



CLIENT SERVICES AGREEMENT

CITY OF KILLEEN
AND

LOCKTON-DUNNING SERIES OF LOCKTON COMPANIES, LLC

This Client Services Agreement (hereinafter referred to as the “Agreement”) made and entered into effective as of August 1, 2020 (the “Effective Date”), by and between **CITY OF KILLEEN** having offices at 101 North College Street, Killeen, Texas 76540 (hereinafter referred to as “Client”) and **LOCKTON-DUNNING SERIES OF LOCKTON COMPANIES, LLC**, having offices at 15727 Anthem Parkway, Suite 508, San Antonio, Texas 78249 (hereinafter referred to as “Lockton”).

Client wishes to procure certain services that can be performed by Lockton; and Lockton can provide and desires to render to Client such services; and

The parties agree that it would be to their mutual advantage to execute this Agreement and thereby define the terms and conditions that shall control the rendering of services provided to Client by Lockton.

Now, therefore, in consideration of the foregoing recitals, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

I. Service Period

This Agreement will be in effect from the Effective Date above for a period of fourteen (14) months (the “Initial Term”). Thereafter, this Agreement shall automatically renew for annual periods (each a “Successive Term”) unless either party gives written notice to the other party 60 days in advance of the anniversary of the Effective Date indicating its intent to not renew for additional annual periods, or otherwise terminates in accordance with Article IV.

II. Service Compensation

- A. During the Initial Term and each Successive Term, services provided by Lockton as set forth in Addendum A will be performed for compensation in the amount of ninety-five thousand dollars (\$95,000.00) (the “Fee”). Lockton shall issue invoices to Client on a monthly basis reflecting the monthly prorated Fee amount. Payment of all invoices submitted under this Agreement will be made within forty-five (45) days.
- B. Client acknowledges that commissions may be paid by insurance companies, other intermediaries, or third parties (“Commissions”) for the placement and/or renewal of insurance products by Lockton as set forth in Addendum B to this Agreement. Client consents and agrees to Lockton’s ability to receive Commissions under all circumstances.
- C. In addition, services attributable to the placement of voluntary insurance products provided by Lockton as set forth in Addendum B will be performed for compensation to be capped at thirty-five thousand dollars (\$35,000.00) (“VB Cap”). Client acknowledges that this compensation may be received in the form of base commissions and/or overrides paid by insurance companies. These voluntary commissions and overrides shall not offset against the Fee, nor shall overrides accrue towards the VB Cap. Conversely, any commissions attributable to voluntary products received above the VB Cap may be applied to additional Lockton services, as directed by Client and as permitted by applicable law. The funds may also be used for third-party services, as mutually agreed upon and as permitted by applicable law. Such unused voluntary commissions may roll-over from year to year so long as Client remains a client of Lockton. At no time shall the voluntary commissions vest but shall remain the property of Lockton.
- D. Client further acknowledges that Lockton may receive certain incentive compensation including contingency payments, overrides, and bonuses as a result of being Client’s insurance consultant (collectively, “Additional Compensation”). Client consents and agrees to Lockton’s ability to receive such Additional Compensation under all circumstances.

E. Client further acknowledges that Lockton may receive fees, commissions, or other forms of compensation that have no impact to rates as filed with a particular state (collectively, "Vendor Management Fees") for the performance of certain core and/or optional services listed in Addendum A. Client consents and agrees to Lockton's ability to receive such Vendor Management Fees under all circumstances.

III. Services

- A. It is hereby understood and agreed that in consideration of the compensation set forth above that Lockton will provide services which are outlined in Addenda A and B (and any subsequent addendum as agreed to by both parties), which is attached to and made part of this Agreement ("Scope of Services").
- B. It is further agreed that other services that are outside the foregoing Scope of Services, and compensation for such services, may be undertaken by mutual written agreement by the parties.
- C. When, in Lockton's professional judgment, it is necessary or appropriate, Lockton may utilize the services of other intermediaries or other appropriate outside vendors to assist in the servicing of Client's insurance programs. However, this may only be done after consultation with and prior approval by Client.

IV. Termination of Services

Client or Lockton may terminate this Agreement at any time with 60 days written notice to the other party. Should Client terminate Lockton or designate an entity or individual other than Lockton as its agent of record at any time subsequent to the date of this Agreement, Lockton shall immediately cease providing services under this Agreement and will assist in the transition to a new broker/consultant. In such event, Lockton shall bill Client for the Fee relating to Services provided up to the effective date of termination on a pro rata basis in accordance with the compensation terms of this Agreement. Moreover, Lockton shall be entitled to receive all Commission and Additional Compensation income earned up to the effective date of termination.

V. Additional Obligations

- A. Client shall provide Lockton with reasonable cooperation and assistance necessary for Lockton to fulfill its responsibilities to Client pursuant to the terms of this Agreement, including, without limitations, copies of all documents reasonably requested by Lockton and the cooperation of and access to certain of Client's personnel.
- B. Lockton acknowledges that the nature of its relationship with Client is one in which Client shall entrust Lockton as the custodian of certain of Client's information, some of which may be of a confidential or proprietary nature. Lockton shall undertake all reasonable efforts to maintain the integrity of all of Client's information, whether or not such information is confidential or proprietary.

VI. General Conditions

- A. Neither party shall assign the rights nor duties herein set forth without the prior written consent of the other party.
- B. The terms and conditions of this Agreement constitute the entire Agreement between the parties with respect to the subject matter hereof. This Agreement shall not be amended except by a written amendment signed by both parties, and no promises, agreement, or representations not herein set forth shall be of any force or effect between them. This Agreement shall serve to terminate and supersede all agreements and undertakings heretofore entered into between the parties on subjects covered by this Agreement.
- C. To the extent permitted by law, Lockton and Client shall indemnify, defend, and hold one another, their directors, officers, employees, agents, and representatives harmless from and against any and all claims, damages, losses, or expenses (including such parties' reasonable attorney, accountant, and expert witness fees and costs) incurred by one party as the result of (i) a material breach by the other party of any of its obligations under this Agreement or (ii) any willful or negligent conduct of the other party.
- D. Any communication or notice required or which may be given hereunder shall be addressed to Client and to Lockton at their addresses set forth in the preamble hereof.

E. This Agreement shall be governed for all purposes by the laws of the state of Texas.

In witness whereof, the parties hereto have executed the Agreement as of the day and year first written above.

LOCKTON-DUNNING SERIES OF LOCKTON COMPANIES, LLC

BY:  _____ DATE: 06/05/2020

CITY OF KILLEEN

ε.B. BY: _____ DATE: _____


ADDENDUM A SCOPE OF SERVICES

Services	Frequency	Included
Client Onboarding		
❖ Data collection	At Engagement	X
❖ Develop client-specific service calendar		
Strategic Planning		
❖ Establish short and long-term goals and targets for benefit plans and their role in client's total compensation program	Annually	X
❖ Develop benefit philosophies specific to client	As Necessary	X
❖ Review workforce needs and trends to develop a benefits program that supports client's overall business objectives	Annually	X
❖ Compare client's current benefits program to national and peer group benchmarks	Annually	X
❖ Conduct situational analysis and identify opportunities to: <ul style="list-style-type: none"> ➢ Contain and/or reduce current cost trends ➢ Optimize vendor and network performance ➢ Improve the health and productivity of workforce ➢ Increase provider quality and improve clinical outcomes ➢ Determine those benefit programs that are necessary to recruit and retain talent ➢ Create an equitable employee/employer cost sharing structure ➢ Optimize member utilization of healthcare ➢ Identify operational/administrative inefficiencies and gaps to best practices ➢ Enhance employee appreciation and satisfaction of benefit programs 	Annually	X
❖ Conduct meetings to solicit key stakeholder feedback	Annually	X
Health Reform Advisory Practice		
❖ Provide information, advice and assistance with analysis and implementation of health reform legislation requirements	Ongoing	X
❖ Advise clients on the integration of health reform requirements with their overall compensation and benefits strategies	Ongoing	X
❖ Deliver options and recommendations tailored to each client's circumstance	Ongoing	X
❖ Plan valuations, impact studies, plan modeling and pricing strategies	Ongoing	X
❖ Model potential financial impact due to healthcare reform	Ongoing	X
❖ Evaluate feasibility of open market exchanges	Ongoing	X
❖ Develop strategies and resources for required employee communications	Ongoing	X
Program Design		
❖ Review current and alternative health and welfare delivery models and funding methodology	Annually	X
❖ Develop recommended plan design alternatives <ul style="list-style-type: none"> ➢ Review and recommend changes to detailed coverage provisions 	Annually	X
❖ Contribution modeling for employees & employer	Annually	X

❖ Develop budgets and economic impact measurements of proposed changes	Annually	X
❖ Assess the impact of proposed designs on employee satisfaction ➤ Conduct employee surveys and focus groups	As Necessary	X
❖ Meet with client's senior executives, key stakeholders and the HR/Benefits team to discuss recommendations and implementation strategy decisions	Annually	X
❖ Lockton Interactive Financial Tool (LIFT) ➤ Interactive Plan Design Modeling tool	Annually	When self-insured

Implementation Process

❖ Conduct vendor site visits	As Necessary	X
❖ Manage implementation process: ➤ Review and negotiate final agreements and contracts to ensure they conform to bid specifications ➤ Review all vendor provided employee communications, SPDs, benefit booklets and required documents ➤ Coordinate the administrative set-up between client and vendors for reporting, billing, banking and data transfers ➤ Assist with the completion and review of all required applications and other documents as needed to place coverage ➤ Manage a post implementation debriefing with client and vendors to discuss performance and needed areas for improvement	Annually	X
❖ Participate with client's legal counsel to negotiate contracts	As Necessary	X

Benchmarking

❖ Dynamic and proven methodology for assessing, reporting, and improving employer benefit programs through benchmarking	Annually	X
❖ Facilitate the selection of the most relevant survey tools including: ➤ Lockton's Book of Business Medical plan design, contribution, and costs survey ➤ Publicly available surveys with Public/Private and Industry cuts ➤ Cost sharing InfoLock Norms ➤ Benefit Point survey ➤ Industry Group surveys <i>Includes Medical, RX, Dental, Vision, Life/AD&D and Disability</i>	Annually	X
❖ Analyze health plan historical cost trend analysis vs. peer and national benchmarks	Annually	X

Financial Management and Reporting

❖ Financial reporting package: ➤ Month by month paid claims segregated by line of coverage ➤ Month by month enrollment ➤ Actual plan expenses compared to budget ➤ High claimant activity report including plan option elected, relation, diagnosis, paid claims amount, increase in most recent month, and amount over specific ➤ Aggregate stop loss analysis including paid loss ratio and aggregate loss ratio	Monthly	When self-insured (quarterly or as needed otherwise)
❖ Develop Executive Dashboard of key plan metrics	Annually	X

Actuarial Services

❖ Develop emerging and projected budgets based on historical paid claims and current market trends	Semi-Annually	When self-insured
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❖ Funding Rate Development	Annually	When self-insured
❖ COBRA rate development and rate change notification to vendors	Annually	X
❖ IBNR calculations and auditor interface	Quarterly	When self-insured
❖ Plan design change valuation	Annually	When self-insured
❖ Stop loss/high claimant probability modeling	Annually	When self-insured
❖ Enrollment migration modeling	Annually	X
❖ Employee out-of-pocket analysis by plan options	Annually	X
❖ Medicare Part D Credible Coverage Determination by plan	Annually	X
❖ Medicare Part D Actuarial Attestation	If Necessary	X
❖ Post Enrollment Analysis	Annually	X
❖ Budget variance analysis	As Necessary	X
❖ Health Reimbursement Account (HRA) liability evaluation	As Necessary	X

Data Warehousing-InfoLock®

<ul style="list-style-type: none"> ❖ Highly technical centralized data warehouse tool that provides decision support for self-funded employers: <ul style="list-style-type: none"> ➤ Standardized quarterly medical and RX claim inputs from over 30 selected vendors ➤ Database includes 300+ employers and 1.5M lives (4M for Normative data) ➤ InfoLock® dedicated Lockton management, reporting, and clinical staff 	Quarterly	X
<ul style="list-style-type: none"> ❖ Combines technology with consulting expertise to monitor, report, control costs, and design benefit programs and initiatives <ul style="list-style-type: none"> ➤ Standard and custom outputs, including: <ul style="list-style-type: none"> ❖ Comprehensive Utilization reports ❖ Health/risk status ❖ Preventive Care Compliance ❖ Chronic Gaps in care for members with chronic conditions ❖ Customized performance indicators 	Annually	X

Clinical and Health Risk Solutions Services

<ul style="list-style-type: none"> ❖ Medical Director and staff to support client with the management of their benefit program: <ul style="list-style-type: none"> ➤ Clinical interpretation of utilization data ➤ Industry best-practices for coverage determinations ➤ Utilization management provider performance review ➤ High cost claimant review and treatment protocol ➤ Recommend interventions to contain/reduce cost ➤ ERISA appeals support ➤ On-site clinic feasibility analysis 	Ongoing	X
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- ❖ Local dedicated Health Risk Solutions specialist focused on improving the health of our client's workforce:
 - Population health risk assessment
 - Identify proper risk measurement and ROI assessment
 - Establish the realities around financial ROI
 - Determine financial return in conjunction with wellness budget needs
 - Develop multi-year risk-specific wellness programs Ongoing X
 - Vendor assessment (this is the investigation of new wellness vendors that market to our clients)
 - Evaluate opportunities for wellness intervention programs
 - ❖ Wellness vendor RFP development, review and selection process
 - ❖ Vendor implementation oversight
 - ❖ Vendor management

Compliance Services

❖ Inventory of compliance-related documents	At Engagement	X
❖ Research legislative/regulatory issues	As Necessary	X
❖ Periodic topical webcasts and seminars	Ongoing	X
❖ Compliance alerts, newsletters and employee guides	Ongoing	X
❖ Provide updates on trends and developments for Health & Welfare legislative guidance and changes	Ongoing	X
❖ Prepare and provide Form 5500 in a signature-ready format	Annually	X
❖ Review proposed updates to contracts, SPDs and benefit summaries for accurate terms, plan requirements and plan design	As Requested	X
❖ Compliance training in areas of COBRA, Medicare, etc.	As Requested	X
❖ HIPAA compliance toolkit including HIPAA training	As Needed	X

Technology Solutions

❖ Compliance Reference Library	Ongoing	X
❖ Partner Portal	Ongoing	X

Communication Services

❖ Develop Communication strategy	Annually	X
❖ Coordinate distribution/printing of all communication materials	Ongoing	X
❖ Draft Employee Benefits Communications: <ul style="list-style-type: none"> ➢ Employee Benefit Guide or Benefit Highlights Brochure ➢ PowerPoint presentation for employee meetings ➢ Vendor Contact Card ➢ Annual Enrollment Postcard ➢ Annual Enrollment Posters ➢ Home Mailers ➢ Employee Recruiting Guide 	Annually	X
➢ Conduct "train the trainer" for employee benefit plan meetings	As Necessary	X
➢ Distribute health awareness and consumerism communication newsletter	Monthly	X

Ongoing Service & Vendor Management

❖ Manage vendor participation in annual enrollment process	Annually	X
❖ Facilitate service meetings with vendors to address issues/problems and measure results against performance standards	Quarterly	X
❖ Provide daily assistance in resolving vendor service issues: <ul style="list-style-type: none"> ➢ Claims ➢ Billing ➢ Eligibility ➢ Coverage appeals 	Ongoing	X
❖ Meet with client to discuss/review plan performance and open items	Ongoing	X
❖ Monitor and facilitate vendor performance scorecard	Semi-Annually	X
❖ Coordinate benefit changes and plan details with benefits outsourcing partner and communication resource(s): <ul style="list-style-type: none"> ➢ Plan design changes ➢ Employee contributions and COBRA rates ➢ Vendor rates of premium equivalent rates ➢ Vendor contact information ➢ Facilitate meetings/conference calls between vendors, outsourcing partner and communications team 	Annually	X
❖ Prepare and deliver stewardship report	Annually	X

Stop Loss Management

❖ Renewal, Marketing and Placement <ul style="list-style-type: none"> ❖ Conduct preliminary risk review to determine market strategy ❖ Collect and analyze market results ❖ Consult with clinical resource regarding ongoing claimants ❖ Conduct policy to policy review 	Annually	When self-insured
❖ Implementation <ul style="list-style-type: none"> ❖ Ensure completion of underwriting requirements ❖ Oversee completion and review of policy application as well as executed contract ❖ Conduct client plan document versus stop loss policy review ❖ Establish reporting between stop loss carrier and ASO vendor as needed 	Annually	When self-insured
❖ Ongoing Management <ul style="list-style-type: none"> ❖ Track claims identified during marketing/placement process ❖ Conduct monthly monitoring of stop loss reporting for cost-savings opportunities ❖ Identify potential excess claims ❖ Ensure timely claim reimbursement ❖ Report monthly status to Client Service Team ❖ Provide year end reconciliation of excess claims 	Ongoing	When self-insured

Absence Management

❖ Within Scope of Services:		
➢ Centralized Procurement		
➢ DOL/EEOC Compliance Profile	Ongoing and As Necessary	X
➢ Life/DI/Leave Design Benchmarking		
➢ Administration Opportunity Assessment		
❖ Optional Services		
➢ Leave Policies & Program Evaluation		
➢ Technology & Reporting Alignment		
➢ Impactable Cost Baseline		
➢ DOL/EEOC Mitigation Strategy Solutions		
➢ Return to Work / Stay-at-Work Programs		
➢ ADA/ADAAA Interactive Process	Optional	
➢ Absence Program Operating Model Design		
➢ Retrospective Claim Audits		
➢ SaaS-based Technology Selection		
➢ Future State Visioning / Strategic Roadmap		
➢ Custom Benchmarking		

ADDENDUM B SCOPE OF SERVICES

Services	Frequency	Included
Renewal, Marketing and Vendor Selection		
<ul style="list-style-type: none"> ❖ Request and coordinate renewal activities with all vendors: <ul style="list-style-type: none"> ❖ Medical ❖ Prescription Drug ❖ Dental ❖ Vision ❖ Life and AD&D ❖ Absence and Disability ❖ Other Ancillary Lines (as applicable) 	Annually	X
<ul style="list-style-type: none"> ❖ Quantify financial impact of renewal and negotiate any variance between renewal and client's budget projections 	Annually	X
<ul style="list-style-type: none"> ❖ Market benefit programs to mutually agreed upon vendors: <ul style="list-style-type: none"> ➢ Develop Request for Proposal (RFP) with request bid specifications ➢ Coordinate RFP release to market ➢ Respond to carrier questions and data requests ➢ Negotiate best and final offers 	As Necessary	X
<ul style="list-style-type: none"> ❖ Prepare and present a detailed marketing and renewal report which would include: <ul style="list-style-type: none"> ➢ Total and itemized cost results ➢ Rate guarantees ➢ Network discount analysis ➢ Provider disruption analysis ➢ Service capabilities ➢ Performance guarantees ➢ Benefit designs and variances ➢ Carrier financial ratings ➢ Develop vendor marketing results scorecard ➢ Executive Summary of final decisions, including marginal cost analysis associated with program changes and/or price changes 	Annually	X
<ul style="list-style-type: none"> ❖ Negotiate client: <ul style="list-style-type: none"> ➢ Rate Guarantees ➢ Performance Guarantees ➢ Implementation Allowance 	Annually	X
Connected Benefits Solutions (Voluntary Benefits)		
<ul style="list-style-type: none"> ❖ Evaluation and recommendation of Voluntary Benefits <ul style="list-style-type: none"> ➢ Needs assessment ➢ Carrier marketing ➢ Plan comparison and pricing evaluation ➢ Carrier and plan recommendation ➢ Plans include, but are not limited to; accident, critical illness, hospital indemnity, individual short-term disability, permanent or whole life insurance, prepaid legal, identity theft protection, home and auto, pet, advance pay, discount programs, employee purchasing or perks programs 	At Engagement	X

❖ Assess enrollment methodology and compatibility with selected product mix and carriers – this includes, but is not limited to, both traditional and online enrollment as well as deployment of a communication or enrollment vendor	Ongoing	X
❖ Negotiate technology, enrollment and/or implementation credit(s)	As Needed	X
❖ Provide project management services for the implementation of voluntary benefits, in conjunction with an existing or new benefits enrollment solution	Ongoing	X
❖ Evaluate, recommend and oversee execution of employee communication campaign for voluntary benefits including but not limited to; print communication, digital communication, online enrollment platform communication, interactive videos, internet or intranet landing pages, counselor or benefit educator scripting	Ongoing	X
❖ Provide a post-enrollment analysis	Annually	X
❖ Support ongoing billing and account service; serve as an intermediary between client and carrier or vendor	Ongoing	X
❖ Conduct annual plan reviews	Annually	X
❖ Provide industry updates and benchmarking	As Needed	X
❖ Continually evaluate current product set and provide recommendations for enhancements	Ongoing	X

Optional Services*

- ❖ M&A Due Diligence
 - Review cost and benefits of client's current programs compared to programs of target company
 - Determine needs assessment to integrate programs
 - Manage integration of benefits programs if target is acquired
- ❖ Collective Bargaining Valuations
- ❖ Compliance audit
- ❖ Lockton Survey
- ❖ Additional Communications Services:
 - Annual Enrollment Videos
 - Employee Benefit Statements
 - Employee Recruiting Guide
 - Custom Benefit Guide
 - Employee Handbook updates
 - Bilingual communication translations
 - Conduct annual enrollment presentations and/or webinars
 - "Benefit Bytes" – Smartphone friendly communication materials
 - Develop social networking campaigns through twitter, Facebook, etc.
- ❖ Employee Advocacy Call Center
- ❖ Outsourcing vendor selection and implementation
- ❖ Executive Benefits consulting
- ❖ Compensation consulting services
- ❖ Retirement consulting services
- ❖ International Benefits consulting services
- ❖ Property and Casualty/Risk Management
- ❖ Strategic Communication consulting services
 - Corporate communication
 - Media relations, employee communication and community relations
 - Digital media strategic communication
 - Assessment, strategy development and plan implementation
 - Issues management
 - Strategy development, document creation and plan implementation
 - Crisis communication consulting
 - Plan, development, training and execution
- ❖ Human Capital Advisory and Consulting
- ❖ HR Outsourcing
 - Augment client HR teams
 - Assist clients in four key areas:
 - Benefits Administration
 - Retirement Plan Administration
 - Compensations Consulting and Outsourcing
 - Absence Management Administration

***May require additional charges**