

FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Teleconference Meeting

Tuesday, April 3, 2012
9:00 a.m. – 10:00 a.m.

Call-In Number: (866) 704-7500

Passcode: 978212

Subscriber PIN: 381060

8200 Old Redwood Hwy., Windsor, CA
1364 Tavern Road, Alpine, CA
5221 Deer Valley Road, Rescue, CA

11022 Spenceville Road, Penn Valley, CA
1740 Westlake Drive, Roseville, CA

Agenda

- | <i>Item</i> | <i>Action</i> |
|--|--------------------|
| I. Welcome and Introductions | |
| II. Public Comment | Discussion |
| III. Consent Calendar | Action |
| A. Minutes – January 17, 2012 | |
| B. February 29, 2012 Financials | |
| C. Membership AR Report – February 2012 | |
| IV. Consultant Contracts | Info/Action |
| <i>The Board will receive updates on the status of contract negotiations, and approve contract extensions as appropriate for actuarial, administration and third party administrator services.</i> | |
| A. Turner Consulting | |
| B. Smith Moore & Associates | |
| C. BRMS | |
| V. McMurry Resignation | Info/Action |
| <i>The Board will receive and file the resignation from Director Mike McMurry of Scotts Valley Fire.</i> | |
| VI. Penn Valley Correspondence | Info/Action |
| <i>The Board will review and discuss the letter received from Penn Valley FPD.</i> | |
| VII. BRMS Staff Turnover | Info |
| <i>BRMS will discuss with the Board its plans for the FDAC EBA account and the staff member(s) to service it.</i> | |

- | | |
|--|--------------------|
| VIII. Consultant Reports | Info/Action |
| A. Thoits | |
| B. BRMS | |
| C. Smith Moore & Associates | |
| D. Legal Counsel | |
| IX. Next Meeting | Info |
| X. Adjourn | Action |

FDAC Employment Benefits Authority
Board of Directors Teleconference Meeting
Tuesday, January 17, 2012

In Attendance

Mike McMurry, President
Charlene Virts, Vice President
Tom Keating, Secretary/Treasurer
Jean Moore, Director
Randy Casto, Director

Consultants

Melissa Dixon, Administrator
Anna Marie White, Thoits
Rosa Soria, Thoits
Helen Buhagiar, Thoits
David Turner, Actuary
David McMurchie, Legal Counsel
Rene Labrie, BRMS
Kevin King, Health Net

President Mike McMurry called the meeting to order at 9:33 a.m. President McMurry welcomed everyone, and introductions were made. A quorum was established. There was no public comment.

Consent Calendar

The Board addressed the consent calendar, which included minutes from the November 17, 2011 meeting, financials through December 31, and the membership accounts receivable report for December 2011. Director Jean Moore had some questions regarding the budget v. actual that Administrator Melissa Dixon will follow up on. Director Randy Casto moved to approve the consent calendar; Director Tom Keating seconded.

Ayes: Mike McMurry, Charlene Virts, Tom Keating, Jean Moore, Randy Casto
Noes: None

BRMS Open Enrollment Fee

Administrator Dixon reported to the Board that Paul Schaffer with BRMS had contacted her to discuss an open enrollment fee for the third party administrator, owing to the fact that the EBA had a major carrier change effective January 1, 2012. The contract between BRMS and the EBA is ambiguous with regard to open enrollment fees; as such, the Board was requested to approve the \$8500 invoice for payment. Administrator Dixon will be clarifying open enrollment in the next contract with BRMS. Director Keating moved to approve the invoice for payment; Director Charlene Virts seconded.

Ayes: Mike McMurry, Charlene Virts, Tom Keating, Jean Moore, Randy Casto
Noes: None

Revised Business Plan

Administrator Dixon reviewed with the Board the revisions to the FDAC EBA Business Plan, which was edited to provide more detail on consultant contracts and to provide accurate and current information on EBA practices and procedures. Director Virts moved to approve the revised plan, with the additional amendment of adding language regarding the actuary contract. Director Keating seconded.

Ayes: Mike McMurry, Charlene Virts, Tom Keating, Jean Moore, Randy Casto
Noes: None

Bylaws Revision

Legal Counsel David McMurchie brought the Board's attention to the revised bylaws, which had been edited to specifically identify that the EBA can terminate a member if they do not comply with the EBA's policy on HIPAA. He suggested, however, that the Board may not need a revision for this, as the Bylaws already allow the Board to terminate a member and specifically identifying the HIPAA policy may cause the perception that other policy violations do not hold that same consequence. An alternative is adding each of the EBA's policies to the Bylaws. After some discussion, the Board decided not to move forward with a Bylaws revision.

Consultant Contract Terminations

Administrator Dixon informed the Board that the consultant contracts for BRMS, Turner Consulting and Smith Moore & Associates are set to expire on June 30, 2012, and requested direction from the Board on how to proceed. After some discussion, Administrator Dixon was instructed to move forward with contract negotiations with the existing providers. It was recommended that the new contracts be for a term of one year, with options for up to two one-year extensions. President McMurry and Director Moore will negotiate the Smith Moore & Associates contract with Administrator Dixon.

Consultant Reports

Thoits informed the Board that meetings have been scheduled in San Diego for early March, and Director Moore will be joining the Thoits team to help market the EBA's programs. Kevin King from Health Net informed the Board that the open enrollment process went smoothly. He is continuing to work with Thoits in the case of any issues that arise, and the Board may contact him directly with any questions or concerns. Thoits reported that there had been a delay in getting new cards from Kaiser.

David Turner noted that his contract stipulated that he help set rates before May 1, which may or may not be possible. Kevin King will follow up to see when Health Net can have preliminary data available.

Election of Officers

President McMurry informed the Board that he is retiring from the fire service on April 1, 2012. He then nominated Charlene Virts for the office of president. Virts accepted the nomination, and Director Keating seconded. The motion passed with Virts abstaining.

Director Virts nominated Jean Moore for the office of vice president. Moore accepted the nomination, and Director Casto seconded. The motion passed with Moore abstaining.

Director Virts nominated Tom Keating to continue in the office of Secretary/Treasurer. Keating accepted, and Director Moore seconded. The motion passed with Keating abstaining.

Next Meeting

Administrator Dixon will send out potential dates for a meeting in early to mid April, at which the Board will discuss consultant contracts and have an early look at potential renewal rates for 2013.

The meeting was adjourned at 10:49 a.m.

Respectfully submitted,

Melissa Dixon
Administrator

FDAC EBA
Balance Sheet
As of February 29, 2012

	<u>Feb 29, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
Margin Fund	455,454.07
Medical Reserve (BRMS held)	119,380.05
Money Market Account	8,737.71
US Bank	10,098.41
Total Checking/Savings	<u>593,670.24</u>
Accounts Receivable	
1200 - Accounts Receivable	9,176.10
Total Accounts Receivable	<u>9,176.10</u>
Other Current Assets	
Pre Paid Expense	5,050.00
Total Other Current Assets	<u>5,050.00</u>
Total Current Assets	<u>607,896.34</u>
TOTAL ASSETS	<u><u>607,896.34</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	293.20
Total Accounts Payable	<u>293.20</u>
Other Current Liabilities	
2200 - Preliminary Reports Recon	14,585.32
Total Other Current Liabilities	<u>14,585.32</u>
Total Current Liabilities	<u>14,878.52</u>
Total Liabilities	14,878.52
Equity	
Reserves & Contingencies	50,000.00
1110 - Retained Earnings	445,577.64
Net Income	97,440.18
Total Equity	<u>593,017.82</u>
TOTAL LIABILITIES & EQUITY	<u><u>607,896.34</u></u>

FDAC EBA
Profit & Loss Budget vs. Actual
July 2011 through February 2012

	<u>Jul '11 - Feb 12</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4000 · INCOME				
4100 · Interest	25.82	300.00	-274.18	8.61%
4300 · Premium Earnings	5,026,073.30	9,651,849.81	-4,625,776.51	52.07%
Total 4000 · INCOME	<u>5,026,099.12</u>	<u>9,652,149.81</u>	<u>-4,626,050.69</u>	<u>52.07%</u>
Total Income	5,026,099.12	9,652,149.81	-4,626,050.69	52.07%
Expense				
6000 · EXPENSE				
6010 · Administration				
6014 · Administration Contract	40,000.00	60,000.00	-20,000.00	66.67%
6016 · Third Party Administrator	73,637.00	96,518.50	-22,881.50	76.29%
6018 · FDAC Subsidiary Fee	20,000.00	20,000.00	0.00	100.0%
Total 6010 · Administration	<u>133,637.00</u>	<u>176,518.50</u>	<u>-42,881.50</u>	<u>75.71%</u>
6040 · Bank Service Charges	0.00	100.00	-100.00	0.0%
6100 · Board Meetings	1,375.30	1,725.00	-349.70	79.73%
6150 · Broker	184,668.04	347,466.59	-162,798.55	53.15%
6200 · Carrier Payments	4,565,221.06	9,065,744.20	-4,500,523.14	50.36%
6300 · Insurance				
6320 · E & O Insurance	1,178.50	1,200.00	-21.50	98.21%
Total 6300 · Insurance	<u>1,178.50</u>	<u>1,200.00</u>	<u>-21.50</u>	<u>98.21%</u>
6650 · Office Supplies				
6660 · Marketing	60.35			
6650 · Office Supplies - Other	0.00	300.00	-300.00	0.0%
Total 6650 · Office Supplies	<u>60.35</u>	<u>300.00</u>	<u>-239.65</u>	<u>20.12%</u>
6700 · Operating Expenses				
6710 · Postage and Delivery	66.18	200.00	-133.82	33.09%
6715 · Printing and Reproduction	71.76	50.00	21.76	143.52%
6720 · Staff Travel	0.00	1,000.00	-1,000.00	0.0%
6725 · State Filing	0.00	10.00	-10.00	0.0%
6730 · Telephone	385.69	825.00	-439.31	46.75%
6735 · Storage	39.06	100.00	-60.94	39.06%
6740 · Operating Expense Other	39.50			
Total 6700 · Operating Expenses	<u>602.19</u>	<u>2,185.00</u>	<u>-1,582.81</u>	<u>27.56%</u>
6800 · Professional Fees				
6801 · Accounting	4,100.00	10,000.00	-5,900.00	41.0%
6804 · Consulting/Actuary	24,000.00	36,000.00	-12,000.00	66.67%
6807 · Legal Fees	13,816.50	10,000.00	3,816.50	138.17%
Total 6800 · Professional Fees	<u>41,916.50</u>	<u>56,000.00</u>	<u>-14,083.50</u>	<u>74.85%</u>
6850 · Training/Communication	0.00	500.00	-500.00	0.0%
Total 6000 · EXPENSE	<u>4,928,658.94</u>	<u>9,651,739.29</u>	<u>-4,723,080.35</u>	<u>51.07%</u>

FDAC EBA
Profit & Loss Budget vs. Actual
July 2011 through February 2012

	<u>Jul '11 - Feb 12</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Total Expense	<u>4,928,658.94</u>	<u>9,651,739.29</u>	<u>-4,723,080.35</u>	<u>51.07%</u>
Net Ordinary Income	<u>97,440.18</u>	<u>410.52</u>	<u>97,029.66</u>	<u>23,735.79%</u>
Net Income	<u><u>97,440.18</u></u>	<u><u>410.52</u></u>	<u><u>97,029.66</u></u>	<u><u>23,735.79%</u></u>

Fire Districts Association of California

* Carriers cannot be paid until every group has paid

Month: February 2012

Clients	Grp	Date Rec'vd	Amount Paid	Ck #	Amount Billed	Difference	Comments	* Date check mailed	Due Date	
									2/15/12	CM
FDAC EBA		3/12/12	\$7,852.50	1429	\$7,852.50	\$0.00	dep int EBA premium	02/22/12	late	
Alpine Fire Protection	10147	1/27/12	\$19,656.06	14623	\$19,656.06	\$0.00		02/22/12		Rene
Amador FPD	10311	2/2/12	\$10,705.13	11170787	\$10,705.13	\$0.00		02/22/12		Rene
American Canyon Fire Protection	10163	2/16/12	\$3,888.75	19916	\$3,888.75	\$0.00		02/22/12	late	Rene
Arcata Fire	10148	1/25/12	\$2,797.97	15356	\$2,797.97	\$0.00		02/22/12		Rene
Beckworth Fire District	10271	2/13/12	\$790.03	10091005	\$790.03	\$0.00	County of Plumas-G McAffrey	02/22/12		Rene
Ben Lomond Fire District	10149				\$0.00	\$0.00	County of Santa Cruz	02/22/12		Rene Credit on Account
Bennett Valley Fire Protection District	10150	2/27/12	\$243.20	1253524	\$243.20	\$0.00		02/22/12	late	Rene
Bodega Bay Fire District	10151	1/31/12	\$16,392.88	1248715	\$16,392.88	\$0.00		02/22/12		Rene
Boulder Creek Fire District	10152				\$0.00	\$0.00		02/22/12		Rene Credit on Account <\$27
Branciforte Fire Protection	10153	2/3/12	\$522.51	223412	\$522.51	\$0.00	County of Santa Cruz	02/22/12		Rene
Burney Fire Protection	10154	1/31/12	\$577.36	2073422	\$577.36	\$0.00	Shasta County	02/22/12		Rene
Central Calaveras Fire & Rescue	10156	2/20/12	\$7,740.52	336595/1902/1899	\$4,000.93	\$3,739.59		02/22/12	late	Rene
Central Fire Protection District	10155	2/1/12	\$2,376.41	222904	\$2,376.41	\$0.00	County of Santa Cruz	02/22/12		Rene
City of American Canyon	10199	2/14/12	\$26,827.23	148485	\$37,434.00	(\$10,606.77)		02/22/12		Rene
Clements Fire Protection	10157	2/1/12	\$1,351.40	1248/2068904	\$1,225.05	\$126.35	County of San Joaquin	02/22/12		Rene
Cloverdale Fire District	10158	2/16/12	\$4,876.00	wire	\$4,876.00	\$0.00	County of Sonoma	02/22/12	late	Rene
Crest Forest Fire District	10159	2/3/12	\$34,756.13	8886446	\$34,756.13	\$0.00		02/22/12		Rene
Deer Springs Fire District	10276	1/30/12	\$1,282.15	3446/5505	\$1,282.15	\$0.00		02/22/12		Rene
Ebbetts Pass Fire District	10160	1/26/12	\$35,387.96	335540	\$35,387.96	\$0.00	Linda Churches, CPA	02/22/12		Rene
Felton Fire Department	10162	2/2/12	\$496.81	223198	\$496.81	\$0.00	County of Santa Cruz	02/22/12		Rene
Fortuna Fire Department	10309	2/21/12	\$13.40	1003	\$13.40	\$0.00	County of Santa Cruz	02/22/12	late	Rene
Georgetown Fire Protection District	10195	2/13/12	\$12,743.18	1191581	\$12,743.18	\$0.00	County of El Dorado	02/22/12		Rene
Gold Ridge Fire Protection	10164	2/9/12	\$864.06	1250393	\$864.06	\$0.00	County of Sonoma	02/22/12		Rene
Happy Valley Fire Protection	10201	1/31/12	\$632.46	2073421	\$632.46	\$0.00	Shasta County	02/22/12		Rene
Higgins Fire Protection District	10165	2/14/12	\$15,496.88	Wire	\$15,496.88	\$0.00	Nevada County	02/22/12		Rene
Kelseyville Fire Protection	10166	2/14/12	\$3,120.48	12052	\$3,120.48	\$0.00		02/22/12		Rene
Lake County Fire Protection	10167	2/14/12	\$28,806.19	12652	\$28,806.19	\$0.00		02/22/12		Rene
Lakeside	10280	2/2/12	\$3,644.98	13926	\$3,644.98	\$0.00		02/22/12		Rene
Mammoth Lakes Fire Protection	10168	1/31/12	\$1,765.13	20466	\$1,765.13	\$0.00		02/22/12		Rene
Meeks Bay	10205	2/7/12	\$1,311.58	1190631	\$1,311.58	\$0.00	El Dorado County	02/22/12		Rene
Mokelumne Hill Fire Protection	10169	1/30/12	\$276.77	335703	\$0.00	\$276.77	Linda Churches, CPA	02/22/12		Rene Credit on Account <\$70
Mokelumne Rural Fire Protection	10170	2/1/12	\$1,627.72	2074541	\$1,627.72	\$0.00	San Joaquin County	02/22/12		Rene
Nevada Consolidated	10171	2/10/12	\$1,821.47	wire	\$1,821.47	\$0.00		02/22/12		Rene
North Central Fire Protection	10172	2/2/12	\$4,149.74	59571	\$4,149.74	\$0.00		02/22/12		Rene
North County Fire Protection	10183	2/6/12	\$8,509.68	48868	\$8,509.68	\$0.00		02/22/12		Rene
North San Juan Fire Protection	10173	2/6/12	\$178.35	9774/Wire	\$178.35	\$0.00	Nevada County	02/22/12		Rene
Novato Fire Protection District	10174	2/6/12	\$29,743.90	7400010496	\$29,743.90	\$0.00		02/22/12		Rene
Penn Valley Fire Protection	10175	1/30/12	\$15,701.61	216687	\$15,701.61	\$0.00	County of Nevada	02/22/12		Rene
Rescue Fire District	10194	2/1/12	\$16,910.51	1190315	\$16,910.51	\$0.00	El Dorado County	02/22/12		Rene
Rincon Valley Fire Protection	10176	2/14/12	\$45,024.79	1250642	\$45,860.71	(\$835.92)	County of Sonoma	02/22/12		Rene
Ross Valley Fire Department	10177	2/15/12	\$3,675.55	16356	\$3,360.27	\$315.28		02/22/12		Rene
Russian River Fire Protection	10181	2/3/12	\$14,034.81	1576/1249194	\$14,034.81	\$0.00		02/22/12		Rene
Sacramento River Fire Protection	10231	2/29/12	\$790.03	295732	\$790.03	\$0.00	Issued by County of Colusa	02/22/12	late	Rene
Scotts Valley Fire District	10184	2/2/12	\$40,719.61	223199	\$40,719.61	\$0.00	County of Santa Cruz	02/22/12		Rene
Southern Marin Fire Protection District	10185	2/27/12	\$7,658.80	7490005745	\$7,633.30	\$25.50		02/22/12	late	Rene
Southern Marin Fire - Sausalito	10185	2/7/12	\$3,333.49	132517	\$3,333.49	\$0.00	Sausalito	02/22/12		Rene
Stanislaus Consolidated Fire Protection	10186	1/27/12	\$57,332.84	750035761	\$57,332.84	\$0.00		02/22/12		Rene
Tiburon Fire Protection District	10187	1/26/12	\$5,687.96	2519	\$5,687.96	\$0.00		02/22/12		Rene
Truckee Fire Protection District	10281	2/1/12	\$1,215.04	23769	\$1,215.04	\$0.00		02/22/12		Rene
Valley of the Moon	10340	3/6/12	\$63,597.32	7645	\$63,597.32	\$0.00		02/22/12		Rene
Windsor Fire Protection District	10188	1/30/12	\$19,871.32	1248972	\$19,871.32	\$0.00		02/22/12		Rene
Woodbridge Fire Protection District	10189	2/1/12	\$23,252.39	2070832	\$23,252.39	\$0.00	County of San Joaquin	02/22/12		Rene

\$612,033.04

\$618,992.24 (\$6,959.20)

April 2012

Ms. Charlene Virts
President, FDAC EBA Board of Directors
c/o Ms. Melissa Dixon
1215 K Street, Ste 2290
Sacramento, CA 95814

Re: Engagement Letter Proposal #2012-011

Dear Charlene:

Thank you for the ongoing opportunity to provide actuarial services to the FDAC EBA. We look forward to continuing to work with this group.

Scope of Services

Our primary activities will be the following:

- Provide actuarial and other technical support to the EBA in rate setting, marketing and business development, carrier negotiations, etc. This includes recommending program rate renewals to the HMO and PPO plans in conjunction with the existing insurance carrier, emerging claim experience, demographic/enrollment shifts, etc.
- Analyze new business to determine the potential impact to the overall pool.
- Provide independent strategic advice to the Board regarding program activities.
- Share best practice experience, as appropriate, regarding successful activities of other JPAs.

Deliverables will consist of the following:

- Presentation materials that include our ideas, opinions and recommendations.
- Verbal input at Board meetings.
- Independent written opinions as needed.

This scope includes attendance at up to 6 FDAC EBA Board meetings per year in the Sacramento area.

The scope assumes that current brokerage responsibilities continue to be handled by the JPA's broker team, including maintenance of program databases, rate calculations other than the annual pool percentage increase, direct communication with members, etc., and no additional responsibilities shift to Turner Consulting in the event of a broker change, personnel changes at the current broker, or the general course of business.

Fees

Monthly Retainer: Fees for this work will be \$3,000 per month plus travel expenses (mileage, airfare, parking, lodging, etc.). This reflects the cost of work for FDAC EBA in prior years. Payment is expected within 30 days of the 1st of each month.

Additional Fees: For any meetings in excess of 6 during the year, or out of town meetings such as the FDAC annual conference, we will bill at standard hourly rates of \$250/hr., with a minimum of 6 hours per day for onsite meeting locations.

Fee Adjustment: Our fees assume approximately 12 hours of work per month on average throughout the year. Should actual hours worked exceed 125% of this amount (i.e., 15 hours/month) consistently for more than 3 months, we reserve the right to renegotiate the terms of this agreement.

Term of Agreement

This agreement is for 36 months from 7/1/12 through 6/30/15, consisting of three contract years. Since the work is allocated unequally throughout the year while fees are amortized equally across 12 months, we require a minimum annual fee of 12 times the monthly retainer.

We are agreeable to an additional 2 year extension through 6/30/17, under the same terms and upon agreement of both parties, at the conclusion of the initial 3 year contract period.

Termination Provision

This agreement may be terminated by either party by providing written notice to the other party at least 90 days prior to the proposed date of termination.

Fees Upon Termination

In the event of termination by FDAC EBA, the FDAC EBA agrees to pay the unpaid balance due for the remainder of the 12 month contract year.

Engagement Letter Proposal #2012-011:

FDAC Employee Benefits Authority

By signature below, we accept the terms of the above engagement letter.

Signature: _____

Name: _____

Title: _____

Date: _____

Turner Consulting and Actuarial, LLC

By signature below, we accept the terms of the above engagement letter.

Signature: _____

Name: David Turner

Title: Manager

Date: _____

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

This Agreement is made and entered into this 1st day of July, 2012, 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 "Smith," and entered into in the City of Sacramento, County of Sacramento, State of California. Effective on July 1, 2012, FDAC EBA and Smith mutually agree and promise the following:

1. PURPOSE OF ENGAGEMENT. FDAC EBA hereby engages Smith to provide administrative services generally defined as follows: Smith 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 Smith); 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.

2. SCOPE OF SERVICES. Beginning July 1, 2012, FDAC EBA engages Smith 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. Smith 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. Smith 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, Smith will communicate with FDAC EBA through the President of the Board of Directors of FDAC EBA.

3. INDEPENDENT CONTRACTOR. Smith 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 Smith shall perform the services to be provided under this Agreement.

4. CLIENT'S DUTIES. FDAC EBA agrees to cooperate with Smith and be reasonably available to confer with Smith upon request, to keep Smith informed of developments, and to disclose to Smith 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 Smith with such documents and information as it may possess relating to the contract, and to abide by this Agreement.

5. FEES AND BILLING PRACTICES. FDAC EBA agrees to pay Smith for services

provided under this Agreement at the rates shown in Exhibit B attached hereto and hereby made a part of this Agreement. In no event shall Smith 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 Smith 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, Smith shall be paid for the extra work at a rate to be mutually agreed upon prior to commencement of the extra work.

6. DISCHARGE AND WITHDRAWAL. FDAC EBA may discharge Smith at any time, without cause, by giving Smith a sixty (60) day written notice of termination. Smith 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.

After Smith's services conclude, Smith will deliver all original files to FDAC EBA, along with any funds or property of FDAC EBA in Smith's possession. Smith agrees not to destroy any original files without prior written consent of FDAC EBA. When Smith'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,

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 Smith. 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 Smith.

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

9. INDEMNIFICATION. Smith 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 Smith or its employees; (2) any alleged negligent act or omission of Smith, 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. Smith's obligations under this indemnification provision shall survive the termination, or completion of the services specified in this Agreement.

FDAC EBA shall indemnify, defend, protect and hold harmless Smith, 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 Smith'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 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 Smith or its employees. FDAC EBA's obligations under this indemnification provision shall survive the termination, or completion of services specified in this Agreement.

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

11. EFFECTIVE DATE. This Agreement will take effect on July 1, 2012 once approved and executed by the Parties.

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, 2015 ("Term"). FDAC EBA shall have the option to extend this Agreement for two (2) additional one (1) year terms. FDAC EBA shall notify Smith 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.

Date: _____

SMITH MOORE & ASSOCIATES
("Smith")

By: _____
Catherine A. Smith

Date: _____

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

By: _____
Charlene Virts
President, Board of Directors

EXHIBIT A

FDAC EMPLOYMENT BENEFITS AUTHORITY SCOPE OF SERVICES ADMINISTRATOR

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

Governance

- Plan and attend quarterly Board of Directors meetings (contract to include no more than six 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

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 those that are not 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

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
- Develop/maintain policy and procedures manual
- Coordinate open enrollment
- Coordinate development of annual calendar/timeline
- Be available to answer questions
- Attend Board meetings as requested
- Ensure prompt filing of taxes
- Ensure annual audit
- Ensure compliance with JPA agreement/bylaws
- Ensure compliance with established policies/procedures

**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 Smith 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 Smith.

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 Smith 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 Smith shall be \$5,000 monthly (\$60,000 annual), and may increase annually by a percentage equal to the calculated consumer price index for the previous year.

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

B. In addition to the basic compensation set forth in Paragraph A above, FDAC EBA shall reimburse Smith 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 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.

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. Smith 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 Smith, its agents, representatives, employees, sub-consultants or professionals.

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

Smith shall maintain limits no less than:

- 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 Smith shall provide a financial guarantee satisfactory to FDAC EBA guaranteeing payment of losses and related investigations, claim administration and defense expenses.

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 Smith; or automobiles owned, leased, hired or borrowed by Smith.
- b. For any claims related to the services performed, Smith'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 Smith's insurance and shall not contribute with it.
- 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

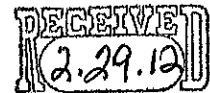
Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to FDAC EBA.

6. Verification of Coverage

Smith shall furnish FDAC EBA 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 by FDAC EBA before work commences. 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.



SCOTTS VALLEY FIRE PROTECTION DISTRICT



7 Erba Lane, Scotts Valley, California 95066 (831) 438-0211 Fax (831) 438-0383

February 27, 2012

Charlene Virts, President
Board of Directors
Fire Districts Association of California
Employment Benefits Authority
1215 K Street
Suite 2200
Sacramento CA 95814

Dear Charlene,

Please accept my resignation from the Board of Directors for my position as a board member on the FDAC EBA effective March 31, 2012 due to my pending retirement. I will be retiring on March 31, 2012 from the Scotts Valley Fire Protection District.

I have had the extraordinary opportunity to work with you on the Board of Directors and with our incredible staff since the beginning of the pool. Provision of employee benefits for our collective employee groups is one of the most important and yet complicated and expensive issues of our time. I cannot think of a more important issue for us to tackle in the best interest of the firefighters, their families and the citizens that we all serve.

The FDAC EBA has come a long way since the inception of the pool, and still has a long way to go. My belief is that the Board of Directors and the current staff are poised to do great things in the years to come. The teamwork, thorough analysis and maturity of the pool will all lead to great success.

Chief Daniel J. Grebil will be taking over as the Scotts Valley Fire Chief beginning on April 1. Please keep Chief Grebil in mind when filling the vacant position. I know he is interested, has a lot of experience as a fire chief and would do a good job.

Thank you to the many people (board members, staff, consultants and others) who have been so supportive and allowed me to serve in this role. I have learned a tremendous amount and appreciate all of the support.

All the best,

Mike McMurry
Fire Chief

PENN VALLEY FIRE PROTECTION DISTRICT

Fire Chief

Gene Vander Plaats
P.O. Box 180
Penn Valley, CA 95946
(530) 432-2630
Fax (530) 432-4561
chief@pennvalleyfire.com



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MAR 13 2012

Directors

Kurt Grundel, Chairperson
Randy Casto, Vice-Chairperson
Bill Neville, Director
Rick Nolle, Director
Bob Webster, Director
dhughes@pennvalleyfire.com

March 12, 2012

Fire District Association of California
Employee Benefit Authority
1215 "K" Street, #2290
Sacramento, Ca. 95814
ATTN: Melissa Dixon, Administrator

Dear Melissa Dixon:

The Penn Valley Fire Protection District (PVFPD) is a member of the Fire District Association of California (FDAC) and executed the FDAC Employment Benefits Authority (EBA) agreement effective August 2, 2005.

PVFPD has taken advantage of the FDAC EBA health care plans since 2006 and up to the change made starting 2012 have been satisfied with the product. FDAC EBA failed to negotiate a contract with the existing health care provider (Blue Shield) for the 2012 calendar year and instead signed an agreement with Health Net.

Representatives from FDAC EBA met with the employees of PVFPD at our request prior to the start of 2012 to review the new plan. The representatives shared the history of the negotiations with several providers of health care plans and indicated the successful company, Health Net, provided substantially the same level of service previously provided by Blue Shield.

Several of our employees had compared our existing coverage through Blue Shield with the Health Net plan as presented in the literature provided by FDAC EBA and had noted several differences. Our employees were led to believe the differences were minimal and could be worked out.


We now have experienced Health Net and their coverage for the past two months and have encountered numerous situations where the coverage is vastly different than Blue Shield, and as explained by your representatives. This difference in coverage has and will continue to cost our employees hundreds of dollars each month. (See attachment for examples).

PROTECTING OUR COMMUNITY WITH PRIDE

The PVFPD is exploring our termination in this program. It is our opinion that the coverage from Health Net is significantly different than explained by your representatives and the result is considerably larger out-of-pocket expenses by our employees. It is currently our goal to terminate our participation in this program effective July 1, 2012.

We are requesting you provide us in writing the steps necessary and any documentation required to fulfill our goal. We also ask that, if possible, we receive your response prior to Monday, March 26, 2012 so we may take the appropriate action at our next Board of Director's meeting.

Please feel free to contact the PVFPD if you have any questions or need more information prior to your response.

Respectfully,

Gene Vander Plaats
Fire Chief, PVFPD

Health Insurance Comparison 2011 FDAC plan with Blue Shield to 2012 FDAC plan with Health Net

Below is a summary of the changes from what we had in 2011 and we now have in 2012

- Health Net does not offer out of state coverage, only emergent care. Blue Shield offers full reciprocal out of state.
- Self-injectable medications are covered at 80% co insurance, so the pt. pays 20% to a max of \$100 per month. Blue Shield covered the same medication for a \$15 per month
- The annual out of pocket maximums for the family rate rise to \$4,500 from \$3,000
- Tests such as MRI, CT, SPECT, MUGA, PET now have a \$100 co-pay. These had no co-pay with Blue Shield
- Surgery as an outpatient has a \$250 (premium HMO) or 20% co-pay (basic HMO plan) Blue Shield co-pay is \$100 if in surgery center and \$150 if in Hospital
- Prescription coverage is \$10 generic, \$20 brand name, \$30 level III; Blue Shield was \$10 generic, \$15 brand name, \$30 non-formulary.

How the change has affected our employees;

- An employee has had to pay additional charge of \$440 per year for health insurance for his daughter away at school for the schools insurance. Blue Shield covered her with full insurance.
- An employee's wife who has Multiple Sclerosis and takes Copaxone, a daily injectable now pays \$100 per month co-insurance. Blue Shield co-pay was \$15 per month. She also requires annual MRI scans that now are a \$100 co-pay per exam that Blue Shield covered in full.
- An employee who had a brain tumor removed some years back requires periodic MRI scans. Those scans were covered in full with Blue Shield and with Health Net there is a \$100 co-pay.
- An employee's prescription for Ventolin HFA Albuterol Sulfate inhaler is now \$35 for each inhaler, with Blue Shield he paid \$15 for 2 inhalers. This same employee has another prescription he has not filled yet and believes that when he does he will be paying more as well.
- An employee who has been taking Dexilant / Kapidex 60mg tablets and under Blue Shield they were covered. He went to fill the prescription and Health Net declined. The employee went several weeks without any medication while his Dr. worked with the insurance company trying to get approval. Health Net declined and his Dr. prescribed Aciphex which is not working so employee is going back to Dr. to try another medication.

- An employee who has been taking a medication for acid reflux that was covered under Blue Shield with a \$5 copay went to fill the prescription and with Health Net that cost increased to \$35. The employee had the Dr. change it to another medication that is covered for a \$10 copay. After taking the new medication it is not working so the employee is going to go back to the original medication and just pay the higher co-pay.
- An employee who has a history of needing a couple of MRI's per year is concerned that he will be paying a \$100 copay per exam with the Health Net that was previously covered in full with Blue Shield.
- An employee who has some cardiac history and submitted prescriptions and was denied for by Health Net that were previously covered by Blue Shield.