

FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Meeting

Tuesday, July 9, 2013
10:00 a.m. – 2:00 p.m.

Vacaville Fire Protection District
420 Vine Street
Vacaville, CA 95688
(707) 447- 2252

No call-in capabilities.

Agenda

<u><i>Item</i></u>	<u><i>Action</i></u>
I. Welcome and Introductions	
II. Public Comment	Discussion
III. Consent Calendar	Action
A. Minutes – April 23, 2013	
B. June 30, 2013 Financials	
C. Reappointment of Dan Grebil and Tom Keating	
D. Lake County FPD Withdrawal Notice	
IV. 2014 Renewal Rates	Info/Action
<i>The Board will discuss and may set the premium rates for the 2014 program year.</i>	
V. 2013-14 Budget	Info/Action
<i>The Board will review and consider the draft budget as prepared by staff for the 2013-14 fiscal year.</i>	
VI. Confidentiality Policy	Info/Action
<i>The Board will discuss and consider the FDAC EBA Confidentiality Policy.</i>	
VII. Consultant Reports	Info/Action
A. Actuary	
B. BRMS	
C. Legal Counsel	
D. NFP	
E. Smith Moore & Associates	
VIII. Next Meeting	Info
IX. Adjourn	Action

FDAC EBA BOARD OF DIRECTORS
Meeting of July 9, 2013

AGENDA SUPPORTING DATA

Agenda Item III. Consent Calendar

- A. Minutes - April 23, 2013**
- B. June 30, 2013 Financials**
- C. Reappointment of Dan Grebil and Tom Keating**
- D. Lake County FPD Withdrawal Notice**

FDAC Employment Benefits Authority
Board of Directors Teleconference
Tuesday, April 23, 2013

In Attendance

Charlene Virts, President
Jean Moore, Vice President
Dan Grebil, Director

Consultants/Guests

Jane Phoong, BRMS
David Turner, Actuary
Anna Marie White, Thoits
Rosa Soria, Thoits
David McMurchie, Legal Counsel
Melissa Dixon, Administrator
Chase Wymore, Staff

President Charlene Virts called the meeting to order at 2:03 p.m. President Virts welcomed everyone and a quorum was established. There was no public comment.

Consent Calendar

Director Dan Grebil moved to approve the consent calendar; Vice President Jean Moore seconded.

Ayes: Jean Moore, Dan Grebil, Charlene Virts
Noes: None

Board Vacancy

President Virts reminded the Board of the current vacancy, and recommended Chief Steve Kovacs of Murphys Fire District to fill the remainder of the term (through June 2015). Director Grebil moved to appoint Fire Chief Kovacs to the FDAC EBA Board vacancy; Vice President Moore seconded.

Ayes: Jean Moore, Dan Grebil, Charlene Virts
Noes: None

Bylaws Amendment

The Board reviewed the Bylaws amendment as presented by Legal Counsel David McMurchie. After some discussion, the Board decided to slightly revise the election process outlined in the Bylaws. Director Grebil moved to approve the Bylaws amendment, with President Virts having final review to confirm the revisions are written as the Board agreed. Vice President Moore seconded.

Ayes: Jean Moore, Dan Grebil, Charlene Virts
Noes: None

Consultant Reports

Thoits reported their change of ownership to National Financial Partners (NFP). The transaction became effective on April 3, 2013.

Actuary David Turner provided an experience update for First Quarter of 2013, including the status of current claims and his current projection of 2014 rate percentage increases.

The Board and consultants discussed whether it was possible to discuss items such as rate projections outside of the public meetings. Legal Counsel McMurchie suggested creating a confidentiality policy, which would provide that all consultant reports be considered trade secrets. Discussing the reports would still need to be done in a public meeting, however the FDAC EBA could also create an Ad Hoc Rate Setting Committee each year, comprised of two Board members, which could meet in a closed setting. Legal Counsel McMurchie will draft a confidentiality policy for the Board's review and further discussion.

The next Board meeting will be scheduled for June 2013.

Vice President Moore moved to adjourn the meeting; Director Grebil seconded.

The meeting was adjourned at 3:00 p.m.

Respectfully submitted,

Chase Wymore

FDAC EBA
Balance Sheet
 As of June 30, 2013

	Jun 30, 13
ASSETS	
Current Assets	
Checking/Savings	
1005 · US Bank Business Checking	45,573.21
1020 · Money Market Account- MI3500	3,737.98
1030 · Margin Fund- MI3698	71,786.96
1040 · Medical Reserve (BRMS held)	113,494.23
1060 · Comerica- Money Market	
1060.02 · CD to 06/20/2013	135,000.00
1060.04 · CD to 09/18/2013	135,000.00
1060.06 · CD to 12/20/2013	135,000.00
1060.08 · Cd to 03/24/2014	170,000.00
1060.98 · Accrued Interest	120.15
1060 · Comerica- Money Market - Other	199.74
Total 1060 · Comerica- Money Market	575,319.89
Total Checking/Savings	809,912.27
Accounts Receivable	
1200 · Accounts Receivable	6,505.77
Total Accounts Receivable	6,505.77
Other Current Assets	
1240 · Pre Paid Expense	5,000.00
Total Other Current Assets	5,000.00
Total Current Assets	821,418.04
TOTAL ASSETS	821,418.04
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	4,480.90
Total Accounts Payable	4,480.90
Other Current Liabilities	
2200 · Preliminary Reports Recon	4,606.61
Total Other Current Liabilities	4,606.61
Total Current Liabilities	9,087.51
Total Liabilities	9,087.51
Equity	
3000 · Reserves & Contingencies	50,000.00
3100 · Retained Earnings	863,586.15
Net Income	-101,255.62
Total Equity	812,330.53
TOTAL LIABILITIES & EQUITY	821,418.04

FDAC EBA
Budget vs. Actual
July 2012 through June 2013

	Jul '12 - Jun 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000 · INCOME				
4100 · Interest	371.56	61.96	309.60	599.68%
4200 · Miscellaneous Income	2.67			
4300 · Premium Earnings	7,426,680.73	7,452,005.24	-25,324.51	99.66%
Total 4000 · INCOME	7,427,054.96	7,452,067.20	-25,012.24	99.66%
Total Income	7,427,054.96	7,452,067.20	-25,012.24	99.66%
Gross Profit	7,427,054.96	7,452,067.20	-25,012.24	99.66%
Expense				
6000 · EXPENSE				
6010 · Administration				
6014 · Administration Contract	60,000.00	60,000.00	0.00	100.0%
6016 · Third Party Administrator	104,321.65	101,922.80	2,398.85	102.35%
6018 · FDAC Subsidiary Fee	20,000.00	20,000.00	0.00	100.0%
Total 6010 · Administration	184,321.65	181,922.80	2,398.85	101.32%
6040 · Bank Service Charges	55.00	60.00	-5.00	91.67%
6100 · Board Meetings	776.36	1,725.00	-948.64	45.01%
6150 · Broker	280,956.13	284,668.81	-3,712.68	98.7%
6200 · Carrier Expenses	6,991,895.69	7,010,179.44	-18,283.75	99.74%
6300 · Insurance				
6320 · E & O Insurance	1,219.76	1,219.76	0.00	100.0%
Total 6300 · Insurance	1,219.76	1,219.76	0.00	100.0%
6650 · Office Supplies				
6660 · Marketing	0.00	75.00	-75.00	0.0%
6665 · Office	50.74			
Total 6650 · Office Supplies	50.74	75.00	-24.26	67.65%
6700 · Operating Expenses				
6710 · Postage and Delivery	34.68	100.00	-65.32	34.68%
6715 · Printing and Reproduction	42.25	100.00	-57.75	42.25%
6720 · Staff Travel	66.50			
6730 · Telephone	566.01	600.00	-33.99	94.34%
6735 · Storage	177.46	163.98	13.48	108.22%
6740 · Operating Expense Other	47.85	47.85	0.00	100.0%
Total 6700 · Operating Expenses	934.75	1,011.83	-77.08	92.38%
6800 · Professional Fees				
6801 · Accounting	8,200.00	10,000.00	-1,800.00	82.0%
6804 · Consulting/Actuary	36,000.00	36,000.00	0.00	100.0%
6807 · Legal Fees	23,900.50	15,000.00	8,900.50	159.34%
Total 6800 · Professional Fees	68,100.50	61,000.00	7,100.50	111.64%
Total 6000 · EXPENSE	7,528,310.58	7,541,862.64	-13,552.06	99.82%
7000 · Uncategorized	0.00			
Total Expense	7,528,310.58	7,541,862.64	-13,552.06	99.82%
Net Ordinary Income	-101,255.62	-89,795.44	-11,460.18	112.76%
Net Income	-101,255.62	-89,795.44	-11,460.18	112.76%

Lake County Fire Protection District

14815 Olympic Drive
Clearlake, CA. 95422
Phone: (707) 994-2170
Fax (707) 994-4861

June 10, 2013

Melissa Dixon,

Due to the increasing cost in medical insurance, this letter serves as a preliminary intent to withdraw from the FDAC EBA program effective January 1, 2014. I understand that I have a right to rescind this notice by October 1, 2013 to remain a district.

We will continue to work with Rosa Soria on options to see what will best suit the needs of our district's future within the FDAC EBA.

Respectfully Submitted,

Willie Sapeta
Fire Chief
Lake County Fire Protection District

**FDAC EBA BOARD OF DIRECTORS
Meeting of July 9, 2013**

AGENDA SUPPORTING DATA

Agenda Item V. 2013-14 Budget

The Board will review and consider the draft budget as prepared by staff for the 2013-14 fiscal year.

06/14/13
Accrual Basis

FDAC EBA
Profit & Loss
July 2012 through May 2013

	<u>2012-13 Actuals</u>	<u>2013-14 Budget</u>	
Ordinary Income/Expense			
Income			
4000 · INCOME			
4100 · Interest	374.23	900.00	
4300 · Premium Earnings	7,426,680.73	7,710,348.55	*8% increase on 2013 revenue
Total 4000 · INCOME	<u>7,427,054.96</u>	<u>7,711,248.55</u>	
Total Income	<u>7,427,054.96</u>	<u>7,711,248.55</u>	
Gross Profit	7,427,054.96	7,711,248.55	
Expense			
6000 · EXPENSE			
6010 · Administration			
6014 · Administration Contract	60,000.00	60,000.00	
6016 · Third Party Administrator	104,321.65	107,944.88	1.4% of Premium Earnings
6018 · FDAC Subsidiary Fee	20,000.00	20,000.00	
Total 6010 · Administration	<u>184,321.65</u>	<u>187,944.88</u>	
6040 · Bank Service Charges	55.00	60.00	
6100 · Board Meetings	776.36	850.00	
6150 · Broker	280,956.13	292,993.24	3.8% of Premium Earnings
6200 · Carrier Expenses	6,991,895.69	7,257,751.09	94.13% of Premium Earnings
6300 · Insurance			
6320 · E & O Insurance	1,219.76	1,250.00	
Total 6300 · Insurance	<u>1,219.76</u>	<u>1,250.00</u>	
6650 · Office Supplies			
6665 · Office	50.74	75.00	
Total 6650 · Office Supplies	<u>50.74</u>	<u>75.00</u>	
6700 · Operating Expenses			
6710 · Postage and Delivery	34.68	50.00	
6715 · Printing and Reproduction	42.25	50.00	
6720 · Staff Travel	66.50	75.00	
6730 · Telephone	566.01	600.00	
6735 · Storage	177.46	150.00	
6740 · Operating Expense Other	47.85	50.00	
Total 6700 · Operating Expenses	<u>934.75</u>	<u>975.00</u>	
6800 · Professional Fees			
6801 · Accounting	8,200.00	8,500.00	
6804 · Consulting/Actuary	36,000.00	36,000.00	
6807 · Legal Fees	23,900.50	25,000.00	
Total 6800 · Professional Fees	<u>68,100.50</u>	<u>69,500.00</u>	
Total 6000 · EXPENSE	<u>7,528,310.58</u>	<u>7,810,149.21</u>	
Total Expense	<u>7,528,310.58</u>	<u>7,810,149.21</u>	
Net Ordinary Income	<u>-101,255.62</u>	<u>(98,900.66)</u>	
Net Income	<u><u>-101,255.62</u></u>	<u><u>(98,900.66)</u></u>	

**FDAC EBA BOARD OF DIRECTORS
Meeting of July 9, 2013**

AGENDA SUPPORTING DATA

Agenda Item VI. Confidentiality Policy

The Board will discuss and consider the FDAC EBA Confidentiality Policy.

**FIRE DISTRICT ASSOCIATION OF CALIFORNIA
EMPLOYMENT BENEFITS AUTHORITY
POLICIES AND PROCEDURES**

PROTECTION OF CONFIDENTIAL INFORMATION

I. INTRODUCTION.

The Brown Act at California Government Code section 54956 et seq., which governs the activities of the Fire District Association of California Employment Benefits Authority (hereinafter the "Authority") requires that all meetings of the Board of Directors of the Authority be held in public and that all documents distributed to members of the Board of Directors in connection with such a meeting, with exceptions, will also be provided to members of the public at the same time such documents are provided to the Board of Directors of the Authority. Provisions of the California Public Records Act at California Government Code section 6250 et seq., apply to the Authority as a public agency which generally require the Authority to release to the public and make available for inspection to the public written and electronic records kept in the ordinary course of business, subject to a variety of exemptions which specify various categories of records which are not deemed to be public records and are not required to be disclosed.

Therefore, it is necessary that the Authority adopt policies and procedures to protect the confidentiality and privacy of information which it receives in the course of operating its health insurance and ancillary programs in order to maintain the confidentiality of such information consistent with the requirements of the Brown Act and the Public Records Act.

II. PURPOSE.

The purpose of these policies and procedures is to ensure that the Authority Board of Directors, staff, actuary, broker, legal counsel, and other independent consultants, as well as the member districts of the Authority, comply with the provisions of the Brown Act and the Public Records Act, as specified in these policies in order to maintain the confidentiality of various categories of information which the Authority receives from its staff, consultants, and legal counsel in the course of operating its health insurance and ancillary insurance programs. This Confidential Information is exempt from disclosure under the California Public Records Act. Such confidentiality is required to be maintained to ensure the successful and efficient operation and administration of the Authority's programs.

The specific purposes of these confidentiality policies and procedures are as follows:

(1) To protect from disclosure all information, documents and electronic correspondence and data regarding the deliberative processes, evaluations and

recommendations of the Authority's Board of Directors, staff, actuary, broker, legal counsel and third party administrator from disclosure to the public and other third parties with which the Authority transacts business, and to maintain the confidentiality of such information, documents, and electronic data; and

(2) To protect records, whether documents or electronic correspondence or data revealing communications between the Authority's Board and staff from the actuary, broker, legal counsel, third party administrator, and any other consultant retained by the Authority to provide services to the Authority from disclosure to members of the public, and to maintain the confidentiality of the information, as well as the documents and electronic data containing that information; and

(3) To protect from disclosure all trade secrets of the Authority including, but not limited to membership lists, employee enrollment information, claims information, actuarial information, and any other information designated by the Board of Directors as a protected trade secret of the Authority; and

(4) To ensure compliance by the Authority with those governmental transparency statutes applicable to the Authority, specifically the Brown Act and the Public Records Act; and

(5) To require the Authority Board, staff, and consultants to have appropriate administrative and technical safeguards and to notify the Authority of any breaches in the maintenance of confidentiality of the Confidential Information of the Authority; and

(6) To require the reporting of any use or disclosure of Confidential Information not permitted by a consultant's contract of which it becomes aware; and

(7) To assure that any agents, including the subcontractor of a consultant of the Authority agree to the same confidentiality restrictions and conditions that are specified in these policies.

III. DEFINITIONS.

3.1 Confidential Information. "Confidential Information" shall mean those communications, documents, email and all electronic data maintained by the Authority or a consultant of the Authority that are: (a) information that reveals the deliberative processes, evaluations and recommendations of the Authority's Board of Directors, staff, or consultants; and (b) "Official Information" acquired in confidence by the Authority from a consultant of the Authority when the interests of the Authority and its members could be harmed by disclosure of such information; and (c) communications between the Authority's Board of Directors, staff and consultants with the Authority's legal counsel and communications from the Authority's legal counsel to the Authority's Board of Directors, staff and consultants, which are protected by the attorney-client privilege; and (d) all trade secrets and intellectual property of the Authority; and (e) all other

information which the Authority's Board of Directors determines that keeping the information confidential outweighs the public interest in disclosure of such information.

3.2 Deliberative Process. “Deliberative Process” shall mean communications, information, documents, electronic mail or electronic data maintained by the Authority which reveals the deliberative processes of the Authority's Board of Directors, staff, consultants, and legal counsel, including impressions, evaluations, opinions, recommendations, research, work products, theories, or strategy.

3.3 Attorney-Client Communications. “Attorney-Client Communications” shall mean all communications whether verbal, written, electronic mail, documents, electronic data, or any other communication from the Authority's attorney directed to the Authority's Board of Directors, staff, or consultants whose scope of services include a need to know the contents of such communications, and any and all communications from the Authority's Board of Directors, staff, or consultants to the Authority's attorney, which are protected by the Attorney-Client Privilege set forth in Evidence Code section 954 and which are exempt from disclosure as a public record under Government Code section 6254(k).

3.4 Official Information. “Official Information” shall mean information acquired in confidence by a member of the Authority's Board of Directors or staff in the course of his or her duties for which the necessity of preserving the confidentiality of the information outweighs the public interest in the disclosure of such information; or in which a determination has been made by the Board of Directors that such information must remain secret in order to ensure the successful operation and administration of the Authority's programs; this information is confidential and privileged pursuant to Evidence Code section 1040, and exempt from disclosure under the Public Records Act pursuant to Government Code section 6254(k).

3.5 Trade Secrets. “Trade Secrets” shall mean any information, data, formulas, compilations, methods, or processes that have economic value to the Authority because they are not known to the public, and which are subject to Authority policies to maintain the secrecy and confidentiality of such trade secrets. Trade secrets means that information which is subject to Trade Secret Privilege at Evidence Code section 1062, and exempt from disclosure as a public record under the Public Records Act pursuant to Government Code section 6254(k).

IV. RESTRICTIONS ON DISCLOSURE OF CONFIDENTIAL INFORMATION.

4.1 Transmission of Confidential Information. All Confidential Information which is transmitted in writing, verbally, or electronically to the following persons: (a) Authority staff; (b) Authority legal counsel; (c) those consultants with respect to which Confidential Information is relevant to the scope of services consultant is to perform under contract with the Authority; or (d) members of the Board of Directors of the Authority, may be transmitted only according to the following restrictions.

4.1.1 Communications of Confidential Information to the Board of Directors shall be in writing only stamped as "Confidential Information." Confidential information should not be communicated verbally or electronically to Board members other than the President of the Board, in order to avoid the occurrence of a serial meeting amongst Board members in violation of the Brown Act by virtue of a response to such communication by three or more members of the Board. Confidential information may be transmitted verbally or electronically to the Board President for the purpose of planning meetings of the Board of Directors and establishing agendas for such meetings.

Confidential information may be distributed in writing to all members of the Board of Directors as part of an agenda for a regular or special meeting of the Board of Directors in an envelope separate from the other agenda materials and staff reports, which envelope shall be marked "Confidential." Such Confidential Information shall not be distributed as part of the agenda materials to a member of the public or to any third party. Although the Brown Act requires all writings distributed to the Board of Directors in connection with an agenda meeting to also be included in the agenda materials available to the public for that meeting, the Brown Act exempts from that requirement all information which is exempt from disclosure under the provisions of the Public Records Act, including the Authority's Confidential Information.

4.2 Discussion of Confidential Information Amongst Members of the Board of Directors. It is not possible for members of the Board of Directors to discuss in confidence at a regular or special Board meeting Authority Confidential Information, because there is no authorized closed session under the Brown Act which permits Board discussion in a closed session of such Confidential Information other than in the context of exposure to litigation which is the only closed session authorization available to the Authority in light of the nature of its programs and operations.

Due to such Brown Act constraints, discussion amongst the Board and consultants regarding Confidential Information must be conducted either: (a) in writing in order to maintain the confidentiality of the Confidential Information and avoid Brown Act violations; or (b) at an agenda meeting if no members of the public are present and all are third party providers of services or consultants without a need to know the contents of the Confidential Information to be discussed, provide consent to leave the meeting at the request of the Board President. If such consent cannot be obtained, the following procedures regarding written communications between Board members and consultants regarding the contents of Confidential Information shall be followed.

In the event written communication between members of the Board of Directors and consultants is necessary in order to discuss Confidential Information, each Board member shall submit all questions with respect to the Confidential Information submitted to that Board member to staff, who will in turn forward such questions to the consultant or legal counsel responsible for transmission of the Confidential Information to the Board of Directors. The applicable consultant or legal counsel will then provide answers to those questions in writing and forward them to staff, who, in turn, will submit written

responses to Board members for their review and consideration. When staff transmits a consultant's or legal counsel's answer to a Board member's question regarding Confidential Information, staff shall transmit that information to all Board members in a confidential supplemental agenda packet together with a written reminder to the Board members that they cannot reply to such communication verbally, in writing or electronically without potentially violating the Brown Act's prohibition on serial meetings.

4.3 Protection of Confidential Information. All Confidential Information as defined by this policy shall at all times be strictly confidential. Use or disclosure of such Confidential Information to any person, other than in the course and scope of the business functions of the Authority, its member districts, and its consultants is contrary to the best interests of the Authority and may cause harm and damage to the Authority's operations and programs. Disclosure of such Confidential Information or documents by the Authority, its member districts or consultants, is prohibited except as expressly permitted by these policies.

4.4 Scope of Use of Confidential Information. The Authority, its member districts, its consultants, as well as subcontractors of all such consultants may: (a) use or disclose Confidential Information in their possession for management and administration purposes and to fulfill their respective legal and contractual responsibilities to the Authority; (b) disclose such Confidential Information in its possession to a third party for the purpose of such management and administration of its legal and contractual responsibilities to the Authority provided that: (1) such third party provides written assurances that the Confidential Information will be held confidentially and used or further disclosed for the purposes for which it was disclosed to that third party, and then only upon written permission from the Authority; and (2) the third party agrees to notify the Authority, its member districts or consultants of any instances of the breach of confidentiality of Confidential Information of which it becomes aware.

4.5 Safeguards for Protection of Confidential Information. The Authority, its member districts and consultants shall implement appropriate safeguards to protect all Confidential Information in their possession from any unauthorized oral, written or electronic disclosure which may compromise the security or privacy of such Confidential Information. Safeguards shall include administrative, physical and technical safeguards to reasonably and appropriately protect the confidentiality, integrity and availability of the Confidential Information.

4.6 Reporting of Unauthorized Use or Disclosure of Confidential Information. A member district of Authority or a consultant of Authority shall report to Authority regarding the unauthorized use or disclosure of any Authority Confidential Information within 24 hours of becoming aware of it.