

**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, (3) hazardous material response services, (4) medical transport and/or ambulance services, (5) rescue services, and which is a member of the Fire Districts Association of California, is eligible for membership in FDAC Employment Benefits Authority subject to approval of its membership by the FDAC Employment Benefits Authority Board of Directors.

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 is a member of the Fire District Association of California; which has executed the Joint Powers Agreement of which these Bylaws are a part; 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, the successor in interest, or successors in interest, if a member of the Fire Districts Association of California, may be substituted as a participating member

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 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 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 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 year.

Fifty-One Percent (51%) 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.

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. Appointment of Directors

The Board of Directors shall consist of five directors appointed by the Board of Directors of the Fire Districts Association of California. At the time of such appointment and selection, and at all times thereafter, a director so designated must be, and must continue to be during his/her entire term of office a member of the legislative body of a participating Member, or a management employee of that Member. Only one director from any individual Member may serve on the Board of Directors at the same time. If, at the time of such appointment and selection of members of the Board of Directors, there are an insufficient number of Members to generate five appointees to the Authority's Board of Directors, the Board of Directors of the Fire District Association of California may appoint directors who must be, and must continue to be during his/her entire term of office, a member of the Board of Directors of the Fire District Association of California. Each Director shall serve a term of 4 years. However, at the time of appointment of the initial Board of Directors of FDAC Employment Benefits Authority, three of the duly appointed Directors, determined by lot, shall be assigned a term of office of 2 years to provide for an initial Board of Directors of five members with staggered four year terms. The Board of Directors of the Fire District Association of California shall appoint representatives to the Board of Directors of FDAC Employment Benefits Authority every two years in order to maintain such staggered terms. Any Director may be selected or appointed to additional terms of office.

C. Vacancy

Upon the death or resignation of a member of the Board of Directors, the vacancy shall be filled for the balance of the unexpired term by appointment by the Fire District Association of California Board of Directors.

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 fiscal 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. 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 pay to FDAC Employment Benefits Authority or its designee by contract each fiscal year the annual contributions for each health and welfare benefit program offered by FDAC Employment Benefits Authority in which the participating member agency is enrolled, calculated as provided in this Article. Commencing with the first month of participation, each participating member shall pay a proportionate part of its annual contribution in advance, as described below:

1. A Member joining on the first day of a calendar quarter shall pay in advance one-fourth (1/4) of its annual contribution for each health and welfare benefit program in which it is enrolled, and a like amount on the first day of each calendar quarter thereafter;

2. A Member joining on the first day of any other month shall pay one-six (1/6) or one-twelfth (1/12) of its annual contribution for each health and welfare benefit program in which it is enrolled, i.e., an amount sufficient to pay its contribution for each such program to the end of the current calendar quarter. Thereafter, on the first day of each calendar quarter of participation, each participating member shall pay one-fourth (1/4) of its annual contribution for each health and welfare benefit program in which it is enrolled.

Payment shall be delinquent if not received by FDAC Employment Benefits Authority or its designee by the close of business on the tenth day of the first month of each calendar quarter.

B. Calculation of Contributions

The amount of the annual 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, 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 an annual basis.

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.

At least 60 days before the commencement of each fiscal year, the Administrator will determine the contribution for each member agency with respect to each health and welfare benefit program in which such Member is enrolled for the new fiscal year, and shall promptly notify such Member of the amount of such contribution for each health and welfare benefit program in which such Member is enrolled. An invoice will be sent to each member agency specifying the amount of that member agency's contribution for each health and welfare benefit program in which such Member is enrolled for the ensuing fiscal year. Any agency which is a Member of the Authority at the beginning of a fiscal year shall pay to the Authority on July 1, and on the first day of each quarter thereafter, a contribution equal to 25% of that Member's total invoiced contributions for all health and welfare benefit programs in which such Member is enrolled. Any agency which becomes a Member after the beginning of a fiscal year shall, upon joining the Authority, pay an amount sufficient to pay its pro rata share of its total annual contributions for all health and welfare benefit programs in which such Member is enrolled to the end of the then current quarter, and shall thereafter pay its contributions quarterly until the end of the fiscal year.

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 six 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 by FDAC Employment Benefits Authority of each health and welfare benefit program offered by FDAC Employment Benefits Authority may be distributed to the member agencies participating in each such program 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 contributions paid and to be paid, the difference between revenues and expenses, and other relevant information.

B. Assessments

If, in the opinion of the Board of Directors, claims against participating member agencies in a program are of such a magnitude as to endanger the ability of FDAC Employment Benefits Authority to continue to meet its obligations with respect to such health and welfare benefit program, each member agency which has participated in such program during the current fiscal year and/or during any portion of the prior two fiscal years shall be assessed by 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 obligations with respect to such program offered by the Authority. Each member agency's pro rata share of the total assessment for each health and welfare benefit program assessed by the Authority shall be in the same proportion as the total contributions paid by that Member for that program during the current fiscal year and the last two fiscal years bear to the total contributions paid by all member agencies participating in such 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 all member agencies who have participated in an Authority program for which an assessment has been declared during said three-year period.

ARTICLE VII
TERMINATION OF MEMBERSHIP

A. Voluntary Termination of Membership in a Program

After completing three full Program 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 at the end of any fiscal year by sending to the Authority a written Notice of Intention to Withdraw from a program at least six months prior to the end of the Program Year. No withdrawal shall become effective until the end of the applicable Program Year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than ninety (90) days prior to the end of the Program 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 these Bylaws. 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 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 Program 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 Program Year by providing written Notice of Intention to Withdraw to FDAC Employment Benefits Authority at least six months prior to the end of such Program Year. No withdrawal shall become effective until the end of the applicable Program Year. A Member may rescind its Notice of Intention to Withdraw by filing written notification of such rescission with the Authority no later than ninety (90) days prior to the end of the Program 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 these Bylaws. 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 membership in the Fire Districts Association of California.
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 contributions, surcharge, or assessment when due, or fails to maintain membership in the Fire District Association of California, 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 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 this 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 as to the reasons for the termination and as to 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, Directors, 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 IV 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

These Bylaws may be amended at any time by majority vote of the Board of Directors following a thirty (30) day written notice to all participating member agencies as to the amendment proposed to be adopted, except that they Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Joint Powers Agreement.

**ARTICLE XI
EFFECTIVE DATE**

These Bylaws shall become effective immediately upon the effective date of the Joint Powers Agreement.

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 15 pages are the Bylaws of this corporation as adopted by the Board of Directors of FDAC Employment Benefits Authority on _____, 2010; and that these Bylaws have not been amended or modified since that date. Executed on _____, 2010 at Sacramento, California

Secretary of
FDAC Employment Benefits Authority