit a request to Anthem Blue Cross after January 1, 2011. We recommend the Board of Directors invite Health Net to come and present to the Board at the January Strategic Planning Session.



BOARD OF DIRECTORS
Meeting of November 16, 2010

AGENDA SUPPORTING DATA

Agenda Item XII. FDAC EBA vs. CalPERS – New Business Information

Background:

As the renewals have all been finalized and the open enrollment is ending, the Board of Directors requested that we provide them with information on the how the FDAC EBA plans compare to CalPERS plans for new business.

The document provides differences in plan design, as well as new business rates. The comparison reflects an increase to new business rates by 15.8% for Blue Shield Plans. For the Kaiser Permanente plans it reflects 5% for Northern California and 12% for Southern California.