

FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Teleconference Meeting

Thursday, March 16, 2017

9:30 a.m. – 10:30 a.m.

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

Participant PIN: 451 9494

1364 Tavern Road, Alpine, CA
630 Second St. West, Sonoma, CA
5221 Deer Valley Road, Rescue, CA

7 Erba Lane, Scotts Valley, CA
700 R Street, Sacramento, CA
37 Jones Street, Murphys, CA

Agenda

- | <u>Item</u> | | <u>Action</u> |
|--------------------|--|----------------------|
| 1. | Call to Order and Introductions | |
| 2. | Approval of Agenda Items | Action |
| 3. | Public Comment
<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> | Discussion |
| 4. | Consent Calendar
<i>The Board will review and may approve the following:</i> <ul style="list-style-type: none">A. Minutes – January 30, 2017B. Financial ReportC. New Members<ul style="list-style-type: none">i. City of Blue Lake 4/1ii. City of Ferndale 7/1iii. City of Hollister 7/1iv. City of Waterford 4/1 MDVv. Napa Valley Transportation Authority 4/1 DV | Info/Action |
| 5. | Claims Committee Report
<i>The Committee will share with the Board any actions taken in between meetings.</i> | Info/Action |
| 6. | Bylaws Amendment
<i>The Board will review the proposed Bylaws amendment as prepared by Legal Counsel to add the power for the Board to declare dividends and assessments in self-funded or self-insured programs of the Authority. If approved, the amendment would go to the membership for a vote of approval.</i> | Info/Action |

7.	Broker Report	Info/Action
	A. 2016 Plan performance	
	B. 2016 to 2017 FDAC EBA growth	
	C. EBS Workterra to SETECH transition update	
	D. EBS Workterra to Hourglass – City of Shafter	
	E. FDAC EBA new program - Voluntary Firefighters FDAC EBA Benefit Program Proposal	
	F. FDAC EBA new program - Disability program, Request for unidentified FAIRIS census (with salaries and job title)	
G.	Officer Elections	Info/Action
H.	Consultant Comments	Information
I.	Director Comments	Information
J.	Public Comments	Information
K.	Next Meeting	Info/Action
L.	Adjourn	Action

FDAC EBA Board of Directors Meeting

January 30, 2017

In Attendance

Jean Moore, President
Tom Keating, Secretary/Treasurer
Georgette Darcy

Consultants/Guests

Melissa Dixon, FDAC EBA Administrator
Steve Gedestad, Keenan
Chris Jordan, Keenan
Deborah DeSpain, Keenan
Mary Boyer, Setech

President Jean Moore convened the meeting at 11:04 a.m. President Moore welcomed everyone and established a quorum.

Approval of Agenda Items

Director Tom Keating moved to approve the agenda; Director Georgette Darcy seconded.

Ayes: Jean Moore, Tom Keating, Georgette Darcy

Noes:

Absent: Steve Kovacs, Dan Grebil

Public Comment

There was no public comment.

Consent Calendar

The Board reviewed the consent calendar, which included the minutes from the December 20 meeting. Director Keating moved to approve the consent calendar; Director Darcy seconded.

Ayes: Jean Moore, Tom Keating, Georgette Darcy

Noes:

Absent: Steve Kovacs, Dan Grebil

Claims Committee Report

There was no Claims Committee Report.

Keenan Contract to Assume TPA Responsibilities

At the December meeting, the Board approved the proposal from Keenan for the FDAC EBA to continue utilizing EBS/Workterra's data system and allow a division named Setech within Keenan to assume the accounting and reporting responsibilities. Legal Counsel David McMurchie had been in negotiations regarding the terms of the contract, and approves of a few final edits requested by Setech. Director Keating moved to approve the Keenan/Setech contract as amended by Legal Counsel; Director Darcy seconded.

Ayes: Jean Moore, Tom Keating, Georgette Darcy

Noes:

Absent: Steve Kovacs, Dan Grebil

EBS/Workterra Scope of Work Revision

At the December meeting, the Board approved the proposal from EBS/Workterra to reduce the scope of work to essentially be renting their database system, while Keenan/Setech assumes the accounting responsibilities. Director Darcy moved to approve the EBS/Workterra scope of work revision as presented; Director Keating seconded.

Ayes: Jean Moore, Tom Keating, Georgette Darcy

Noes:

Absent: Steve Kovacs, Dan Grebil

Next Meeting

Administrator Dixon will set the next meeting date by the end of March, to approve new members with an April 1 effective date.

Adjourn

Director Keating moved to adjourn the meeting at 11:17 a.m. Director Darcy seconded.

Ayes: Jean Moore, Tom Keating, Georgette Darcy

Noes:

Absent: Steve Kovacs, Dan Grebil

Respectfully submitted,

Melissa Dixon

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

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

**ARTICLE I
MEMBERSHIP**

A. Eligibility

Any public agency organized under the laws of the State of California with the power to provide at least one of the following services: (1) fire suppression services, (2) emergency medical services, including emergency disease response, prevention and control services; (3) hazardous material response services, (4) medical transport and/or ambulance services, including emergency transportation services; (5) rescue services; (6) any other emergency response services provided pursuant to the California Emergency Services Act (Government Code section 8550 et seq.) is eligible for membership in FDAC Employment Benefits Authority subject to approval of its membership by the FDAC Employment Benefits Authority Board of Directors. For the purposes of these Bylaws “Emergency” means a condition of disaster or of extreme peril to the safety of persons and property caused by such conditions as air pollution, fire, flood, hazardous material incident, storm, epidemic, riot, drought, plant or animal infestations or disease, earthquake, terrorism, or sudden and severe energy shortage.

B. Participating Member

A “participating member agency” or “Member”, as that phrase is used herein is any eligible public agency in the State of California whose participation in FDAC Employment Benefits Authority has been approved by the members of its legislative body and the Board of Directors of FDAC Employment Benefits Authority; which has executed the Joint Powers Agreement of which these Bylaws are a part; which maintains compliance with the Underwriting Criteria of the Authority throughout the term of its membership, as determined by the Board of Directors, and which has paid all contributions and fees required for those health and welfare benefit programs offered by FDAC Employment Benefits Authority in which the participating member agency is enrolled.

C. Successor Members

Should any participating member agency reorganize in accordance with the statutes of the State of California, its successor in interest, or successors in interest, may be substituted as a participating member agency subject to approval by the members of its legislative body and the Board of Directors of FDAC Employment Benefits Authority.

D. Authority of Members

All participating member agencies shall have the right to vote, as set forth in these Bylaws, on the election of participating member agencies to select a director to serve on the Board of Directors of the FDAC Employment Benefits Authority, on the disposition of all or substantially all of the assets of FDAC Employment Benefits Authority, on any merger and its principal terms and any amendments of those terms, and on any election to terminate FDAC Employment Benefits Authority. Only participating member agencies in good standing are entitled to cast one vote on each such matter submitted to a vote of the Members. Participating member agencies who have maintained compliance with the Authority's Underwriting Criteria, as determined by the Board of Directors, who have timely paid the required contributions, fees and assessments in accordance with these Bylaws and the policies and procedures of FDAC Employment Benefits Authority, and who are not suspended as members, shall be members in good standing.

E. Admission Fee

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

F. Annual Membership Meeting

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

G. Membership Meeting Quorum Requirement

Fifty Percent plus one (50% plus one) of the total authorized number of participating member agencies shall constitute a quorum for the transaction of any item of business by the Members. If a quorum is present, the affirmative vote of a majority of the Members represented at the meeting entitled to vote and voting on any matter, shall be deemed an act of the Members. Each Member shall be entitled to one vote. No Member shall have the right to vote by means of a proxy.

H. Special Meetings

The Board, or the President of the Board, or five percent (5%) or more of the participating member agencies may call a special meeting of the Members for any lawful purpose at any time. Such a special meeting may be called by written request, specifying the general nature of the business proposed to be transacted and addressed to the attention of and submitted to the President of the Board. The President shall direct the Administrator to cause notice to be given promptly to the Members stating that a special meeting will be held at a specified time and date fixed by the Board. No business other than the business that was set forth in the notice of the special meeting may be transacted at a special meeting.

I. Notice of Meetings

Whenever member agencies are required or permitted to take any action at a meeting, written notice of the meeting shall be given to each Member entitled to vote at that meeting. The notice shall specify the place, date and hour of the meeting and the means of electronic transmission by and to the Authority or electronic video screen communication, if any, by which Members may participate in the meeting. For the Annual Membership Meeting, the notice shall state the matters that the Board intends to present for action by the Members. For a special meeting the notice shall state the general nature of the business to be transacted and shall state that no other business may be transacted. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given.

1. Notice Requirements. Written notice of any membership meeting shall be given at least ten (10) but no more than ninety (90) days before the meeting date either personally, by first class registered or certified mail, by electronic transmission, addressed to each Member entitled to vote at the address of that member agency's principal office.

2. Electronic Notice. Notice given by electronic transmission by the Authority shall be valid if delivered by either (a) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address for that member agency on record with

the Authority; (b) posting on an electronic message board or network that the Authority has designated for such communications, together with a separate notice to each member agency of the posting; or (c) any other means of electronic communication. Such electronic communication must be directed to a recipient member agency which has provided an unrevoked consent to the use of electronic transmission for such communications; and which electronic communication creates a record that is capable of retention, retrieval and review by the Authority.

All such electronic communications shall include a written statement to the recipient member agency that such agency has the right to have the notice provided in non-electronic form and the recipient member agency may withdraw its consent to receive electronic communications in the place of written communications by providing written notice to the Authority of such withdrawal of consent.

Notice shall not be given by electronic transmission by the Authority if the Authority is unable to deliver two (2) consecutive notices to the member agency by that means, or otherwise becomes aware of the fact that the member agency cannot receive electronic communications.

J. Electronic Meetings

Member agencies not physically present in person at a meeting of members may, by electronic transmission by and to the Authority or by electronic video screen communication, participate in a meeting of members, either annual or special, and be deemed present in person and vote at such a meeting whether that meeting is to be held at a designated place, or in whole or in part by means of electronic transmission by and to the Authority or by electronic video screen communication with participating member agencies.

Annual and special meetings of the Members may be conducted in whole or in part by electronic transmission by and to the Authority or by electronic video screen communication if the following criteria are satisfied: (1) the Authority implements reasonable procedures to provide member agencies attending in person a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Members, including an opportunity to hear the proceedings of the meeting including comments of member agencies participating by means of electronic communication, substantially concurrently with such proceedings; and (2) if any member agency votes or takes other action at the meeting by means of electronic transmission to the Authority or electronic video screen communication, that a record of that vote or action is maintained by the Authority; and (3) in order to conduct electronic meetings the Authority must request Members to

provide written consent to conduct meetings of Members by electronic transmission. Such request for consent shall include a notice that absent consent of the member agency such meeting shall be held at a physical location in accordance with the provisions of these Bylaws.

K. Solicitation of Written Ballots from Members

All solicitations of votes by written ballot, whether by means of electronic communication or first class mail, shall: (1) state the number of responses needed to meet the quorum requirement; (2) state, with respect to ballots other than for election of directors, the percentage of approvals necessary to pass the measure or measures; and (3) specify the time by which the written ballot must be received by the Authority in order to be counted. Each written ballot so distributed shall: (1) set forth the proposed action; (2) give member agencies an opportunity to specify approval or disapproval of each proposal; and (3) provide a reasonable time in which to return the ballots to the Authority either electronically or by first class mail.

L. Number of Votes Required for Approval

Approval by written ballot shall be valid only when (1) the number of votes cast by written ballot either by means of electronic communication or first class mail within the specified time equals or exceeds the quorum required to be present at a meeting authorizing the action; and (2) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting of members, i.e. 50% plus one of those participating member agencies casting written ballots either electronically or by first class mail.

**ARTICLE II
BOARD OF DIRECTORS**

A. Powers

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

B. Election of Directors

The Board of Directors shall consist of five directors selected by those participating member agencies which are elected by those member agencies who have executed the Joint Powers Agreement and are participating in the FDAC Employment Benefits Authority. A majority of the authorized number of directors shall be appointed by elected participating member agencies with the power to provide fire suppression services. The remaining number of authorized directors shall be appointed by any elected participating member agency. The election of participating member

agencies shall take place by a written ballot in each odd-numbered year as specified below. At the election of participating member agencies designated to select individuals to serve as directors on the Board of Directors, each participating member agency shall have one vote for each Board position to be filled at that election among those participating member agencies nominated to be elected. Those participating member agencies receiving the greatest number of votes corresponding to the number of Board positions to be filled at such election shall each designate one individual to serve as a director on the Board of Directors.

When a participating member agency is elected and selects an individual to serve as a director on the Board of Directors, at that time, and at all times thereafter, that individual designated to serve as a director on the Board of Directors must be, and must continue to be during his/her entire term of office, either a member of the Board of Directors of the participating member agency or a management employee of that participating member agency. In each instance, the appointing participating member agency shall certify to the FDAC Employment Benefits Authority the person who has been appointed by that participating member to serve as a director on the Board of Directors of the FDAC Employment Benefits Authority. The appointing district may change its representative to serve as a director on the Board of Directors at any time by certifying to the FDAC Employment Benefits Authority the name and position of the new representative designated by that participating member agency to serve as a director on the Board of Directors, which designation shall be effective no earlier than five days after mailing of such a certificate. Only one director from any participating member agency may serve on the Board of Directors at the same time.

Each director shall serve for a term of four years which term shall commence January 1 of the year following written ballot election. The members of the Board of Directors serve staggered 4-year terms. The written ballot of participating member agencies to elect districts to designate an individual to serve as a director on the Board of Directors shall take place every two years in order to maintain such staggered terms. A director may be selected or appointed to additional terms of office.

The following provisions shall apply to a written ballot procedure for election of districts to designate individuals to serve as directors on the Board of Directors:

1. Written notice of the use of a written ballot for election of participating member agencies to designate individuals to serve as directors on the Board of Directors in any odd-numbered year shall be sent either by registered mail or electronic mail to each participating

member agency no later than 120 days prior to the date scheduled for such election. Said notice shall: (a) inform each participating member agency of the positions to be filled on the Board of Directors at such election; (b) inform each participating member agency of its right to nominate participating member agencies to select an individual to serve in any director position to be filled at such election; (c) inform each participating member agency regarding those board seats up for nomination for which nominations are limited to those participating members agencies with fire suppression powers, to ensure that a majority of board members are selected by member agencies with fire suppression powers pursuant to Article II Section B above; and (d) inform participating member agencies that nominations may be made by filing with the Administrator of FDAC Employment Benefits Authority at least sixty (60) days prior to the date scheduled for such election, a letter making such nomination. A participating member agency can be nominated for only one position on the Board of Directors at each election.

When the nomination period for participating member agencies to select directors is closed, a written ballot specifying all member agencies nominated shall be distributed to each participating member agency in good standing as of that date. The form of written ballot and any related material may be sent by electronic transmission by the Authority, and completed ballots may be returned to the Authority by electronic transmission by participating member agencies that meet the requirements of Article I, sections G through L of these Bylaws. If a member agency does not consent to electronic communication their form of written ballot will be mailed to such participating member agency no later than 45 days prior to the date scheduled for such election. Said written ballot shall indicate that each participating member agency may return the ballot by electronic communication or first class mail to the principal business address of FDAC Employment Benefits Authority and that only those written ballots received either electronically or by mail prior to close of business on the date designated for the election shall be valid and counted. Written ballots received after the specified date shall not be counted.

2. All solicitations of votes by written ballot shall: (1) state the number of responses needed to meet the quorum requirement; (2) state, with respect to ballots for election of participating member agencies to designate individuals to serve as directors, that those nominee member agencies receiving the highest number of votes for each Board position subject to election will be certified as elected and qualified to designate an individual to serve as Director in that Board position.

Election of a nominee to a Board position shall be valid only when: (1) the number of votes cast by written ballot, transmitted either electronically or by first class mail, within the time specified, equals or exceeds the quorum required to be present at a meeting of Members authorizing such action, and (2) the number of written ballots approving the election of a nominee equals the number of votes that would be required for election of a nominee at a meeting of the member agencies; i.e. the nominee receiving the highest number of votes for each Board position subject to election.

3. In the event of a tie vote, a supplemental written ballot containing only the names of those participating member agencies receiving the same number of votes shall be forwarded either by electronic communication or first class mail to each participating member agency in accordance with the written ballot procedures specified in these Bylaws. Those supplemental ballots received either by means of electronic communication or first class mail from participating member agencies prior to the close of business on the date designated in the ballot as the election date shall be considered valid and counted. All supplemental written ballots received after the designated date for the election will be deemed invalid. The district receiving the highest number of votes is entitled to designate an individual to serve as a director on the Board of Directors. In the event that the supplemental written ballot also results in a tie vote, the successful participating member agency candidate will be chosen by drawing by lot.

4. In the event there is only one nominee for a Board position to be filled at such election at the time the nomination period for participating member agencies to select directors is closed, no written ballots for that Board position shall be prepared or distributed, and such nominee shall be deemed to be duly elected to such Board position by acclamation of the member agencies.

C. Vacancy

Upon the death, resignation or ineligibility of any member of the Board of Directors, or upon the withdrawal or involuntary termination of the membership of any participating member agency that designated an individual to serve as a director on the Board of Directors, a vacancy shall occur. A member of the Board of Directors will become ineligible to serve as a director if that director is no longer a member of the Board of Directors or a management employee of a participating member agency in good standing with the FDAC Employment Benefits Authority. Such a vacancy in the Board of Directors shall be filled for the balance of the unexpired term by the appointment of an individual by the participating member agency that originally selected the deceased, resigned or ineligible director within thirty (30) days after the

occurrence of the vacancy. However, in the event that a participating member agency is no longer a member of FDAC Employment Benefits Authority or remains a participating member agency but does not fill the vacancy within thirty (30) days after the vacancy occurs, the vacancy in the Board of Directors shall be filled by the remaining members of the Board of Directors of the FDAC Employment Benefits Authority by appointment of a participating member agency to select an individual to serve as a director on the Board of Directors.

In the event no nominations are received for a position to be filled on the Board of Directors at a written ballot election conducted either by electronic communication or first class mail, a vacancy in that position shall occur upon the expiration of the term of the current member agency occupying the position subject to such election. Such a vacancy shall be filled for the entire balance of the new term by the Board of Directors of FDAC Employment Benefits Authority by appointment of a participating member agency which, in turn, will select a Board member or management employee of that participating member agency to serve as a member of the Board of Directors of FDAC Employment Benefits Authority.

D. Meetings of the Board of Directors

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

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

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

Notice of any regular or special meeting of the Board of Directors need not be given to any Director who, either before or after the meeting, signs a waiver of notice, a written consent

to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents and/or approvals shall be filed with the Secretary and made a part of the minutes of the meeting.

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

E. Quorum and Required Vote

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

F. Board Meetings by Telecommunication

Any Board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this section shall constitute presence in person at the meeting if both of the following apply: (1) each Board member participating in the meeting can communicate concurrently with all other members; and (2) each member of the Board is provided the means of participating in all matters before the Board, including the capacity to propose or interpose an objection to, a specific action to be taken by the Authority.

G. Expenses

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

**ARTICLE III
OFFICERS**

At the first meeting of the Board of Directors, and thereafter at the first meeting following January 1 of each year, the Board of Directors shall elect a President, a Vice-President, and a Secretary to serve for a one-year term or until a successor is elected. Such officers shall serve at the pleasure of the Board of Directors. In the event the President, Vice-President, or Secretary so

elected ceases to be a member of the Board of Directors, the resulting vacancy in office shall be filled at the next regular meeting of the Board of Directors after such vacancy occurs.

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

The Board of Directors shall appoint an Administrator who shall have general administrative responsibility for the activities of this Joint Powers Authority, and shall be responsible for all minutes, notices and records of meetings and shall perform such other duties as may be assigned by the Board of Directors. The Administrator shall serve as Treasurer of FDAC Employment Benefits Authority pursuant to *Government Code* section 6505.6, and perform those duties specified in *Government Code* section 6505.5.

ARTICE IV CONTRIBUTIONS

A. Payment of Contributions

Each participating member agency shall comply with all enrollment requirements specified in the Authority's Underwriting Criteria, as determined by the Board of Directors. Each participating member agency shall pay to FDAC Employment Benefits Authority or its designee the monthly contributions for each health and welfare benefit program offered by FDAC Employment Benefits Authority during each Program Year in which the participating member agency is enrolled, calculated by FDAC Employment Benefits Authority or its designee.

Payment of each monthly contribution shall be delinquent if not received by FDAC Employment Benefits Authority or its designee by the close of business on the tenth day following the month for which payment is due.

B. Calculation of Contributions

The amount of the monthly contribution for each participating member agency for each health and welfare benefit program in which such Member is enrolled shall be calculated by reference to the FDAC Employment Benefits Authority rates for each health and welfare benefit program offered for each Program Year as adopted by the FDAC Employment Benefits Authority

Board of Directors based upon the advice, consultation and negotiations between the Board of Directors, the Authority's insurance brokers and consultants, and various providers of health and welfare benefit programs. Such program rates will be adopted by the Board of Directors for each health and welfare benefit program offered by the Authority on Program Year (calendar year) basis. The amount of the monthly contribution for each participating Member agency for each health and welfare benefit program in which such Member is enrolled for each Program Year shall be calculated by multiplying such Authority rates by the number and type of enrollees of that member agency as determined by the Authority's Underwriting Criteria. The Board of Directors has authority to modify the contributions so computed for any Member agency based upon criteria developed and established by the Board of Directors.

The Administrator will determine the contribution for each Member agency for all of its enrollees with respect to each health and welfare benefit program in which such Member is enrolled for the next Program Year, and shall promptly notify such Member of the amount of such contribution for each such benefit program in which such Member is enrolled in accordance with the FDAC Employment Benefits Authority Rate Policies. Open Enrollment material will be distributed to each Member agency in accordance with such Rate Policies.

ARTICLE V FINANCIAL AFFAIRS

A. Accounts and Records

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

B. Audit

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

C. Fiscal Year

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

D. Agency Funds

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

E. Contributions

Without in any way limiting the powers otherwise provided for in the Joint Powers Agreement, these Bylaws, or by statute, FDAC Employment Benefits Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Members, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for purposes consistent with the provisions of FDAC Employment Benefits Authority, which funds may be provided by any participating Members, their agents, or representatives.

ARTICLE VI

DIVIDENDS AND ASSESSMENTS

A. Dividends

Any surplus from the operation of FDAC Employment Benefits Authority may be distributed to the participating Member agencies under such terms and conditions as may be determined by the Board of Directors. The amount of any dividends shall be determined by the Board of Directors based upon appropriate actuarial information, including the cash reserves on hand, the reserves for unpaid claims, the reserves for incurred but not reported claims, the contributions paid and to be paid, the difference between revenues and expenses, and other relevant information.

B. Assessments

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

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**ARTICLE VII
TERMINATION OF MEMBERSHIP**

A. Voluntary Termination of Membership in a Program

After completing three full calendar years of participation in any health and welfare benefit program offered by FDAC Employment Benefits Authority, any participating Member agency may voluntarily withdraw or terminate its participation in such a program effective at the beginning of the next calendar year by sending to the Authority a written Notice of Intention to Withdraw from a program no later than August 15 of the current year. No withdrawal shall become effective until the beginning of the next calendar year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than October 1 of the current year.

A Member agency voluntarily withdrawing and/or terminating its membership in any health and welfare benefit program offered by the Authority shall remain liable to the

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

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

B. Voluntary Withdrawal from the Authority

After completing three full calendar years of participation in FDAC Employment Benefits Authority, any participating member agency may voluntarily withdraw from FDAC Employment Benefits Authority at the end of any calendar year by sending to the Authority a written Notice of Intention to Withdraw its membership in the Authority no later than August 15 of the current year. No withdrawal shall become effective until the beginning of the next calendar year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than October 1 of the current year.

A Member agency voluntarily withdrawing and/or terminating its membership in the Authority shall remain liable to the Authority for all contributions and assessments levied in any program in which such Member was enrolled that may become due pursuant to the terms of the Joint Powers Agreement, these Bylaws or Authority policies. No participating member agency that has voluntarily withdrawn or terminated its membership in the Authority shall be entitled to any refund of contributions or to any return of loss reserve contribution by virtue of its participation

in the Authority. Any participating member agency that has voluntarily withdrawn or terminated its membership in the Authority shall continue to be liable for assessments levied by the Authority, and shall continue to be entitled to receive its pro rata share of any dividends declared by the Board of Directors pursuant to the provisions of Article VII Section A above.

C. Involuntary Termination of Membership in the Authority

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

1. Failure to pay any contribution, surcharge or assessment when due.
2. Failure to maintain compliance with the Authority's Underwriting Criteria as determined by the Board of Directors.
3. Failure to comply promptly with any requirements established by the FDAC Employment Benefits Authority Board of Directors concerning loss control or other programs or procedures of the agency.
4. Failure to comply with the Bylaws or any other policies or procedures established by the FDAC Employment Benefits Authority Board of Directors.
5. Failure to sign any properly adopted amendment to the Joint Powers Agreement when requested to do so.
6. For cause, based upon a determination by the Board of Directors that such cause is detrimental to the FDAC Employment Benefits Authority and/or to the effectiveness of any of the health and welfare benefit programs offered by the Authority.

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

Involuntary terminations may also be effected by FDAC Employment Benefits Authority giving written Notice of Intention to Terminate to the participating member agency upon

a date not less than thirty (30) days thereafter for the reason or reasons set forth in the notice. The termination may be effective upon the date set forth in the notice unless prior to that effective date the participating member agency being terminated requests a hearing by the Board of Directors of FDAC Employment Benefits Authority. At the hearing evidence will be received regarding the the reasons for the termination and the reasons why the termination should not be completed. After such hearing, the vote of four (4) members of the FDAC Employment Benefits Authority Board of Directors shall be required to terminate a participating member agency as a member of the Authority. If, following the hearing, the FDAC Employment Benefits Authority Board of Directors decides to involuntarily terminate the participating member agency, then FDAC Employment Benefits Authority shall give such agency thirty (30) days written notice of its decision to involuntarily terminate such Member after hearing and the effective date of the termination. If no request for hearing by the Board of Directors is received, then the termination shall be effective upon the date set forth in the Notice of Intention to Terminate. A terminated Member agency shall remain liable to FDAC Employment Benefits Authority for all contributions and assessments that may become due as a result of its membership in FDAC Employment Benefits Authority and/or its participation in any of the health and welfare benefit programs offered by the Authority.

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

D. Payment Upon Involuntary Termination

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

**ARTICLE VIII
INSURANCE**

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

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

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

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

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

agencies participating in any or all of the programs offered by the Authority and who are members of FDAC Employment Benefits Authority at the time of termination.

**ARTICLE X
AMENDMENTS**

Participating member agencies in good standing may propose amendments to the Bylaws to the Board of Directors of the FDAC Employment Benefits Authority at any time by submitting a written request for amendment of the Bylaws to the Administrator together with proposed language constituting the requested Bylaws amendment. The Board of Directors will agendaize at its next regular Board meeting consideration of the proposed amendment to the Bylaws, and will make a determination as to whether the proposed amendment to the Bylaws would conflict in any way with the terms and provisions of the Joint Powers Agreement of the FDAC Employment Benefits Authority. If the Board of Directors determines that the proposed Bylaw amendment does conflict with the terms and provisions of the Joint Powers Agreement, then the Board of Directors shall so notify the participating member agency requesting the Bylaw amendment of that fact and of the Board's determination that the proposed Bylaw amendment will not be submitted to a vote of the participating member agencies due to such conflict.

Should the directors determine that the proposed Bylaw amendment does not conflict with the terms and provisions of the Joint Powers Agreement, or should the Board of Directors determine to propose an amendment to the Bylaws, the Board of Directors shall schedule a written ballot election to be conducted by means of electronic communication or first class mail in the same manner as specified in Articles I and II of these Bylaws for written ballot elections conducted pursuant to annual or special meetings of member agencies. The Board of Directors shall have the discretion to shorten the time period specified in Article II for a written ballot election to approve or disapprove a proposed Bylaw amendment. The form of written ballot for a proposed Bylaw amendment shall be sent by electronic communication pursuant to Article I, sections G through L of these Bylaws to each participating member agency no later than 30 days prior to the date scheduled for the written ballot election, shall contain the Bylaw amendment language proposed by a participating member agency or the Board as the case may be, and shall contain boxes in which participating member agencies may indicate approval or disapproval of the proposed Bylaw amendment. Approval of a Bylaw amendment by written ballot shall be valid

only when (1) the number of votes cast by ballot, either by means of electronic communication or first class mail within the time specified equals or exceeds the quorum required to be present at a membership meeting authorizing the action (50% plus one of participating member agencies); and (2) the number of approvals equals or exceeds 50% plus one of the number of votes cast by written ballot.

A participating member agency proposing a Bylaw amendment, the Board of Directors of the FDAC Employment Benefits Authority, and any other participating member agency may each submit an argument not to exceed one page in length, setting forth reasons for adoption or rejection of the proposed Bylaw amendment. All such ballot arguments shall be received by the Administrator on or before the date of transmitting the written ballot for a proposed Bylaw change to all participating member agencies by means of electronic communication or first class mail. Such ballot arguments shall be communicated electronically or by first class mail together with a written ballot to all participating member agencies. The submission of such a written ballot argument is voluntary.

**ARTICLE XI
EFFECTIVE DATE**

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement. Any amendments to these Bylaws shall be effective immediately upon confirmation of a majority vote of a quorum of member agencies casting written ballots in favor of the proposed Bylaw amendment.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of FDAC Employment Benefits Authority, California Joint Powers Authority; these Bylaws, consisting of 20 pages are the Bylaws of this corporation as adopted by the Board of Directors of FDAC Employment Benefits Authority on, 2016; and that these Bylaws have not been amended or modified since that date. Executed on , 2016 at Sacramento, California

Secretary of
FDAC Employment Benefits Authority

