

February 6, 2012

El Dorado Local Agency Formation Commission
Mr. Jose C. Henriquez
Executive Officer
550 Main Street, Suite E
Placerville, California 95667

Dear Mr. Henriquez,

On January 4, 2012, the SDRMA Board of Directors approved a longevity distribution for the third year in a row. The Longevity Distribution Policy was originally approved by the Board in 2010 to recognize and reward members for their loyalty and commitment to SDRMA programs. The policy is consistent with the goals and objectives of the Board's strategic business plan and helps ensure pool stability by rewarding members for remaining in our Property/Liability and Workers' Compensation programs.

There is no action required by your agency. Every member that has completed the 3 full program year initial commitment period for either the Property/Liability or Workers' Compensation program is eligible to receive the longevity distribution for that particular program. The longevity distribution may only be declared by the Board of Directors each year only after all Board policy reserve requirements have been met. The amount available for the longevity distribution is the amount of investment earnings on reserves above the Board approved confidence level for each program as of June 30. The distribution is weighted based on the member's length of time in that program and the amount of the member's annual contributions compared to the total contributions of all pool members.

This year, the Board approved a longevity distribution in the amount of \$316,084 for Property/Liability members and \$556,020 for Workers' Compensation members. For the Property/Liability program, the average length of membership is over 13 years with over 93% of members receiving the distribution and for the Workers' Compensation program, the average length of membership is over 10 years with over 90% of members receiving the distribution.

Congratulations! Since you have participated in our Workers' Compensation program for 7 years as of June 30, 2011, we are pleased to present your agency with a longevity distribution check in the amount of \$39.00! We hope that you will share this valuable news with your governing body (*to help prevent possible fraud, please do not include a copy of the actual check in your board packet!*)

In addition, we are pleased to provide a copy of the SDRMA 2010-11 Annual Report. The report highlights the strength of our programs, the diversity of our membership and the financial security of our pool as well as other important information!

Thank you for your participation and helping make SDRMA a premier risk management program! If you have any questions, please contact the SDRMA Finance Department at 800.537.7790 or 916.231.4141.

Sincerely,
Special District Risk Management Authority


David Aranda, President
Board of Directors

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