

FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Meeting

Friday, March 27, 2009

10:00 a.m. – 2:00 p.m.

Sacramento Metropolitan Fire Protection District

2101 Hurley Way

Sacramento, CA 95825

Agenda

<i>Item</i>	<i>Action</i>
I. Welcome and Introductions	
II. Public Comment	Discussion
III. Consent Calendar	Info/Action
A. Minutes <i>Review and approve minutes from the February 12, 2009 Board Meeting.</i>	
B. Financials <i>Review and approve financials.</i>	
IV. NFPD Fire Chief Revere request for reimbursement for Kaiser/Medicare surcharge rates 7/1/08 to 6/30/09	Info/Action
V. Kaiser/Medicare <i>Update on the Novato Fire Protection District issue.</i>	Info/Action
VI. 2009 Kaiser Senior Advantage Plan <i>Discussion on plan changes and rates.</i>	Info/Action
VII. Rates/Renewal Date Change <i>Update on status/impact of rate change</i>	Info/Action
VIII. Revised Investment Policy <i>Review and approve revised investment policy.</i>	Info/Action
IX. Marketing Plan <i>Review marketing plan prepared by LHI.</i>	Info/Action
X. Consultant Contracts <i>Current contracts expire June 30, 2009.</i>	Info/Action
A. Administration – Smith Moore & Associates	
B. TPA – BRMS	
1. Follow up on fee reduction for ancillary lines	

- C. Broker – LHI
- D. Actuary – David Turner

XI. Adjourn

Action

**FIRE DISTRICTS ASSOCIATION OF CALIFORNIA
EMPLOYMENT BENEFITS AUTHORITY**

Board of Directors Meeting

March 27, 2009

AGENDA ITEM III – Consent Calendar

A. Minutes – February 12, 2009

B. Financials

FDAC Employment Benefits Authority
Board of Directors Meeting
Thursday, February 12, 2009

In Attendance

Mike McMurry, President
Jim Hill, Vice President
Ron Collier, Treasurer
Charlene Virts, Director
Lisa MacCubbin, Director

Consultants/Guests

Catherine Smith, Administrator
Melissa Dixon, Deputy Administrator
Jason Andrew, LHI
John Miller, LHI
Jon Hilgers, LHI
Rosa Soria, LHI
Matt Schafer, BRMS
Nick Perrin, BRMS
Dave Turner
Richard Hare, TC/SIG
Tom Sher, Alliant

President Mike McMurry called the meeting to order at 9:27 a.m. A quorum was established, and there was no public comment.

Consent Calendar

The Board addressed the consent calendar. Director Ron Collier moved to approve the consent calendar; Director Lisa MacCubbin seconded. Motion passed unanimously. Staff was congratulated on the state of the financial reports.

Kaiser/Medicare

Administrator Catherine Smith updated the Board on the status of the Kaiser Medicare issue with regard to Novato Fire Protection District. The initial amount owed for the 2008-2009 year was roughly \$40,000, but LHI has worked with Kaiser to issue appropriate credits for Novato retirees, and the amount is now roughly \$23,000. It is expected that the amount will continue to reduce as LHI works with Kaiser. Matt Schafer noted that the initial problem was that the Medicare rates were not set up in the system. BRMS now has a process in place to run age-65 reports.

2007-2008 Audit

Deputy Administrator Melissa Dixon informed the Board that a second RFP had been sent out, including the firm that had been recommended by BRMS. We received two more responses, one from Gilbert Associates saying the firm did not have time to perform the audit and the other from Boden, Klein & Sneesby (the BRMS recommendation) estimating a fee of \$7,750. As this was significantly less expensive than the last proposal of approximately \$13,000-\$15,000, presumably due to the firm's familiarity with BRMS, staff recommended using Boden. Director Collier moved to accept the proposal from Boden Klein & Sneesby; Director Charlene Virts seconded. The motion passed unanimously.

Investment Policy

The Board then addressed the revised draft investment policy. The initial draft of the policy, submitted to the Board at the December meeting, was determined to be too large in scope for the EBA. The revised draft was only two pages and more limited in scope. There were, however, some amendments

that still needed to be made, particularly with regard to bonding. Staff will make those changes and bring the third revision back to the Board at the next meeting.

Carrier v. District Payments for 2009

The Board was informed of some discrepancies between the January fund reconciliation from BRMS and the projections as set forth by LHI. After much research, it was discovered that LHI's projections did not include new open enrollment changes. The end result is that the EBA should continue to be in the black each month after the reconciliation by approximately \$350.

The Board then discussed at length how to handle aligning the prices so that each district is paying at least what the carriers are charging for the plans. It was determined that the Board has a long-term goal of ensuring all district payments are fair and equitable, but it feels any immediate changes would adversely affect the pool.

Strategic Planning

TC/SIG Presentation: The Board then heard a presentation given by Richard Hare, Executive Director of the Tri-Counties Schools Insurance Group (TC/SIG). The Northern California pool has been in existence for 25 years, opening itself to all public entities in 2004. TC/SIG rates are in line with CalPERS, and they encourage health and wellness programs. TC/SIG only has one (Kaiser) HMO carrier, whereas the EBA has both Kaiser and Blue Shield, and does not at this time have a Southern California rating structure. In addition, there is a \$40 per person per month buy-in that would last for the initial three-year period.

CSAC EIA/Alliant Presentation: The Board was then presented with options from Alliant, the firm that serves as broker to the CSAC EIA. Alliant had a vision of stability, viability and growth for the EBA and recommended we come in as a small group under CSAC EIA's PPO, but we could remain an independent pool for the remainder of our coverages. Alliant recommended we switch all brokerage activity to them, but retain BRMS as our TPA.

TC/SIG and Alliant representatives left the meeting after their respective presentations. Both said a July 1, 2009 start date would be doable with an intensive effort.

Jason Andrew then addressed the Board, noting that LHI had been in negotiations with Blue Shield to change our renewal date from Jan 1 to July 1, beginning in 2009. Blue Shield came back with a 1.16% rate increase that would be effective through June 30, 2010. This rate makes the EBA a very marketable pool, as our rates are now in line with our claims.

After much discussion about the future direction of the pool, the two presentations, and the information provided by LHI, Director Collier moved for the EBA to remain an independent pool. Director Jim Hill seconded; the motion passed unanimously. Staff will send formal responses to the two presenters.

Director MacCubbin moved to change the EBA's renewal date from Jan 1 to July 1 for all carriers. Director Virts seconded; the motion passed unanimously. LHI will work with Kaiser and the other carriers to attain July 1 rates.

The Board requested a marketing plan from LHI, to be presented to the Board at the next meeting.

Election of Officers

Director Virts moved to retain the same slate of officers; Director Collier seconded. The motion passed unanimously.

Having nothing further to discuss, the meeting was adjourned at 3:06 p.m.

Respectfully submitted,

Melissa Dixon
Deputy Administrator

FDAC EBA
Balance Sheet
As of February 28, 2009

	<u>Feb 28, 09</u>
ASSETS	
Current Assets	
Checking/Savings	
Margin Fund	380,449.40
Medical Reserve (BRMS held)	120,000.00
Money Market Account	8,728.07
US Bank	<u>113,808.23</u>
Total Checking/Savings	622,985.70
Accounts Receivable	
Accounts Receivable	<u>11,263.29</u>
Total Accounts Receivable	11,263.29
Other Current Assets	
Pre Paid Expense	<u>3,333.33</u>
Total Other Current Assets	<u>3,333.33</u>
Total Current Assets	<u>637,582.32</u>
TOTAL ASSETS	<u><u>637,582.32</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	<u>82,921.46</u>
Total Accounts Payable	82,921.46
Other Current Liabilities	
Prior Year Income	<u>75,554.55</u>
Total Other Current Liabilities	<u>75,554.55</u>
Total Current Liabilities	<u>158,476.01</u>
Total Liabilities	158,476.01
Equity	
Reserves & Contingencies	50,000.00
Retained Earnings	303,716.42
Net Income	<u>125,389.89</u>
Total Equity	<u>479,106.31</u>
TOTAL LIABILITIES & EQUITY	<u><u>637,582.32</u></u>

FDAC EBA
Budget vs. Actual
July 2008 through February 2009

	<u>Jul '08 - Feb 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Interest	52.05	3,000.00	-2,947.95	1.74%
Miscellaneous Income	1,813.27			
Premium Earnings	5,494,043.09	8,461,224.41	-2,967,181.32	64.93%
Reimbursed Expenses	0.00			
Total Income	<u>5,495,908.41</u>	<u>8,464,224.41</u>	<u>-2,968,316.00</u>	<u>64.93%</u>
Expense				
Administration				
Administration Contract	27,413.28	41,200.00	-13,786.72	66.54%
Third Party Administrator	78,382.07	93,500.00	-15,117.93	83.83%
FDAC Subsidiary Fee	30,000.00	20,000.00	10,000.00	150.0%
Total Administration	<u>135,795.35</u>	<u>154,700.00</u>	<u>-18,904.65</u>	<u>87.78%</u>
Bank Service Charges	74.00			
Board Meetings	1,383.88	4,000.00	-2,616.12	34.6%
Broker	301,817.40	549,979.59	-248,162.19	54.88%
Carrier Payments	4,912,016.80	7,393,065.50	-2,481,048.70	66.44%
Insurance	1,181.18	1,500.00	-318.82	78.75%
Miscellaneous	197.83			
Operating Expenses				
Postage and Delivery	91.96	500.00	-408.04	18.39%
Staff Travel	0.00	250.00	-250.00	0.0%
Supplies				
Office	100.00			
Supplies - Other	40.00			
Total Supplies	<u>140.00</u>			
Telephone	5.62	50.00	-44.38	11.24%
Operating Expenses - Other	0.00	1,000.00	-1,000.00	0.0%
Total Operating Expenses	<u>237.58</u>	<u>1,800.00</u>	<u>-1,562.42</u>	<u>13.2%</u>
Professional Fees				
Accounting	0.00	10,000.00	-10,000.00	0.0%
Consulting/Actuary	14,974.50	25,200.00	-10,225.50	59.42%
Legal Fees	2,840.00	15,000.00	-12,160.00	18.93%
Total Professional Fees	<u>17,814.50</u>	<u>50,200.00</u>	<u>-32,385.50</u>	<u>35.49%</u>
Training/Communication	0.00	5,000.00	-5,000.00	0.0%
Total Expense	<u>5,370,518.52</u>	<u>8,160,245.09</u>	<u>-2,789,726.57</u>	<u>65.81%</u>
Net Ordinary Income	<u>125,389.89</u>	<u>303,979.32</u>	<u>-178,589.43</u>	<u>41.25%</u>
Net Income	<u>125,389.89</u>	<u>303,979.32</u>	<u>-178,589.43</u>	<u>41.25%</u>

**FIRE DISTRICTS ASSOCIATION OF CALIFORNIA
EMPLOYMENT BENEFITS AUTHORITY**

Board of Directors Meeting

March 27, 2009

AGENDA ITEM V

I. Subject:

Kaiser Sr. Advantage Plan

II. Program:

Health

III. Requested Action

Action – Decision on changes Kaiser Sr. Advantage Plan

IV. Background:

During the 2009 renewal action, the Board voted to implement changes to the current Kaiser Permanente plans.

Lawson-Hawks directed Kaiser to implement the plan changes approved by the Board for the 2009 renewal, including an office visit copay change from a \$10 to \$15. These plan design changes were included in open enrollment materials to all active and KPSA members.

On February 17, 2009, it was brought to our attention that the requested plan changes were made to the Traditional plans only and no changes were made to the Kaiser Sr. Advantage Plans (KPSA).

Currently, there are 18 individuals enrolled in the KPSA plan who are continuing to receive the same benefits offered in 2008. Options are as follows:

- Leave as is with current rates and 2008 plan design (\$10 copay)
- Get approximate 3% credit from Kaiser and offer the 2009 plan design (\$15 copay)*
- Get approximate 3% credit from Kaiser and pass the 3% credit to KPSA members for the 2009 plan design (\$15 copay)*

*LHI can instruct Kaiser to make the change retroactive to January 1, 2009 or to start July 1, 2009 or at the next renewal.

Carrier: Kaiser Permanente

Group #	Group Name	Plan Name	Enroll Type	Tier Description	Eff Date	Premium Date	Premium	approx	3%
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret>65M+Sps>65M+Ch(NM) - SCA	Retiree	Insured Only	8/1/2007	2/1/2009	227.35	\$	6.82
10187	FDAC Tiburon Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured + 1 Dependent	1/1/2007	2/1/2009	773.81	\$	23.21
10187	FDAC Tiburon Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured Only	6/1/2007	2/1/2009	320.92	\$	9.63
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured + 1 Dependent	9/1/2008	2/1/2009	773.81	\$	23.21
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret<65NM+Sps>65M+Ch(NM)	Retiree	Insured + 1 Dependent	1/1/2006	2/1/2009	905.77	\$	27.17
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured + 1 Dependent	9/1/2008	2/1/2009	773.81	\$	23.21
10174	FDAC Novato Fire Protection District	Kaiser Sr Adv>65 Part A Only + Sps>65(NM)+Ch(NM)	Retiree	Insured + 1 Dependent	12/1/2007	2/1/2009	1,982.51	\$	59.48
10187	FDAC Georgetown Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured + 1 Dependent	1/1/2007	2/1/2009	773.80	\$	23.21
10187	FDAC Tiburon Fire Protection District	Kaiser Senior Adv Ret>65M+Sps>65M+Ch(NM)	Retiree	Insured + 1 Dependent	1/1/2008	2/1/2009	773.81	\$	23.21
10187	FDAC Tiburon Fire Protection District	Kaiser Senior Adv Ret>65M+Sps>65M+Ch(NM)	Retiree	Insured + 1 Dependent	1/1/2006	2/1/2009	773.81	\$	23.21
10176	FDAC Rincon Valley Fire Protection District	Kaiser Senior Adv Ret>65M+Sps>65M+Ch(NM)	Retiree	Insured + 1 Dependent	7/1/2006	2/1/2009	773.81	\$	23.21
10174	FDAC Novato Fire Protection District	Kaiser Sr Adv>65 Part A Only + Sps>65(NM)+Ch(NM)	Retiree	Insured + 1 Dependent	7/1/2008	2/1/2009	1,238.81	\$	37.16
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured Only	2/1/2007	2/1/2009	320.92	\$	9.63
10174	FDAC Novato Fire Protection District	Kaiser Sr Adv>65 Part A Only + Sps>65(NM)+Ch(NM)	Retiree	Insured Only	7/1/2008	2/1/2009	785.93	\$	23.58
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured + 1 Dependent	12/1/2008	2/1/2009	773.81	\$	23.21
10186	FDAC Stanislaus Consolidated Fire Protection Dist.	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured Only	3/1/2008	2/1/2009	320.92	\$	9.63
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret>65M+Dep<65NM	Retiree	Insured Only	1/1/2006	2/1/2009	320.92	\$	9.63
10174	FDAC Novato Fire Protection District	Kaiser Senior Adv Ret>65M+Sps>65M+Ch(NM)	Retiree	Insured + 1 Dependent	9/1/2008	2/1/2009	773.81	\$	23.21

FIRE DISTRICTS ASSOCIATION OF CALIFORNIA EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Meeting

March 27, 2009

AGENDA ITEM VI

I. Subject:

2009 Rates/Renewal Date Change

II. Program:

Health, Dental, Vision and Life Insurance

III. Requested Action

Action – Decision on Rate Increases/Rate Pass

IV. Background:

In reviewing the competitive position of the FDAC EBA, LHI provided the Board with options regarding the current benefits offered. Discussions included merging with another pool, marketing plans to new carriers and/or changing the renewal date to July 1. Of the options discussed, LHI recommended that the Board remain with the current carriers and move its renewal to July 1.

The key drivers for this recommendation were:

- Blue Shield returned with a 1.16% rate increase through 7/1/2010. The largest part of the medical budget for most districts is medical with Blue Shield. This increase puts the EBA in a competitive position.
- Allows member districts additional time to include insurance renewals in their fiscal budgets.
- Assists EBA in releasing rates prior to CalPERS.
- Provides LHI the opportunity to negotiate and market the existing plans on behalf of the Board before CalPERS.

At the February 12, 2009 Board meeting the Board voted to move forward with the July 1 renewal date. The Board requested that LHI bring back options on what the financial impact would be.

LHI and Turner Consulting negotiated the following rate guarantees with the existing carriers:

- Blue Shield, Safeguard, ING and VSP guaranteed current rates until June 30, 2010
- Kaiser – Verbally agreed that they will provide a competitive quote not to be greater than trend. Kaiser will not release rate impact until April.
- Delta Dental – TBD (expected by 3/26/09)

Options:

The financial and administrative impact to the pool, member districts and administrative staff vary by option. There are three options for the Board to consider.

Option 1: Mid-year rate increase effective July 1, 2009 – EBA pool absorbs Kaiser rate increase.

Kaiser will provide a 12 month contract from July 1, 2009 – July 1, 2010. The rate increase under this commitment would be approximately 10%.

In this scenario, the following steps would take place:

- Open enrollment communication would need to be sent out no later than April 15, 2009. The communication would include:
 - Open enrollment/renewal dates have changed to July 1. Open enrollment will be from April 1 – May 15, 2010 for a July 1, 2010 effective date. Districts should receive renewal communication/rate increases between Feb/Mar 2010.
 - Great news, Blue Shield, Kaiser, Delta, ING, VSP rates have been extended through 7/1/2010. Districts will receive a rate pass on these lines of coverage!

Under this option the EBA Board of Directors will need to subsidize the Kaiser rate increase for 12 months.

Financial Impact through June 30, 2010

- Blue Shield 0%
- Safeguard 0%
- ING 0%
- VSP 0%
- Kaiser Plans 10% (Kaiser has agreed to a 10% increase from 7/1/2009-7/1/2010)
 - **Annual Difference \$127,076.96 (if Board absorbs Kaiser rate increase and uses margin fund)**
- Delta Dental (TBD)

Option 2: Continue with the current district rates through December 31, 2009. Any increase for Kaiser and Delta Dental on January 1, 2010 is passed off to member districts or subsidized by the EBA pool.

Kaiser has communicated that they will provide a 6 month contract from January 1, 2010 – July 1, 2010. However, this contract will not be released until April 2009.

In this scenario, the following steps would take place:

- Initial district communication regarding renewal date change – send following communication April 2009
 - Open enrollment/renewal dates have changed to July 1. Open enrollment will be from April 1 – May 15, 2010 for a July 1, 2010 effective date. Districts should receive renewal communication/rate increases between Feb/Mar 2010.
 - Great news, Blue Shield, ING, VSP rates have been extended through 7/1/2010. Districts will receive a rate pass on these lines of coverage!
 - However, districts will receive a rate increase for Kaiser and Delta dental for the 6 month period of January 1, 2010 – June 30, 2010. Districts can anticipate receiving this renewal notice by July 2009.

Financial Impact through June 30, 2010

- Blue Shield 0%
- Safeguard 0%
- ING 0%
- VSP 0%
- Kaiser Plans 10% (estimate only, final coming in April)
 - **Estimated 6 month Difference to districts or reserve fund at 10% increase = \$63,538.48**
- Delta Dental - (TBD)

Option 3: Continue with the current district rates through July 1, 2010. Any increase for Kaiser and Delta Dental on January 1, 2010 to be absorbed by the EBA pool. The subsidized amount could then be added to the July 1, 2010 renewal for Kaiser and Delta or continue to be subsidized by the EBA pool.

In this scenario, the following steps would take place:

- Initial district communication regarding renewal date change – send following communication April 2009
 - Open enrollment/renewal dates have changed to July 1. Open enrollment will be from April 1 – May 15, 2010 for a July 1, 2010 effective date. Districts should receive renewal communication/rate increases between Feb/Mar 2010.
 - Great news, Blue Shield, Kaiser, Delta, ING and VSP rates have been extended through 7/1/2010 so districts will receive a rate pass on all lines of coverage!
- Under this option the EBA Board of Directors will need to subsidize the Kaiser rate increase for 6 months.
- Districts will receive the standard carrier rate increase + (estimated) 10% beginning July 1, 2010 or the subsidy would continue.

Financial Impact through June 30, 2010

- Blue Shield 0%
- Safeguard 0%
- ING 0%
- VSP 0%
- Kaiser Plans 10% (estimate only, final coming in April)
 - **Estimated 6 month difference for EBA Board to absorb at 10% increase =
\$63,538.48**
- Delta Dental (TBD)

**FIRE DISTRICTS ASSOCIATION OF CALIFORNIA
EMPLOYMENT BENEFITS AUTHORITY**

Board of Directors Meeting

March 27, 2009

AGENDA ITEM VII – Revised Investment Policy

DRAFT
FDAC Employment Benefits Authority
Investment Policy

POLICY

Under the authority granted by the FDAC EBA Board of Directors, the Treasurer (or his or her designee) is responsible for investing FDAC EBA funds.

The investment of the funds of the FDAC EBA is directed to the goals of safety, liquidity and yield. The primary objective of the investment policy of the FDAC EBA is safety of principal. The secondary objective shall be to meet the Authority's liquidity needs. The third objective shall be to achieve a return on the funds under the FDAC EBA's control. Investments shall be placed in those securities as outlined by type and maturity sector in this document. Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management control. The FDAC EBA's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

OBJECTIVES

Safety of Principal

Safety of principal is the foremost objective of the FDAC EBA. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default or erosion of market value. The Authority shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk.

Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in investment grade securities that are backed by the full faith and credit of the US government, and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the FDAC EBA's capital base and cash flow.

Market risk, defined as market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by limiting the maximum maturity of any one security to one year, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation.

Liquidity

Because the FDAC EBA is responsible for paying insurance carriers, cash flow is generated on a monthly basis. Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the Authority's investment portfolio will remain sufficiently liquid to enable the FDAC EBA to meet all reasonably anticipated operating requirements. All investments should be up to one year maximum in length. In addition, they will be laddered for maximum liquidity. For example, a one-year CD may be purchased in quarterly increments, so that a CD matures every quarter and the FDAC EBA is never more than three months away from liquidity on at least twenty-five percent (25%) of its funds.

Return on Investment

Maximizing the return on the FDAC EBA's investments is of utmost importance to the Authority. The objective here is to be competitive with the average return on a one-year CD or Treasury.

AUTHORIZED INVESTMENTS

Investment of FDAC EBA funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

<i>Diversification by Investment</i>	<i>Maximum % of Portfolio</i>
U.S. Treasury Obligation (Bills, Notes, Bonds)	100%
Certificates of Deposit (CD) Commercial Banks or State	100%
Money Market	100%
LAIF (Local Agency Investment Fund)	100%

Ineligible investments are those that are not described herein, including but not limited to, common stocks and long-term notes and bonds are prohibited from use in this portfolio. It is noted that special circumstances may arise that necessitate the purchase of securities beyond the one-year limitation. On such occasions, requests must be approved by the Board of Directors prior to purchase.

LEGISLATIVE CHANGES

Any State of California legislative action that affects allowable maturities, investment type or percentage allocations, will be incorporated into the FDAC EBA's Investment Policy and supersede any and all previous applicable language.

INTEREST EARNINGS

All moneys earned and collected from investments authorized in this policy shall be allocated monthly to various fund accounts based on the cash balance in each fund as a percentage of the entire pooled portfolio.

POLICY REVIEW

The FDAC EBA's investment policy shall be adopted by the Board of Directors. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy shall be approved by the FDAC EBA Board of Directors.

BONDING/LIABILITY

The individual making investment decisions and purchasing securities will be insured and bonded.

**FIRE DISTRICTS ASSOCIATION OF CALIFORNIA
EMPLOYMENT BENEFITS AUTHORITY**
Board of Directors Meeting

March 27, 2009

AGENDA ITEM IX – Consultant Contracts

Background: FDAC EBA has contractual obligations with its current team of consultants that are on extension with a termination date of June 30, 2009. The consultant team consists of:

Lawson Hawks Insurance Broker	
Turner Consulting	Actuary
BRMS	Third Party Administrator
Smith Moore & Associates	Administrator

The initial contracts (expiring December 31, 2008) extended for six-months while the Board identified and evaluated other insurance opportunities that may have benefited the FDAC EBA members. The primary alternative being considered by the Board was to merge or access another pooled program. On February 12, 2009 the FDAC EBA Board of Directors received presentations from:

CSAC – EIA/Alliant
TSIG

Following a lengthy discussion and evaluation of the presentations, the FDAC EBA Board voted to not pursue either of those opportunities and determined that at this time, the pool members were better served through an independent insurance pool as it offers the Board more flexibility in identifying products and setting premium price.

Unless any action takes place prior to June 30, 2009, the current contracts will expire. The Board can either allow these contracts to expire or can choose to renegotiate all or some of the contracts. The Board may want to take this opportunity to perform a contract compliance audit on the consultants to assist in making this determination.

Staff Recommendation: The FDAC EBA Board of Directors establish an Ad-Hoc Contract Compliance Committee (President – plus one director). This committee will be directed to come back to the full FDAC EBA Board at the FDAC Annual Conference with an evaluation and recommendation on the current contracts. The Board will request each consultant submit a self-evaluation of their performance as it relates to the contract requirements within seven days. The Committee can choose to meet with a consultant either via telephone or in-person prior to making their recommendation if necessary.

At the FDAC EBA Board meeting set at the FDAC conference – the Board will decide if the contract should be extended and within what terms or a Request for Proposals will be prepared for that function.

The committee can request any assistance from the Administrator to perform their function.

**FIRE DISTRICTS ASSOCIATION OF CALIFORNIA
EMPLOYMENT BENEFITS AUTHORITY**
Board of Directors Meeting

March 27, 2009

AGENDA ITEM IX B. – BRMS Fee Proposal

Staff received a proposal from BRMS to reduce the cost to the EBA per employee per month for those with only ancillary lines of coverage. We will have further information to provide to the Board, including how many employees have ancillary-only coverage, at the Board meeting.

BRMS is proposing the following:

1. Districts with medical coverage will not incur any changes to their administrative fee of \$8.50 pepm
2. Districts with ancillary only coverages will be charged a reduced fee of \$5.00 pepm.
3. BRMS is requesting a minimum 1 year contract with a monthly minimum fee of \$7,000 effective 7/1/2009.
4. Should the participation by district shift to 50% ancillary coverage then BRMS withholds the right to renegotiate the contract with a 30 day notice and board approval.

Please note that this represents about a 15% reduction in the annual fees being paid to BRMS.

FDAC EBA TRAVEL/EXPENSE REIMBURSEMENT REQUEST

Name: _____ Claim Date: _____

Client: _____

Address: _____ City: _____ Zip: _____

TRAVEL EXPENSES:

FROM: _____ TO: _____

DATE(S): _____

PURPOSE (check one): _____

1. Private Vehicle: _____ miles @ \$.55 per mile \$ _____

2. Commercial Transportation: Mode _____ \$ _____

3. Bridge Tolls \$ _____ + Parking \$ _____ \$ _____

4. Lodging: Location _____ \$ _____

5. Meals: _____ \$ _____

MISCELLANEOUS EXPENSES (Supplies, etc.)

Please explain: _____ \$ _____

(attach additional sheets if necessary)

TOTAL EXPENSES \$ _____

I certify that the above is a true accounting of transportation and other allowable expenses and understand that **RECEIPTS MUST BE ATTACHED** to receive payment.

Please make check payable to: _____

and mail to: _____

CLAIMANT SIGNATURE _____

FDAC EBA will not reimburse without receipt- **NO EXCEPTIONS**
All claims must be submitted sixty (60) days of expenditure to be considered for
reimbursement - **NO EXCEPTIONS**

Remit Claims to: 1215 K Street, Suite 2290 * Sacramento, CA 95814

FDAC EBA TREASURER APPROVAL _____