

 **TURNER**
Consulting and Actuarial LLC

David E. Turner, FSA

3000-F Danville Blvd., #156, Alamo CA 94507
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April 2, 2009

Ms. Catherine Smith
Smith Moore & Associates
1215 K Street, Ste 2290
Sacramento, CA 95814

Re: Amendment #2 to Proposal #2007-011

Dear Catherine:

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, business development, carrier negotiations, etc. This includes establishing recommended program rate increases to the HMO and PPO plans not sooner than 4/1 of each year for a 1/1 renewal date
- Provide independent strategic advice to the board
- 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 % 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

Fees for this work will be a retainer of \$3,000 per month plus travel expenses (mileage, airfare, parking, lodging, etc.). This reflects the cost of work for FDAC EBA in the prior year plus an expansion of our role as a strategic advisor to the JPA as described in the scope above. Payment is expected within 30 days of the 1st of each month.

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

Our fees assume approximately 12 hours 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.

Time Period

This agreement is for 12 months from 7/1/09 through 6/30/10. 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, even if this contract is terminated for any reason other than gross negligence, non-performance of services, or unilateral contract termination initiated by Turner Consulting.

FDAC Employee Benefits Authority – Amendment #2 to Proposal #2007-011:

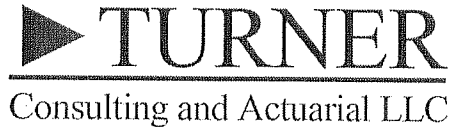
By signature below, we accept the terms of the above amendment and referenced engagement letter.

Signature: 

Accepted by: _____

Title: _____

Date: _____



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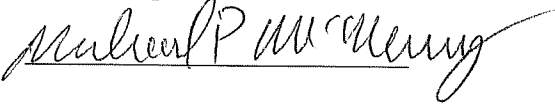
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