

# FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Teleconference Meeting

Wednesday, October 8, 2014

1:30 p.m. – 2:30 p.m.

**Call-in Number:** 1-800-250-2600

**Participant PIN:** 451 9494

1215 K Street, Suite 940, Sacramento, CA  
1364 Tavern Road, Alpine, CA  
630 Second St. West, Sonoma, CA

5221 Deer Valley Road, Rescue, CA  
7 Erba Lane, Scotts Valley, CA  
37 Jones Street, Murphys, CA

## *Agenda*

- | <b><u>Item</u></b> |   | <b><u>Action</u></b> |
|--------------------|---|----------------------|
| 1.                 | <b>Call to Order and Introductions</b>  |                      |
| 2.                 | <b>Approval of Agenda Items</b>   | <b>Action</b>        |
| 3.                 | <b>Public Comment</b><br><i>At this time, members of the public may address the Board on any item that is not on the agenda. No action may be taken on items that are not on the agenda unless authorized by law. Comments are limited to three minutes per person.</i> | <b>Discussion</b>    |
| 4.                 | <b>Consent Calendar</b><br><i>The Board will review and may approve the following:</i><br><b>A. Minutes – August 13, 2014</b><br><b>B. Financials – August 2014</b>   | <b>Info/Action</b>   |
| 5.                 | <b>Bylaws Amendment Vote Count</b><br><i>The Board will be present on the call while Administrator Melissa Dixon opens and counts the ballots from the FDAC EBA office.</i>   | <b>Info/Action</b>   |
| 6.                 | <b>Contract with SMA</b><br><i>The Board will review and may approve the 2015-18 contract with Smith Moore &amp; Associates, as negotiated by the Contract Negotiations Committee.</i>  | <b>Info/Action</b>   |
| 7.                 | <b>Final 2014-15 Operating Budget</b><br><i>The Board will review and may approve the final 2014-15 operating budget.</i>   | <b>Info/Action</b>   |
| 8.                 | <b>Director Comments</b>  | <b>Information</b>   |
| 9.                 | <b>Public Comments</b>  | <b>Information</b>   |
| 10.                | <b>Next Meeting</b>   | <b>Info/Action</b>   |
| 11.                | <b>Adjourn</b>  | <b>Action</b>        |

## FDAC EBA Board of Directors Teleconference Meeting

August 13, 2014

### **In Attendance**

Jean Moore, President  
Dan Grebil, Vice President  
Tom Keating, Treasurer, Director

### **Consultants/Guests**

Melissa Dixon, FDAC EBA Administrator  
Bordan Darm, GBS  
Kelly Furtado, GBS  
Jane Phoong, BRMS  
Kim McCloskey, BRMS  
David McMurchie, Legal Counsel

President Jean Moore convened the meeting at 1:02 p.m. President Moore welcomed everyone and established a quorum.

### **Approval of Agenda Items**

Director Tom Keating moved to approve the agenda. Director Dan Grebil seconded.

Ayes: Jean Moore, Tom Keating, Dan Grebil

Noes:

Absent: Georgette Darcy, Steve Kovacs

### **Public Comment**

There was no public comment.

### **Consent Calendar**

Director Keating moved to approve the consent calendar, which included minutes from the last Board meeting. President Moore seconded.

Ayes: Jean Moore, Tom Keating, Dan Grebil

Noes:

Absent: Georgette Darcy, Steve Kovacs

### **Approval of New Members**

Bordan Darm reported on three potential new agencies: Moraga-Orinda, Meeks Bay and Forestville. Moraga-Orinda will remain in CalPERS for 2015 for medical, but both Moraga-Orinda and Meeks Bay are still considering joining the EBA in 2015 for ancillary coverage. Forestville will be participating in the medical coverage on January 1, 2015, pending Board approval.

Director Grebil moved to approve Forestville Fire Protection District as a member of FDAC EBA. Director Keating seconded.

Ayes: Jean Moore, Tom Keating, Dan Grebil

Noes:

Absent: Georgette Darcy, Steve Kovacs

### **Bylaws Amendments**

Administrator Melissa Dixon and Legal Counsel David McMurchie reviewed with the Board additional proposed Bylaws amendments that would allow for electronic voting and communications by and with the FDAC EBA members. The amendments also allow for action to be taken with a majority vote of a quorum of the membership, rather than a majority vote of the membership.

Director Grebil moved to approve the additional Bylaws amendments as presented; Director

Keating seconded.

Ayes: Jean Moore, Tom Keating, Dan Grebil

Noes:

Absent: Georgette Darcy, Steve Kovacs

**Next Meeting**

The next meeting will be scheduled when and as needed. The subcommittees were encouraged to meet in the meantime.

**Adjourn**

Director Keating moved to adjourn the meeting at 1:19 p.m. Director Grebil seconded.

Ayes: Jean Moore, Tom Keating, Dan Grebil

Noes:

Absent: Georgette Darcy, Steve Kovacs

Respectfully submitted,

Melissa Dixon

**FDAC EBA**  
**Balance Sheet**  
As of August 31, 2014

	<u>Aug 31, 14</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1005 · US Bank Business Checking	41,097.70
1020 · Money Market Account- MI3500	3,738.12
1030 · Margin Fund- MI3698	59,436.16
1040 · Reserve 7341 -(BRMS held)	109,325.49
1060 · Comerica- Money Market	
1060.10 · Market Value	
1060.02 · CD to 06/24/2015	110,000.00
1060.04 · CD to 09/17/2014	135,000.00
1060.06 · CD to 12/24/14	100,000.00
1060.08 · Cd to 03/25/2015	150,000.00
1060.99 · Unrealized Gain/Loss	-339.30
Total 1060.10 · Market Value	<u>494,660.70</u>
1060.98 · Accrued Interest	1,145.14
Total 1060 · Comerica- Money Market	<u>495,805.84</u>
Total Checking/Savings	709,403.31
<b>Accounts Receivable</b>	
1200 · Accounts Receivable	<u>10,674.51</u>
Total Accounts Receivable	<u>10,674.51</u>
Total Current Assets	<u>720,077.82</u>
<b>TOTAL ASSETS</b>	<u><u>720,077.82</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
3000 · Reserves & Contingencies	50,000.00
3100 · Retained Earnings	654,469.84
Net Income	15,607.98
Total Equity	<u>720,077.82</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>720,077.82</u></u>

## FDAC EBA

### Profit & Loss Budget vs. Actual

July through August 2014

	<u>Jul - Aug 14</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
<b>4000 · INCOME</b>			
4100 · Interest	326.20	1,900.00	-1,573.80
4300 · Premium Earnings	1,077,570.34	6,423,113.26	-5,345,542.92
<b>Total 4000 · INCOME</b>	<u>1,077,896.54</u>	<u>6,425,013.26</u>	<u>-5,347,116.72</u>
<b>Total Income</b>	<u>1,077,896.54</u>	<u>6,425,013.26</u>	<u>-5,347,116.72</u>
Gross Profit	1,077,896.54	6,425,013.26	-5,347,116.72
Expense			
<b>6000 · EXPENSE</b>			
<b>6010 · Administration</b>			
6014 · Administration Contract	10,000.00	60,000.00	-50,000.00
6016 · Third Party Administrator	17,138.50	95,062.08	-77,923.58
6018 · FDAC Subsidiary Fee	0.00	15,000.00	-15,000.00
<b>Total 6010 · Administration</b>	<u>27,138.50</u>	<u>170,062.08</u>	<u>-142,923.58</u>
6040 · Bank Service Charges	28.50	125.00	-96.50
6100 · Board Meetings	1,024.06	2,750.00	-1,725.94
6150 · Broker	25,000.00	150,000.00	-125,000.00
<b>6200 · Carrier Expenses</b>			
6200.03 · Carrier Payments	1,009,021.07	6,031,303.35	-5,022,282.28
<b>Total 6200 · Carrier Expenses</b>	<u>1,009,021.07</u>	<u>6,031,303.35</u>	<u>-5,022,282.28</u>
<b>6300 · Insurance</b>			
6320 · E & O Insurance	0.00	1,400.00	-1,400.00
<b>Total 6300 · Insurance</b>	<u>0.00</u>	<u>1,400.00</u>	<u>-1,400.00</u>
<b>6650 · Office Supplies</b>			
6665 · Office	0.00	50.00	-50.00
<b>Total 6650 · Office Supplies</b>	<u>0.00</u>	<u>50.00</u>	<u>-50.00</u>
<b>6700 · Operating Expenses</b>			
6710 · Postage and Delivery	2.88	50.00	-47.12
6715 · Printing and Reproduction	8.44	100.00	-91.56
6720 · Staff Travel	0.00	200.00	-200.00
6730 · Telephone	147.75	700.00	-552.25
6735 · Storage	1.86	150.00	-148.14
<b>Total 6700 · Operating Expenses</b>	<u>160.93</u>	<u>1,200.00</u>	<u>-1,039.07</u>
<b>6800 · Professional Fees</b>			
6801 · Accounting	0.00	8,500.00	-8,500.00
6807 · Legal Fees	147.00	20,000.00	-19,853.00
<b>Total 6800 · Professional Fees</b>	<u>147.00</u>	<u>28,500.00</u>	<u>-28,353.00</u>
<b>Total 6000 · EXPENSE</b>	<u>1,062,520.06</u>	<u>6,385,390.43</u>	<u>-5,322,870.37</u>
<b>Total Expense</b>	<u>1,062,520.06</u>	<u>6,385,390.43</u>	<u>-5,322,870.37</u>
Net Ordinary Income	15,376.48	39,622.83	-24,246.35
Other Income/Expense			
Other Expense			
8050 · Unrealized Gain/Loss on Inv.	-231.50		
<b>Total Other Expense</b>	<u>-231.50</u>		
Net Other Income	<u>231.50</u>		
<b>Net Income</b>	<u><u>15,607.98</u></u>	<u><u>39,622.83</u></u>	<u><u>-24,014.85</u></u>

**FDAC EBA**  
**Profit & Loss**  
July through August 2014

	<u>Jul - Aug 14</u>	<u>Jul - Aug 13</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>4000 · INCOME</b>				
4100 · Interest	326.20	267.71	58.49	21.85%
4300 · Premium Earnings	1,077,570.34	1,177,521.86	-99,951.52	-8.49%
<b>Total 4000 · INCOME</b>	<u>1,077,896.54</u>	<u>1,177,789.57</u>	<u>-99,893.03</u>	<u>-8.48%</u>
<b>Total Income</b>	<u>1,077,896.54</u>	<u>1,177,789.57</u>	<u>-99,893.03</u>	<u>-8.48%</u>
<b>Gross Profit</b>	<u>1,077,896.54</u>	<u>1,177,789.57</u>	<u>-99,893.03</u>	<u>-8.48%</u>
<b>Expense</b>				
<b>6000 · EXPENSE</b>				
<b>6010 · Administration</b>				
6014 · Administration Contract	10,000.00	10,000.00	0.00	0.0%
6016 · Third Party Administrator	17,138.50	16,337.90	800.60	4.9%
<b>Total 6010 · Administration</b>	<u>27,138.50</u>	<u>26,337.90</u>	<u>800.60</u>	<u>3.04%</u>
6040 · Bank Service Charges	28.50	25.00	3.50	14.0%
6100 · Board Meetings	1,024.06	505.70	518.36	102.5%
6150 · Broker	25,000.00	44,102.26	-19,102.26	-43.31%
<b>6200 · Carrier Expenses</b>				
6200.03 · Carrier Payments	1,009,021.07	1,107,989.32	-98,968.25	-8.93%
<b>Total 6200 · Carrier Expenses</b>	<u>1,009,021.07</u>	<u>1,107,989.32</u>	<u>-98,968.25</u>	<u>-8.93%</u>
<b>6700 · Operating Expenses</b>				
6710 · Postage and Delivery	2.88	2.77	0.11	3.97%
6715 · Printing and Reproduction	8.44	0.00	8.44	100.0%
6730 · Telephone	147.75	99.62	48.13	48.31%
6735 · Storage	1.86	21.17	-19.31	-91.21%
<b>Total 6700 · Operating Expenses</b>	<u>160.93</u>	<u>123.56</u>	<u>37.37</u>	<u>30.24%</u>
<b>6800 · Professional Fees</b>				
6804 · Consulting/Actuary	0.00	6,000.00	-6,000.00	-100.0%
6807 · Legal Fees	147.00	2,450.00	-2,303.00	-94.0%
<b>Total 6800 · Professional Fees</b>	<u>147.00</u>	<u>8,450.00</u>	<u>-8,303.00</u>	<u>-98.26%</u>
<b>Total 6000 · EXPENSE</b>	<u>1,062,520.06</u>	<u>1,187,533.74</u>	<u>-125,013.68</u>	<u>-10.53%</u>
<b>Total Expense</b>	<u>1,062,520.06</u>	<u>1,187,533.74</u>	<u>-125,013.68</u>	<u>-10.53%</u>
<b>Net Ordinary Income</b>	15,376.48	-9,744.17	25,120.65	257.8%
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
8050 · Unrealized Gain/Loss on Inv.	-231.50	986.40	-1,217.90	-123.47%
<b>Total Other Expense</b>	<u>-231.50</u>	<u>986.40</u>	<u>-1,217.90</u>	<u>-123.47%</u>
<b>Net Other Income</b>	<u>231.50</u>	<u>-986.40</u>	<u>1,217.90</u>	<u>123.47%</u>
<b>Net Income</b>	<u><u>15,607.98</u></u>	<u><u>-10,730.57</u></u>	<u><u>26,338.55</u></u>	<u><u>245.45%</u></u>

**FIRE DISTRICT ASSOCIATION OF CALIFORNIA  
EMPLOYMENT BENEFITS AUTHORITY  
Professional Services Agreement**

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This Agreement is made and entered into this 1<sup>st</sup> day of July, 2015, by and between the FIRE DISTRICT ASSOCIATION OF CALIFORNIA EMPLOYMENT BENEFITS AUTHORITY, a California joint powers authority, hereinafter referred to as "FDAC EBA," and SMITH MOORE & ASSOCIATES, hereinafter referred to as "SMA," and entered into in the City of Sacramento, County of Sacramento, State of California. Effective on July 1, 2015, FDAC EBA and SMA mutually agree and promise the following:

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**1. PURPOSE OF ENGAGEMENT.** FDAC EBA hereby engages SMA to provide administrative services generally defined as follows: SMA will provide administrative services with respect to the administration and coordination of the health and welfare benefit program operated by FDAC EBA for existing and retired employees, officers and members of the legislative body of its member agencies. Said administrative duties include Board and committee oversight and planning; coordination and control of all consultants retained by FDAC EBA (except SMA); oversight and management of all FDAC EBA contracts, including, but not limited to third party administrator contracts, broker services agreements, and agreements with other consultants such as attorneys, accountants and actuaries; coordination with other professional associations; planning and execution of conferences; and any other duties as necessary to fulfill and implement FDAC EBA's strategic goals and initiatives as now adopted or as may be amended or adopted during the term of this Agreement.

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**2. SCOPE OF SERVICES.** Beginning July 1, 2015, FDAC EBA engages SMA to provide all necessary personnel, materials and services to fully and completely perform those services described more completely in the Scope of Services attached hereto, marked Exhibit A and incorporated herein by this reference. SMA shall provide those services reasonably required and requested to carry out the described Scope of Services and will take reasonable steps to keep FDAC EBA informed of progress. SMA agrees to perform the required services described herein, upon the terms and conditions and in consideration of the payments stated in this Agreement. For matters concerning administration of this contract, SMA will communicate with FDAC EBA through the President of the Board of Directors of FDAC EBA.

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**3. INDEPENDENT CONTRACTOR.** SMA is an independent contractor and shall not at any time be considered an employee of FDAC EBA during the term of this engagement. FDAC EBA shall have neither the right nor the obligation to exercise any control or direction whatsoever over the method or manner in which SMA shall perform the services to be provided under this Agreement.

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**4. CLIENT'S DUTIES.** FDAC EBA agrees to cooperate with SMA and be reasonably available to confer with SMA upon request, to keep SMA informed of developments, and to disclose to SMA all facts and circumstances of which FDAC EBA is aware which may bear upon the handling of the services outlined herein in a timely manner. FDAC EBA agrees to provide SMA with such documents and information as it may possess relating to the contract, and to abide by this Agreement.

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**5. FEES AND BILLING PRACTICES.** FDAC EBA agrees to pay SMA for services provided under this Agreement at the rates shown in Exhibit B attached hereto and hereby made a part of

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this Agreement. In no event shall SMA be entitled to compensation for extra work unless a written authorization or Amendment to this Agreement describing the work and payment terms has been executed by FDAC EBA prior to the commencement of the services. Any such extra work in addition to the work or services described in Exhibit A shall be performed by SMA according to the rates or charges listed in Exhibit B. In the event that no rate or charge is listed for a particular type of extra work, SMA shall be paid for the extra work at a rate to be mutually agreed upon prior to commencement of the extra work.

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**6. DISCHARGE AND WITHDRAWAL.** FDAC EBA may discharge SMA at any time, without cause, by giving SMA a sixty (60) day written notice of termination. SMA may withdraw with FDAC EBA's advance written consent, or at any time after having given FDAC EBA written notice and a reasonable period within which to retain the services of other professionals, but in no event less than 120 days.

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After SMA's services conclude, SMA will deliver all original files to FDAC EBA, along with any funds or property of FDAC EBA in SMA's possession. SMA agrees not to destroy any original files without prior written consent of FDAC EBA. When SMA's services conclude, all unpaid charges will become due and payable upon receipt of a final Statement of Charges to the termination date and after receipt by FDAC EBA of all materials and supplies identified above,

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**7. ENTIRE AGREEMENT; MODIFICATION.** With respect to the subject matter hereof, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understandings of any nature whatsoever between FDAC EBA and SMA. This Agreement and all of the covenants and conditions set forth herein may be modified or amended only by a writing duly authorized and executed by FDAC EBA and SMA.

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**8. INSURANCE AND BONDING.** SMA shall obtain and maintain insurance and bonding during the term hereof as prescribed in Exhibit C. SMA shall furnish evidence of such coverage.

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**9. INDEMNIFICATION.** SMA shall indemnify, defend, protect, and hold harmless FDAC EBA, and its officers, employees, volunteers and agents from and against any liability, losses, claims, damages, expenses, demands, and costs (including, but not limited to, attorney, expert witness and consultant fees, and litigation costs) of every type and description to which it may be subjected or put to by reason of or resulting from: (1) the performance of or failure to perform the services specified in this Agreement or any other obligations of this Agreement by SMA or its employees; (2) any alleged negligent act or omission of SMA, or its employees in connection with any acts performed or required to be performed pursuant to this Agreement. This indemnification is effective and shall apply whether or not any such action is alleged to have been caused in part by FDAC EBA as a party indemnified hereunder. This indemnification shall not include any claim arising from the sole negligence or willful misconduct of the FDAC EBA or its agents and/or employees. SMA's obligations under this indemnification provision shall survive the termination, or completion of the services specified in this Agreement.

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FDAC EBA shall indemnify, defend, protect and hold harmless SMA, and its officers, employees, volunteers and agents from and against any and all liability, losses, claims, damages, expenses, demands, and costs (including but not limited to, attorney, expert witness and SMA's fees, and litigation costs) of every type and description to which it may be subjected or put to by reason of or resulting from: (1) the performance of or failure to perform the services specified in this Agreement or any other obligations of this Agreement by FDAC EBA or FDAC EBA's officers, employees, and agents; (2) any alleged negligent act or omission of FDAC EBA, or its employees

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or agents in connection with any acts performed or required to be performed pursuant to this Agreement. This indemnification shall not include any claim arising from the sole negligence or willful misconduct of SMA or its employees. FDAC EBA's obligations under this indemnification provision shall survive the termination, or completion of services specified in this Agreement.

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**10. PRINCIPAL SERVICE PROVIDER.** Melissa Dixon shall be the designated Administrator. Delegation of core duties to any other individual must be approved by the FDAC EBA Board of Directors.

Deleted: Catherine Smith Moore

**11. EFFECTIVE DATE.** This Agreement will take effect on July 1, 2015 once approved and executed by the Parties.

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**12. TERM OF AGREEMENT.** Except for early termination as provided for in Section 6, this Agreement shall be from the effective date until June 30, 2018 ("Term"). FDAC EBA shall have the option to extend this Agreement for two (2) additional one (1) year terms. FDAC EBA shall notify SMA in writing sixty (60) days prior to the expiration of the Term of its exercise of the option to extend the Agreement. Any such extension shall be on the same terms and conditions. FDAC EBA shall not be responsible for payment for services initiated subsequent to termination without prior written approval of FDAC EBA.

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SMITH MOORE & ASSOCIATES  
("SMA")

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By: \_\_\_\_\_  
Melissa Dixon

Date: \_\_\_\_\_

FIRE DISTRICT ASSOCIATION OF CALIFORNIA  
EMPLOYEE BENEFITS AUTHORITY  
("FDAC EBA")

By: \_\_\_\_\_  
Jean Moore  
President, Board of Directors

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**EXHIBIT A**  
**FDAC EMPLOYMENT BENEFITS AUTHORITY**  
**SCOPE OF SERVICES**  
**ADMINISTRATOR**

As the administrator of the FDAC Employment Benefits Authority (FDAC EBA), Smith Moore & Associates (SMA) would be responsible and accountable for the following:

**Governance**

- Plan and attend Board of Directors meetings (maximum of ten, (10) meetings per fiscal year)
- Distribute (and where appropriate, develop) Board meeting materials
- Maintain Board of Directors roster
- Maintain (and develop, as requested) governing documents
- Develop annual calendar of Board of Directors meetings

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**Accounting**

- Develop annual fiscal-year budget
- Work with external CPA/auditor to ensure annual audit and filings
- Prepare financial reporting for the Board of Directors meetings
- Investment portfolio oversight (when applicable)
- Maintain accurate financial records of all FDAC EBA funds
- Handle day-to-day bookkeeping responsibilities

**Membership and Member Services**

- Verify FDAC membership for all FDAC EBA participants (follow up with non-members to ensure compliance)
- Be available as a resource for members (answer questions, help resolve issues, etc.)
- Develop resources for members (online document referrals, etc.)
- Monitor status of programs
- Maintain database of FDAC EBA members and contacts
- Serve as liaison between FDAC EBA and members
- Develop/maintain new member guidelines

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**Communications**

- Be responsible for all information dissemination to FDAC EBA members
- Develop/maintain FDAC EBA website
- Coordinate articles/ads for FDAC Report
- Coordinate sponsorship opportunities for FDAC
- Responsible to proof/approve marketing materials developed by broker

**General Administration**

- Monitor status of programs
- Selection/recommendation of vendors/consultants
- Monitor and manage vendor/consultant contracts
- Communicate with vendor/consultants as to program effectiveness and growth
- Report to Board of Directors as to vendor/consultants program effectiveness, or lack thereof
- Develop/maintain policy and procedures manual
- Coordinate open enrollment in conjunction with broker/vendors as applicable
- Develop, and maintain annual administrative calendar/timeline
- Be available to answer questions as needed
- Attend Board meetings as requested
- Ensure prompt filing of taxes
- Ensure compliance with JPA agreement/bylaws
- Ensure compliance with established policies/procedures

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**EXHIBIT B  
SCHEDULE OF RATES AND CHARGES  
SMITH MOORE & ASSOCIATES**

This schedule is intended to establish the full compensation for all personnel, materials and services that shall be paid to SMA for the services rendered pursuant to Exhibit A of this Agreement. In addition, it shall establish the hourly rates and charges to be used should additional services be necessary during the term of this Agreement. These rates and charges will establish the basis for any negotiations related to additional services to be provided by SMA.

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The Parties, after separate negotiations and discussions, have determined that the following compensation amounts shall apply to the various portions of the Scope of Services detailed in Exhibit A.

1. General Association Operations:

A. FDAC EBA agrees to pay to SMA monthly for all services and indirect supplies necessary to coordinate and administer the General Operations of FDAC EBA. FDAC EBA agrees that the compensation to SMA shall be \$3,333.33 monthly (\$40,000 annual).

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The above compensation amounts shall be full compensation to SMA and shall include all non-direct expenditures on behalf of FDAC EBA by SMA.

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B. In addition to the basic compensation set forth in Paragraph A above, FDAC EBA shall reimburse SMA for all reasonable expenses, other than office lease costs, that are incurred directly for FDAC EBA, or as a share of agreed-upon charges. These expenses may include, but are not limited to, out-of-town travel, stationery, printing, postage, dues, telephone, records storage and other expenses related to appropriate representation of FDAC EBA; and shall be payable on periodic demand of the Administrator, but not more than once each month. Such charges and categories shall be reviewed and adjusted as necessary by the FDAC EBA Board of Directors as appropriate, but not less than once each year. To these ends, the Board of Directors will establish a detailed budget including a ceiling on expenses for the aforementioned charges.

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Expenses in excess of those set forth by the Board of Directors and any travel outside the Sacramento area are to be approved in advance by the FDAC EBA President.

The monthly fees set forth above have been established through extensive review and research of Smith Moore & Associates as well as negotiations for anticipated effort required to administer the FDAC EBA work program.

**EXHIBIT C  
INSURANCE AND BONDING REQUIREMENTS  
SMITH MOORE & ASSOCIATES**

A. Insurance. ~~SMA shall procure and maintain, for the duration of this Agreement, insurance against claims for injuries to persons or damages to property, which may arise from, or in connection with, the performance of the work hereunder by SMA, its agents, representatives, employees, sub-consultants or professionals.~~

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1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

- a. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
- b. Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto) or provide evidence of non-owned and hired auto liability coverage (if no owned autos).
- c. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

2. Minimum Limits of Insurance

~~SMA shall maintain limits no less than:~~

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- a. General Liability: \$1,000,000 per occurrence for bodily injury and property damage liability coverage, and \$1,000,000 per person or organization for personal injury and advertising injury liability coverage. If Commercial General Liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- b. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- c. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

3. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by FDAC EBA. At the option of FDAC EBA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects FDAC EBA, its officers, officials, employees and volunteers; or ~~SMA shall provide a financial guarantee satisfactory to FDAC EBA guaranteeing payment of losses and related investigations, claim administration and defense expenses.~~

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4. Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- a. FDAC EBA, its officers, officials, employees and volunteers, are to be covered as

additional insureds as respects: liability arising out of work or operations performed by or on behalf of ~~SMA~~; or automobiles owned, leased, hired or borrowed by ~~SMA~~.

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b. For any claims related to the services performed, ~~SMA's~~ insurance coverage shall be primary insurance as respects FDAC EBA, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by FDAC EBA, its officers, officials, employees or volunteers shall be in excess of ~~SMA's~~ insurance and shall not contribute with it.

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c. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to FDAC EBA.

5. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to FDAC EBA.

6. Verification of Coverage

~~SMA~~ shall furnish FDAC EBA ~~Board of Directors~~ with original certificates and amendatory endorsements effecting coverage required by this clause prior to commencing any activity pursuant to this Agreement. All certificates and endorsements are to be received and approved ~~annually~~ by FDAC EBA ~~Board of Directors at the commencement of the contract or anniversary date, whichever is applicable~~. FDAC EBA reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by this Agreement, at any time.

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**FDAC EBA  
2014-15 Budget**

**FINAL BUDGET FY 2014/15**

	2013/2014 Final	2014-15 Budget	Increase (Decrease)	%	Notes
<b>4000 · INCOME</b>					
4100 · Interest	1,890.18	1,956.00	65.82	3%	
4300 · Premium Earnings / First half	3,462,631.97	3,161,961.43	(300,670.54)	-9%	
4300 · Premium Earnings / Second half	3,161,961.43	3,256,820.27	94,858.84	3%	*3% increase for 2015
<b>Total Income</b>	<b>6,626,483.58</b>	<b>6,420,737.70</b>	<b>(205,745.88)</b>	<b>-3%</b>	
<b>6000 · EXPENSE</b>					
<b>6010 · Administration</b>					
6014 · Administration Contract (SM)	60,000.00	60,000.00	-	0%	
6016 · Third Party Administrator (BRMS)	98,695.90	102,058.63	3,362.73	3%	1.59% of premiums
6018 · FDAC Subsidiary Fee	20,000.00	15,000.00	(5,000.00)	-25%	
<b>Total 6010 · Administration</b>	<b>178,695.90</b>	<b>177,058.63</b>	<b>(1,637.27)</b>	<b>-1%</b>	
6040 · Bank Service Charges	106.00	125.00	19.00	18%	
6100 · Board Meetings	2,731.79	2,750.00	18.21	1%	
6150 · Broker	255,962.12	150,000.00	(105,962.12)	-41%	
<b>6200 · Carrier Expenses</b>					
6200.03 · Carrier Payments	6,217,346.70	6,010,547.19	(206,799.51)	-3%	93.64% of premiums
<b>Total 6200 · Carrier Expenses</b>	<b>6,217,346.70</b>	<b>6,010,547.19</b>	<b>(206,799.51)</b>	<b>-3%</b>	
<b>6300 · Insurance</b>					
6320 · E & O Insurance	1,380.64	1,400.00	19.36	1%	
<b>Total 6300 · Insurance</b>	<b>1,380.64</b>	<b>1,400.00</b>	<b>19.36</b>	<b>1%</b>	
<b>6650 · Office Supplies</b>					
6665 · Office	6.42	50.00	43.58	679%	
<b>Total 6650 · Office Supplies</b>	<b>6.42</b>	<b>50.00</b>	<b>43.58</b>	<b>679%</b>	
<b>6700 · Operating Expenses</b>					
6710 · Postage and Delivery	21.83	50.00	28.17	129%	
6715 · Printing and Reproduction	80.35	100.00	19.65	24%	
6720 · Staff Travel	177.73	200.00	22.27	13%	
6730 · Telephone	629.47	700.00	70.53	11%	
6735 · Storage	152.75	150.00	(2.75)	-2%	
<b>Total 6700 · Operating Expenses</b>	<b>1,062.13</b>	<b>1,200.00</b>	<b>137.87</b>	<b>13%</b>	
<b>6800 · Professional Fees</b>					
6801 · Accounting	7,750.00	8,500.00	750.00	10%	
6804 · Consulting/Actuary	36,000.00	-	(36,000.00)	-100%	
6807 · Legal Fees	18,791.50	20,000.00	1,208.50	6%	
<b>Total 6800 · Professional Fees</b>	<b>62,541.50</b>	<b>28,500.00</b>	<b>(34,041.50)</b>	<b>-54%</b>	
<b>Total 6000 · EXPENSE</b>	<b>6,719,833.20</b>	<b>6,371,630.82</b>	<b>(348,202.38)</b>	<b>-5%</b>	
<b>Net Income</b>	<b>-93,349.62</b>	<b>49,106.89</b>	<b>142,456.51</b>	<b>-153%</b>	