City of Killeen

Agenda

City Council

Tuesday, July 7, 2020 | **5:00 PM** | **City Hall**
Council Chambers
101 N. College Street
Killeen, Texas 76541

Call to Order and Roll Call

___ *Jose Segarra, Mayor*
___ *Shirley Fleming*
___ *Steve Harris*
___ *Gregory Johnson*
___ *Jim Kilpatrick*
___ *Butch Menking*
___ *Debbie Nash-King*
___ *Juan Rivera*

Invocation

Pledge of Allegiance

Approval of Agenda

Citizen Comments

This section allows members of the public to address the Council regarding any item(s), other than a public hearing item, on the agenda for Council's consideration. Each person shall sign up in advance, may speak only one time, and such address shall be limited to three (3) minutes. The Presiding Officer may allow a one (1) minute extension, if requested at the end of the original three (3) minute period. No other extensions will be allowed.

Discussion Items

1. DS-20-049 City Manager Updates
· COVID 19 Update

2. DS-20-050 Discuss Water & Sewer Rate Study

Attachments: Presentation

3. DS-20-051 Discuss Boards and Commissions

Attachments: Presentation

4. DS-20-052 City Attorney Briefing on Pending or Anticipated Litigation

Minutes

5. MN-20-014 Consider Minutes of Regular City Council Meeting of June 23, 2020.

Attachments: Minutes

Resolutions

6. RS-20-061 A. Receive and Provide Overview of Fiscal Year 2021 Proposed Annual Budget and Plan of Municipal Services.

B. Set the Date of August 4, 2020, to Hold a Public Hearing on the Fiscal Year 2021 Annual Budget and Plan of Municipal Services.

7. RS-20-062 Consider a memorandum/resolution approving the selection of Lockton Dunning Benefits as the City's consultant for the transition from fully insured to self-funded employee health care with total expense not to exceed $13,571 for FY20 and $81,429 for FY21.

Attachments: Staff Report
Agreement
Presentation

8. RS-20-063 Consider a memorandum/resolution authorizing Web Benefits Design to provide employee benefits administration in an amount not to exceed a total of $61,450.

Attachments: Staff Report
Agreement
Presentation

9. RS-20-064 Consider a memorandum/resolution approving Addendum No. 2 to Central Texas College (CTC) Lease at Skylark Field.

Attachments: Staff Report
Agreement
Presentation

Adjournment

I certify that the above notice of meeting was posted on the Internet and on the bulletin boards at Killeen City Hall and at the Killeen Police Department on or before 5:00 p.m. on July 2, 2020.

_____

Lucy C. Aldrich, City Secretary

The public is hereby informed that notices for City of Killeen meetings will no longer distinguish between matters to be discussed in open or closed session of a meeting. This practice is in accordance with rulings by the Texas Attorney General that, under the Texas Open Meetings Act, the City Council may convene a closed session to discuss

any matter listed on the agenda, without prior or further notice, if the matter is one that the Open Meetings Act allows to be discussed in a closed session.

This meeting is being conducted in accordance with the Texas Open Meetings Law [V.T.C.A., Government Code, § 551.001 et seq.]. This meeting is being conducted in accordance with the Americans with Disabilities Act [42 USC 12101 (1991)]. The facility is wheelchair accessible and handicap parking is available. Requests for sign interpretive services are available upon requests received at least 48 hours prior to the meeting. To make arrangements for those services, please call 254-501-7700, City Manager's Office, or TDD 1-800-734-2989.

Notice of Meetings

The Mayor and/or City Council have been invited to attend and/or participate in the following meetings/conferences/events. Although a quorum of the members of the City Council may or may not be available to attend this meeting, this notice is being posted to meet the requirements of the Texas Open Meetings Act and subsequent opinions of the Texas Attorney General's Office. No official action will be taken by Council.

Dedicated Service -- Every Day, for Everyone!

City of Killeen

Legislation Details

File #:	DS-20-049	**Version:**	1	**Name:**	City Manager Updates
Type:	Discussion Items			**Status:**	Discussion Items
File created:	7/1/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	City Manager Updates · COVID 19 Update				
Sponsors:	City Manager Department				
Indexes:					
Code sections:					
Attachments:					

Date	Ver.	Action By	Action	Result

City of Killeen

Legislation Details

File #:	DS-20-050	**Version:**	1	**Name:**	Discuss Water & Sewer Rate Study
Type:	Discussion Items			**Status:**	Discussion Items
File created:	6/24/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	Discuss Water & Sewer Rate Study				
Sponsors:	Public Works Department				
Indexes:					
Code sections:					
Attachments:	Presentation				

Date	Ver.	Action By	Action	Result

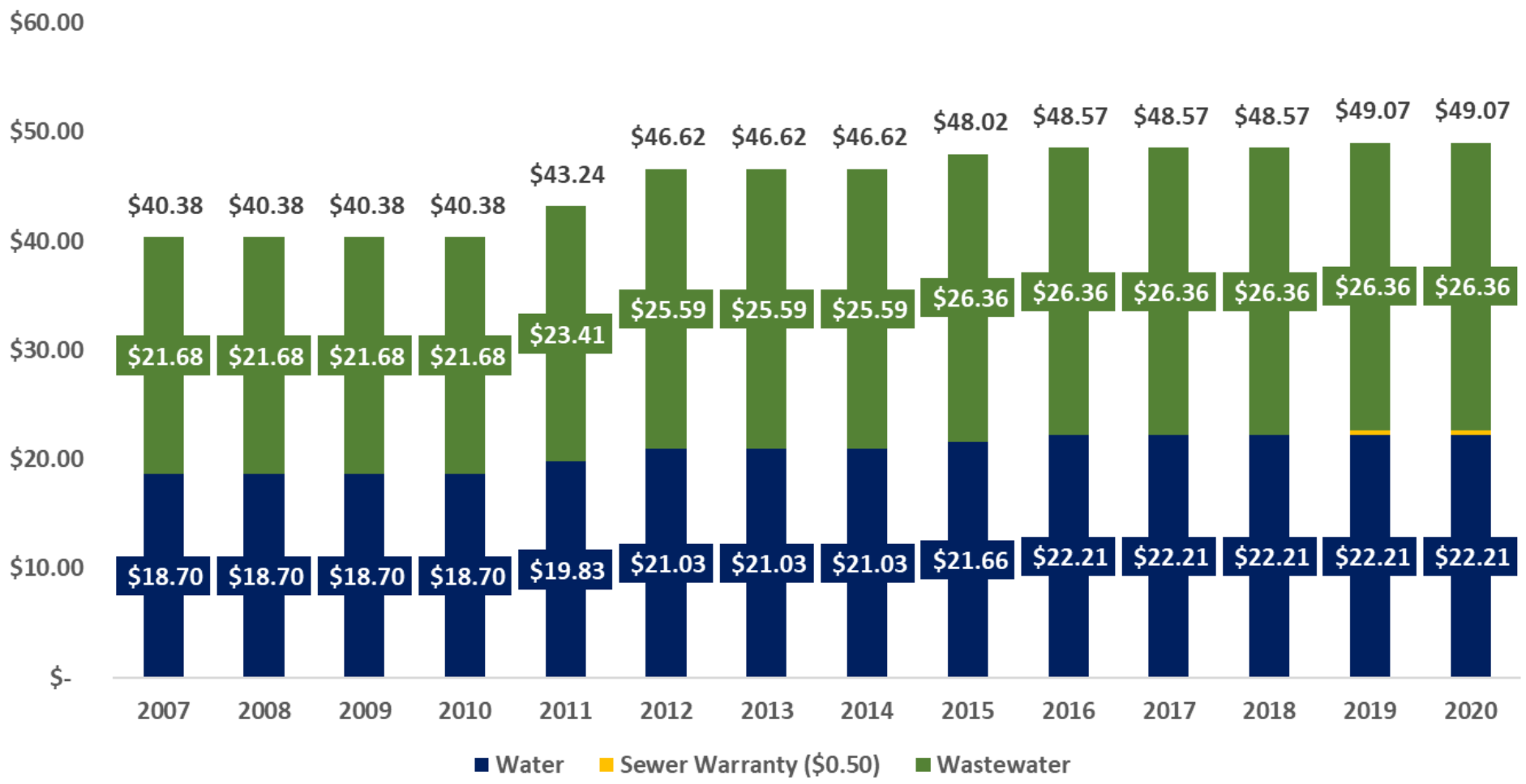
July 7, 2020

WATER AND WASTEWATER UPDATE
CITY OF KILLEEN, TEXAS

NewGen Strategies & Solutions

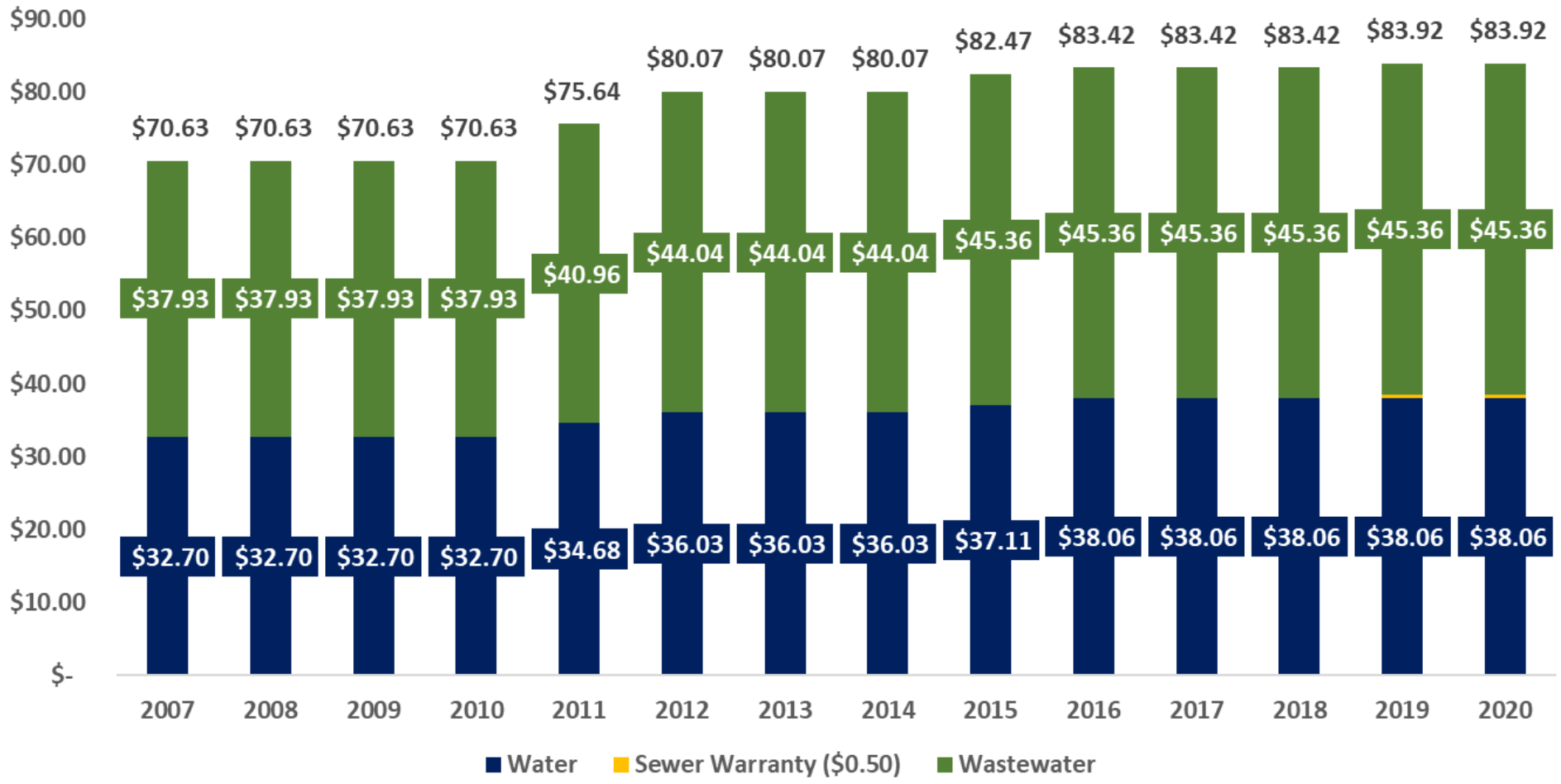
KEY ISSUES – WATER AND WASTEWATER

- Findings from 2020 Water/Sewer Rate Study
  - Assuming ‘normalized’ consumption, the Utility’s revenues are insufficient, particularly revenues from water customers.
  - Recommend City continue to carefully evaluate overall utility revenue performance and ensure rates remain sufficient, particularly in light of future capital improvements.
- Several rate structure changes recommended in 2016; no action taken



HISTORICAL MONTHLY BILL

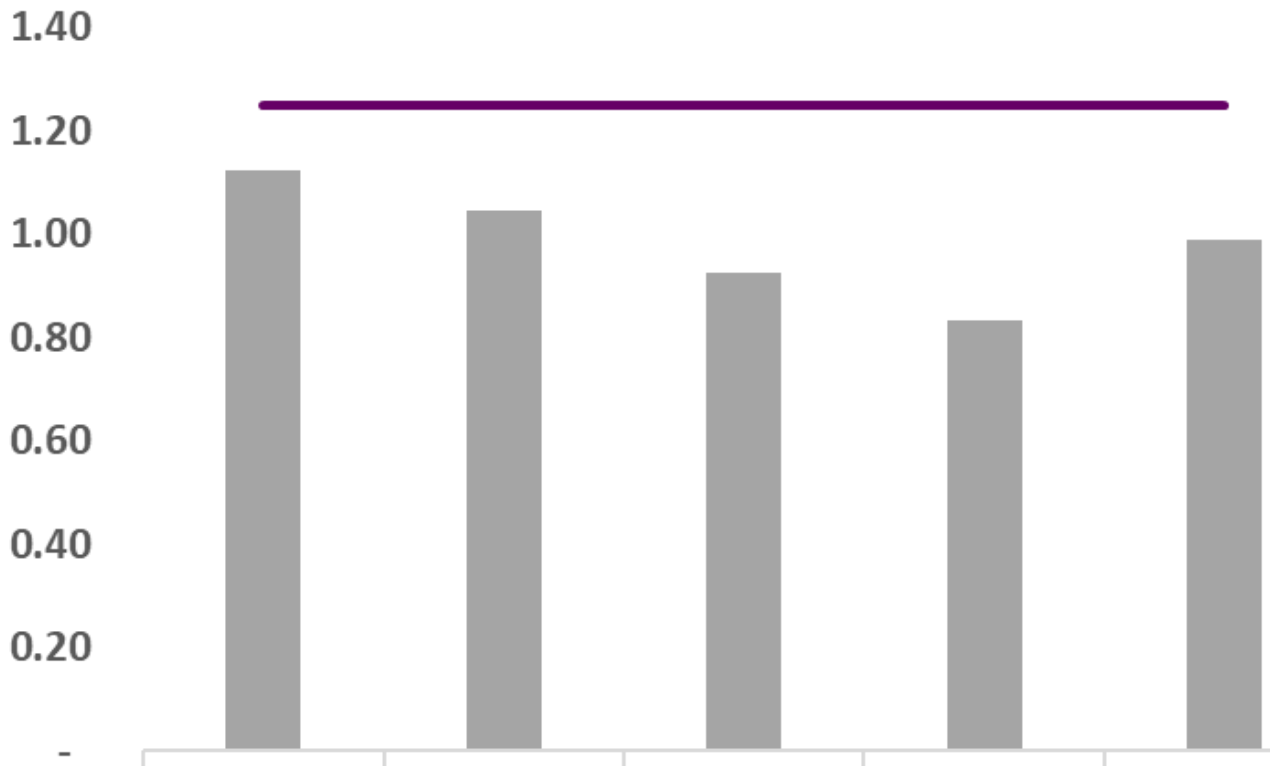
- 1.51% Effective Annual Increase
- 5,000 Gallon Water and Wastewater Customer



HISTORICAL MONTHLY BILL

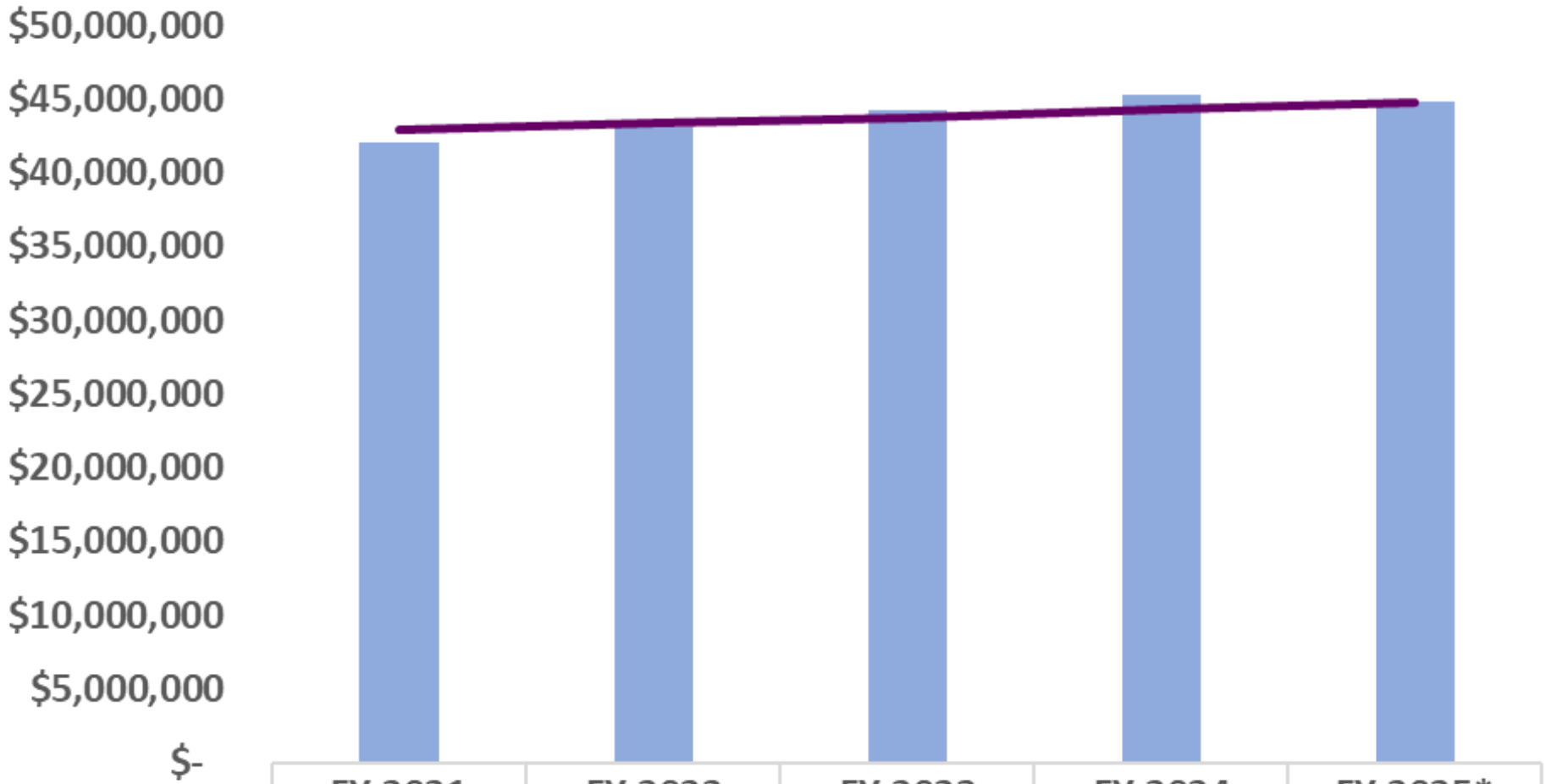
- 1.34% Effective Annual Increase
- 10,000 Gallon Water and Wastewater Customer

DEBT SERVICE COVERAGE



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Debt Service Coverage	1.12	1.05	0.92	0.83	0.99
Target Debt Service Coverage	1.25	1.25	1.25	1.25	1.25

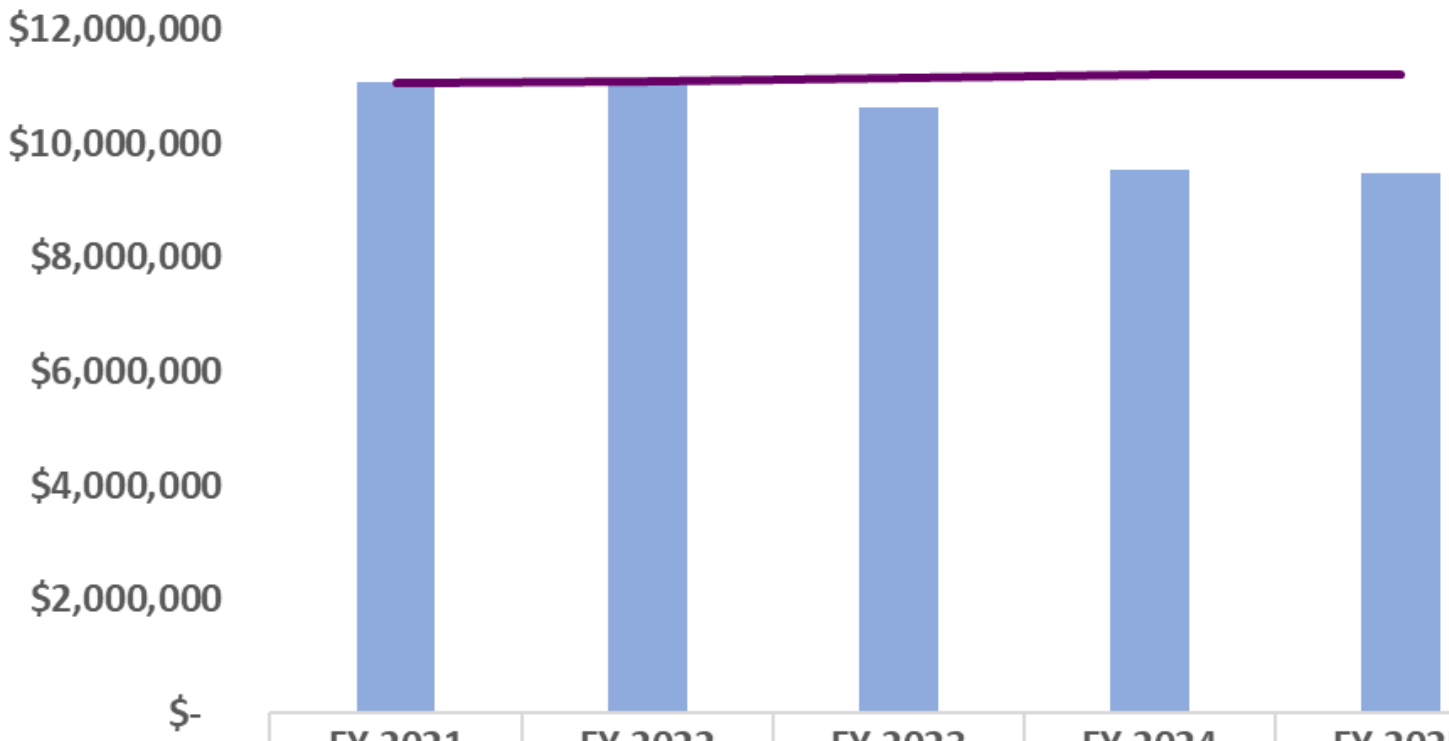
WATER AND WASTEWATER PERFORMANCE UNDER CURRENT RATES



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025*
Expenses	$42,084,283	$43,133,766	$44,240,650	$45,330,343	$44,826,483
Revenues	$42,943,108	$43,421,235	$43,765,543	$44,260,324	$44,763,138

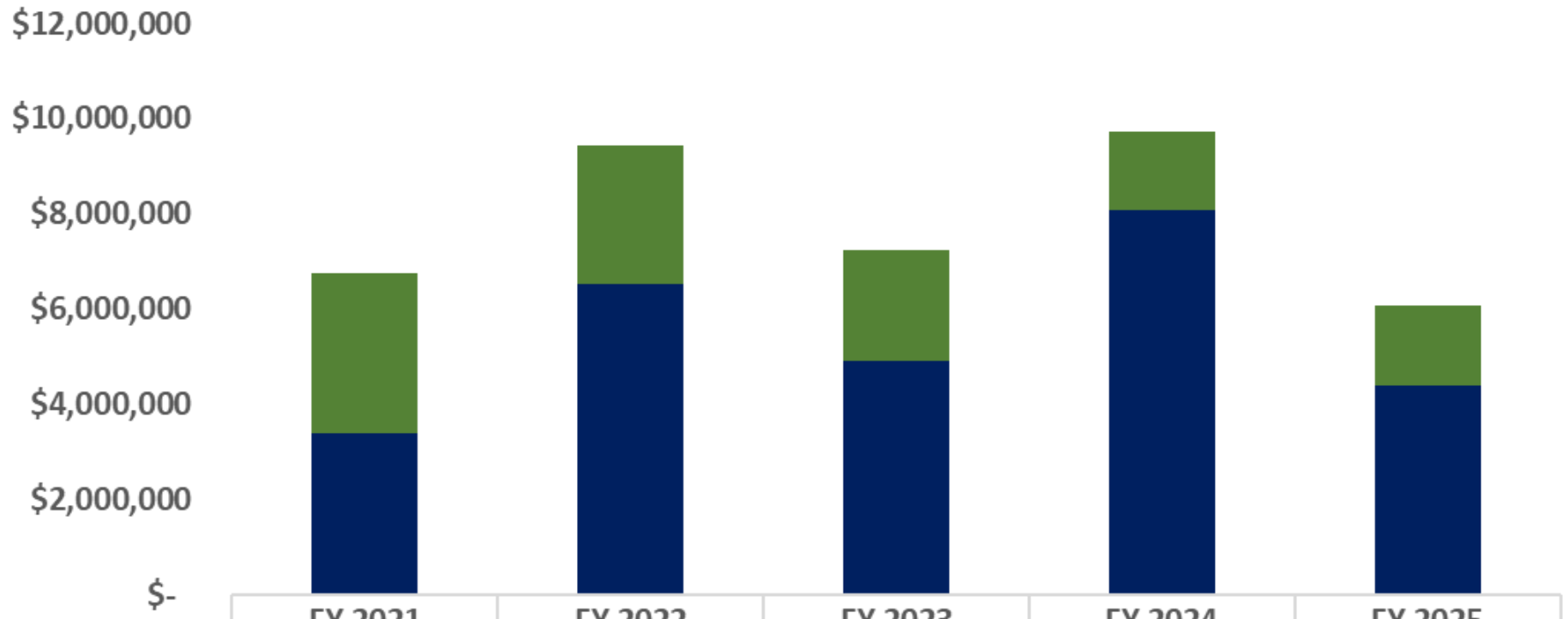
*$1.4 million in debt payments drops off in FY 2025.

WATER AND WASTEWATER PERFORMANCE UNDER CURRENT RATES



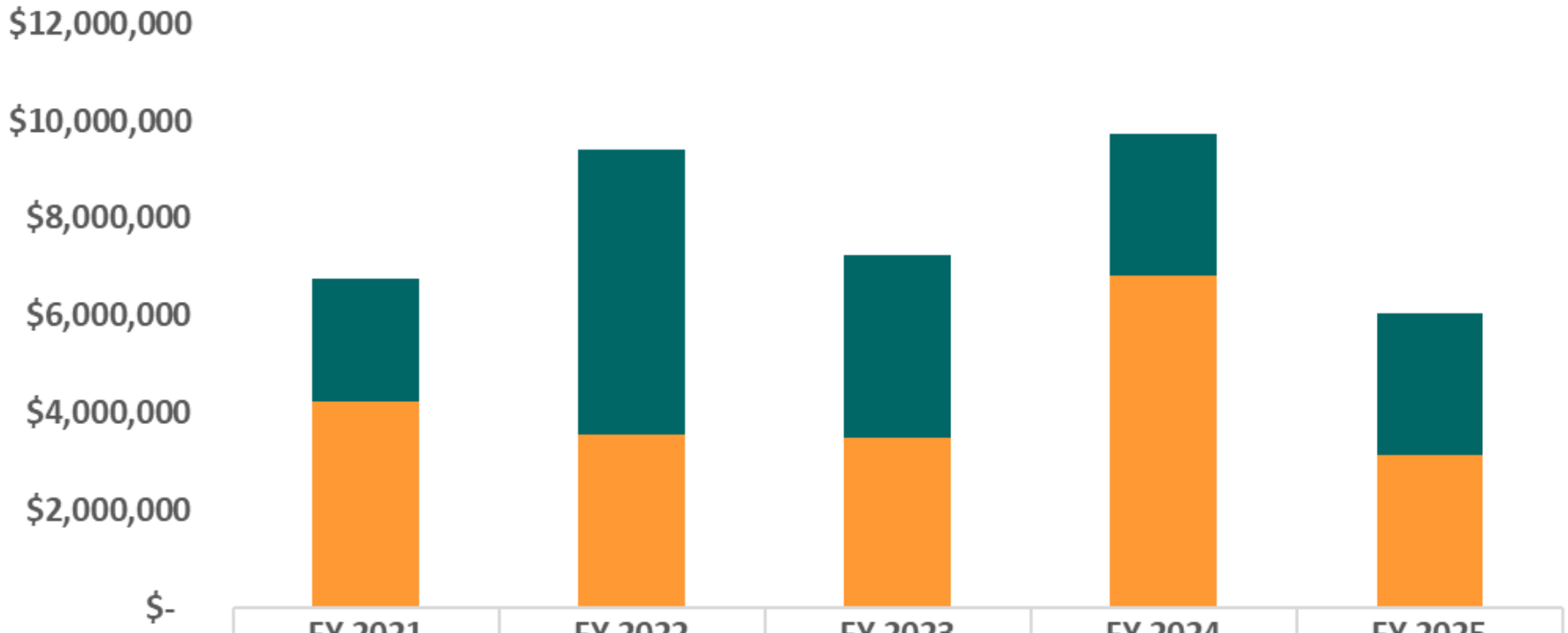
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Adjusted Ending Working Capital	$11,064,606	$11,091,473	$10,616,366	$9,546,348	$9,483,003
Required Fund Balance	$11,064,606	$11,091,473	$11,160,385	$11,202,133	$11,194,535

CIP: WATER AND WASTEWATER ALLOCATION



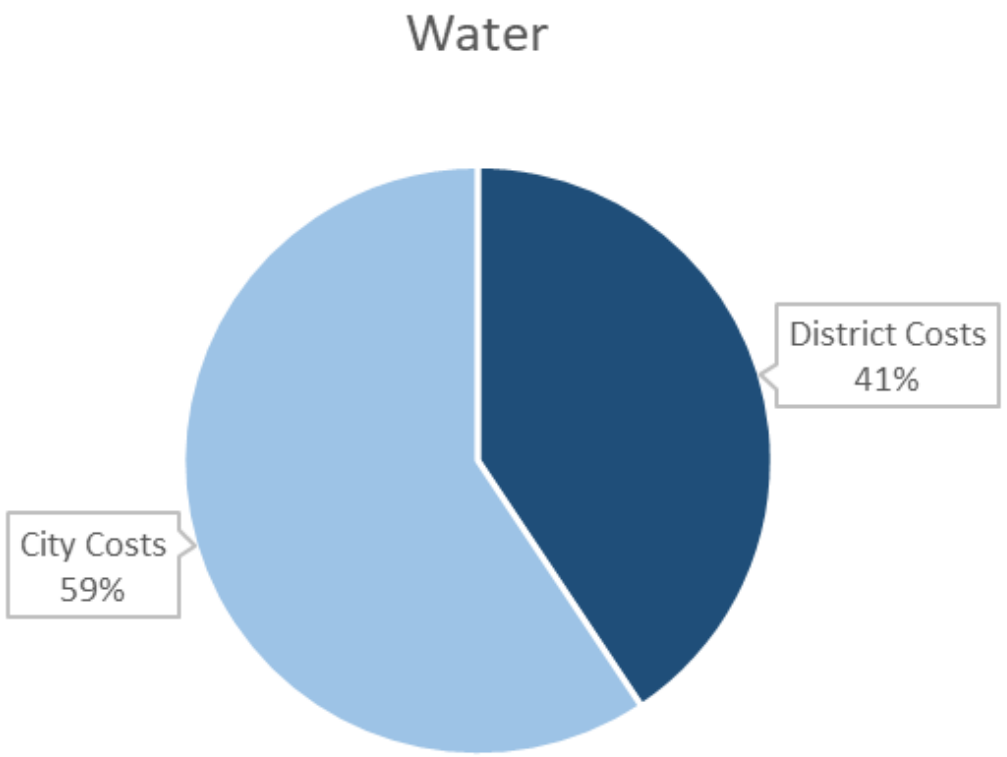
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Wastewater	$3,380,000	$2,895,875	$2,343,875	$1,653,875	$1,653,875
Water	$3,379,540	$6,528,450	$4,903,950	$8,078,750	$4,402,750
Total	$6,759,540	$9,424,325	$7,247,825	$9,732,625	$6,056,625

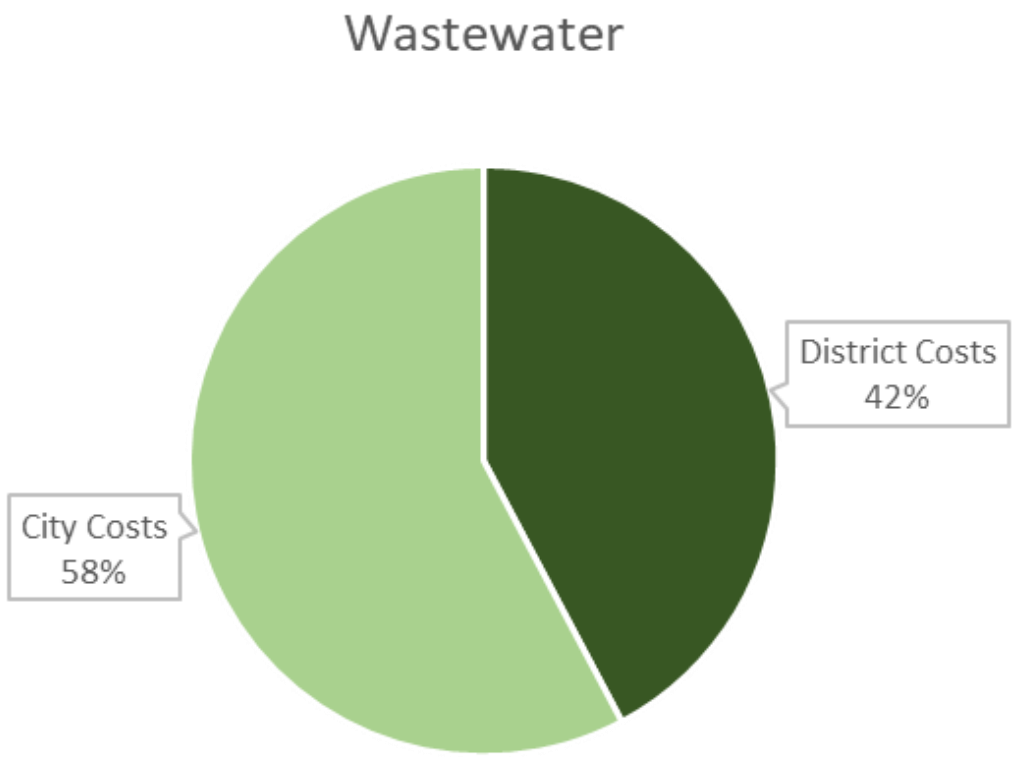
CIP: FUNDING METHODS



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
W&S CIP Fund	$2,540,000	$5,862,025	$3,752,625	$2,924,625	$2,924,625
2020 Bond	$4,219,540	$3,562,300	$3,495,200	$6,808,000	$3,132,000
Total	$6,759,540	$9,424,325	$7,247,825	$9,732,625	$6,056,625

DISTRICT COSTS IN FY 2021 DRAFT BUDGET





CURRENT RATE STRUCTURE EVALUATION

- Two Part Water Rate:
  - Fixed Meter Charge based on Size
  - 2,000 gallons in Fixed Bill
  - Volumetric Charge which increases with use

Meter Charge (Includes 2,000 gal)	
3/4 inch	$ 12.70
1 inch	14.06
1 1/2 inch	17.47
2 inch	21.55
3 inch	31.09
4 inch	44.74
6 inch	79.83
8 inch	119.68
Volumetric Charge (per 1,000 gal)	
2,000 – 25,000	$ 3.17
25,000 +	3.78

CURRENT RATE STRUCTURE EVALUATION

- Two Part Sewer Rate:
  - Fixed Base Charge
  - 3,000 gallons in Fixed Bill
  - Single Volumetric Charge; capped at 10K gallons for Residential; no cap for Commercial
  - Residential Minimum Charge Includes $0.50 for Sewer Warranty

Base Charge (Includes 3,000 gal)	
Residential	$ 19.26
Volumetric Charge (per 1,000 gal)	
3,000 – 10,000 gallons	$ 3.80

RATE AMENDMENTS PREVIOUSLY IDENTIFIED

Amend Rate Blocks

- Restructure Tier Rates to the following
  - 2,001 – 15,000 gallons
  - 15,001 – 30,000 gallons
  - 30,001+ gallons
- Stronger Conservation Signal
- Additional Water Revenue, $225,000
- Revenue is Weather Dependent

Adjust Meter Charge to Recognize Demand

- AWWA Standard
- Impact on Schools, Commercial Business
- Plan to Implement 5-Year Phase-In Starting in FY 2023 with Full Phase-In by FY 2027
- Additional Water Revenue at Full Phase-In, $790,000

Note: Increases only proposed for FY 2021, except for meter equivalency changes.

MONTHLY RESIDENTIAL CUSTOMER BILL IMPACT

	Current	FY 2021
2,000 Gallons		
Water	$ 12.70	$ 14.16
Wastewater	19.26	19.26
Total	$ 31.96	$ 33.42
Monthly Increase over Current		*$ 1.46*
Percent Increase over Current		*4.57%*
5,000 Gallons		
Water	$ 22.21	$ 24.78
Wastewater	26.86	26.86
Total	$ 49.07	$ 51.64
Monthly Increase over Current		*$ 2.57*
Percent Increase over Current		*5.24%*

MONTHLY RESIDENTIAL CUSTOMER BILL IMPACT

	Current	FY 2021
10,000 Gallons		
Water	$ 38.06	$ 42.48
Wastewater (Capped at 10k)	45.86	45.86
Total	$ 83.92	$ 88.34
Monthly Increase over Current		*$ 4.42*
Percent Increase over Current		*5.27%*
20,000 Gallons		
Water	$ 69.76	$ 81.28
Wastewater (Capped at 10k)	45.86	45.86
Total	$ 115.62	$ 127.14
Monthly Increase over Current		*$ 11.52*
Percent Increase over Current		*9.96%*

MONTHLY RESIDENTIAL CUSTOMER BILL IMPACT

	Current	FY 2021
25,000 Gallons		
Water	$ 85.61	$ 102.38
Wastewater (Capped at 10k)	45.86	45.86
Total	$ 131.47	$ 148.24
Monthly Increase over Current		*$ 16.77*
Percent Increase over Current		*12.76%*
30,000 Gallons		
Water	$ 104.51	$ 123.48
Wastewater (Capped at 10k)	45.86	45.86
Total	$ 150.37	$ 169.34
Monthly Increase over Current		*$ 18.97*
Percent Increase over Current		*12.62%*

RECOMMENDED WATER RATE ACTION

Water Rate Revenue Increase = 12.89%

	Residential		Commercial	
	Current	**FY 2021**	Current	**FY 2021**
Meter Charge (includes 2,000 gal)				
3/4 inch	$ 12.70	**$ 14.16**	$ 13.15	**$ 14.66**
1 inch	14.06	**15.68**	14.60	**16.28**
1 1/2 inch	17.47	**19.48**	18.13	**20.21**
2 inch	21.55	**24.03**	22.38	**24.95**
3 inch	31.09	**34.66**	32.30	**36.01**
4 inch	44.74	**49.88**	46.49	**51.83**
6 inch	79.83	**89.01**	82.98	**92.51**
8 inch	119.68	**133.44**	124.56	**138.86**
Volumetric Charge (per 1,000 gal)				
2,000 – 15,000	$ 3.17	**$ 3.54**		
15,000 – 25,000	3.17	**4.22**		
25,000 – 30,000	3.78	**4.22**		
30,000 +	3.78	**5.03**		
2,000 +			$ 3.28	**$ 3.66**

5-YEAR METER EQUIVALENCY PHASE-IN (RESIDENTIAL)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Charge (includes 2,000 gal)						
3/4 inch	$ 14.16	$ 14.16	$ 14.16	$ 14.16	$ 14.16	$ 14.16
1 inch	15.68	16.05	17.94	19.82	21.71	23.60
1 1/2 inch	19.48	20.77	27.38	33.98	40.59	47.20
2 inch	24.03	26.43	38.70	50.98	63.25	75.52
3 inch	34.66	39.65	65.14	90.62	116.11	141.60
4 inch	49.88	58.53	102.90	147.26	191.63	236.00
6 inch	89.01	105.73	197.30	288.86	380.43	472.00
8 inch	133.44	162.37	310.58	458.78	606.99	755.20

Note: This assumes no other overall rate increases.

5-YEAR METER EQUIVALENCY PHASE-IN (COMMERCIAL)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Charge (includes 2,000 gal)						
3/4 inch	$ 14.66	$ 14.66	$ 14.66	$ 14.66	$ 14.66	$ 14.66
1 inch	16.28	16.61	18.57	20.52	22.48	24.43
1 1/2 inch	20.21	21.50	28.34	35.18	42.03	48.87
2 inch	24.95	27.37	40.07	52.78	65.48	78.19
3 inch	36.01	41.05	67.44	93.82	120.21	146.60
4 inch	51.83	60.59	106.53	152.46	198.40	244.33
6 inch	92.51	109.46	204.26	299.06	393.87	488.67
8 inch	138.86	168.10	321.54	474.98	628.43	781.87

Note: This assumes no other overall rate increases.

CUSTOMERS PER METER SIZE (AS OF DECEMBER 2019)

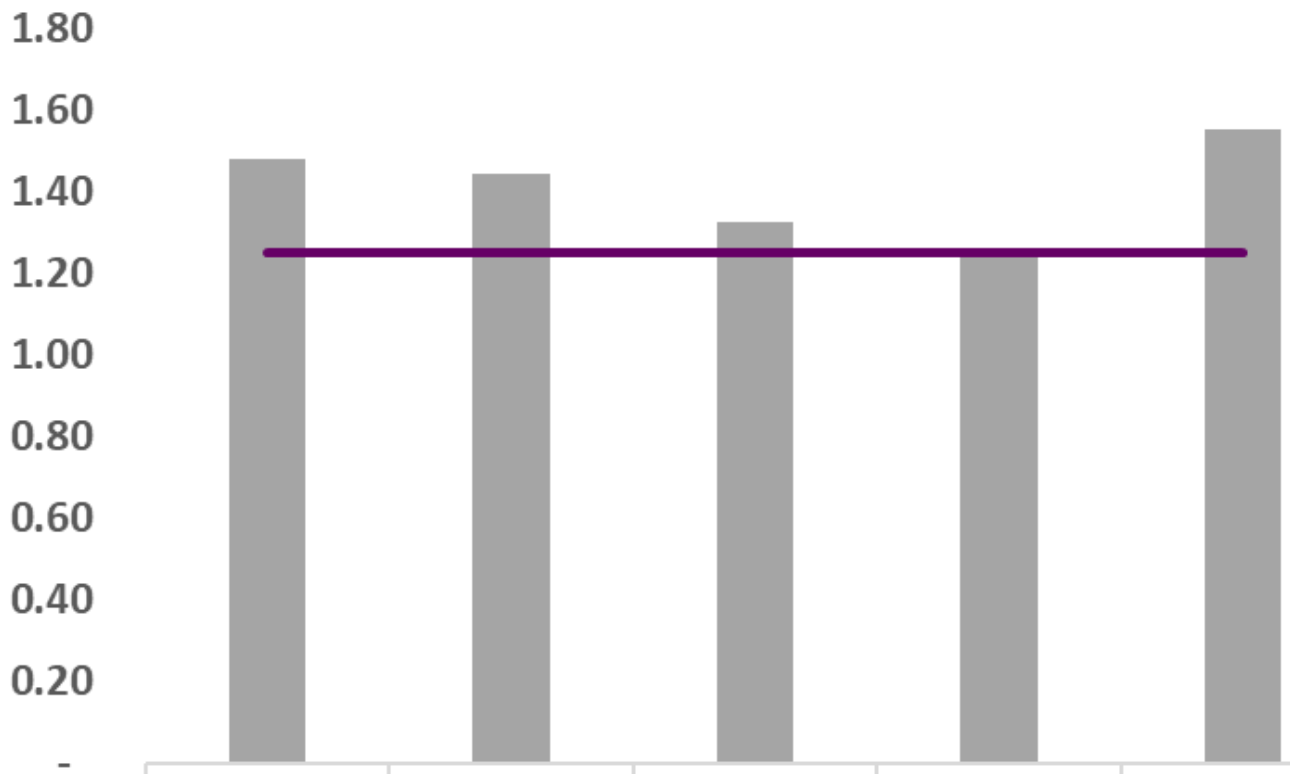
Meter Size	Residential	Commercial
3/4 inch	47,933	1,579
1 inch	154	535
1 1/2 inch	21	280
2 inch	49	410
3 inch	0	41
4 inch	0	19
6 inch	0	6
8 inch	0	0
Total	48,157	2,870

RECOMMENDED SEWER RATE ACTION

	Current	FY 2021
Base Charge (includes 3,000 gal)		
Residential*	$ 19.26	**$ 19.26**
Commercial	19.15	**19.15**
Volumetric Charge (per 1,000 gal)		
3,000 – 10,000	$ 3.80	**$ 3.80**
10,000 + (Com Only)	3.80	**3.80**
Overall Rate Increase		**0.00%**

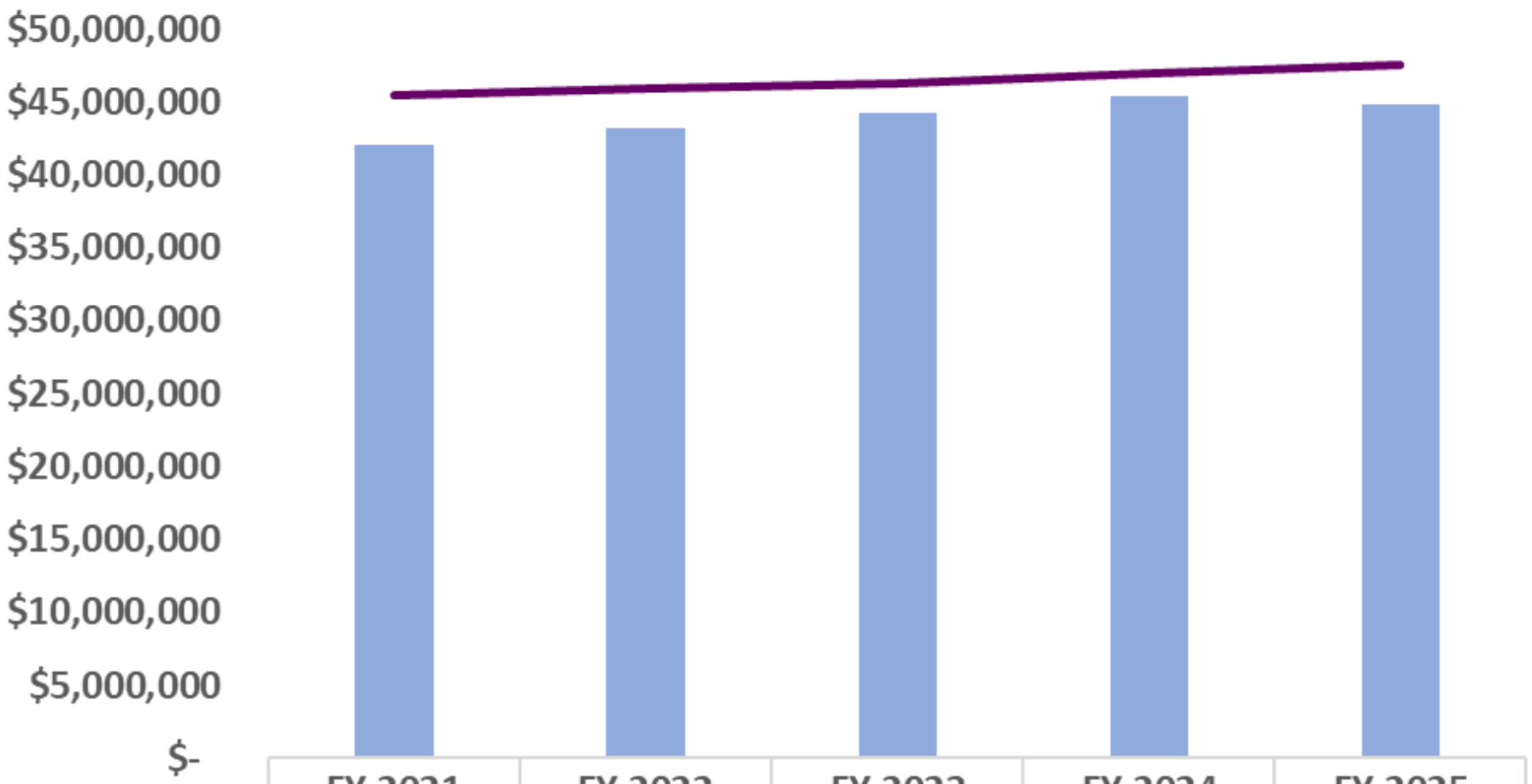
*Residential minimum charge includes $0.50 for Sewer Warranty.

DEBT SERVICE COVERAGE



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Debt Service Coverage	1.48	1.44	1.33	1.25	1.55
Target Debt Service Coverage	1.25	1.25	1.25	1.25	1.25

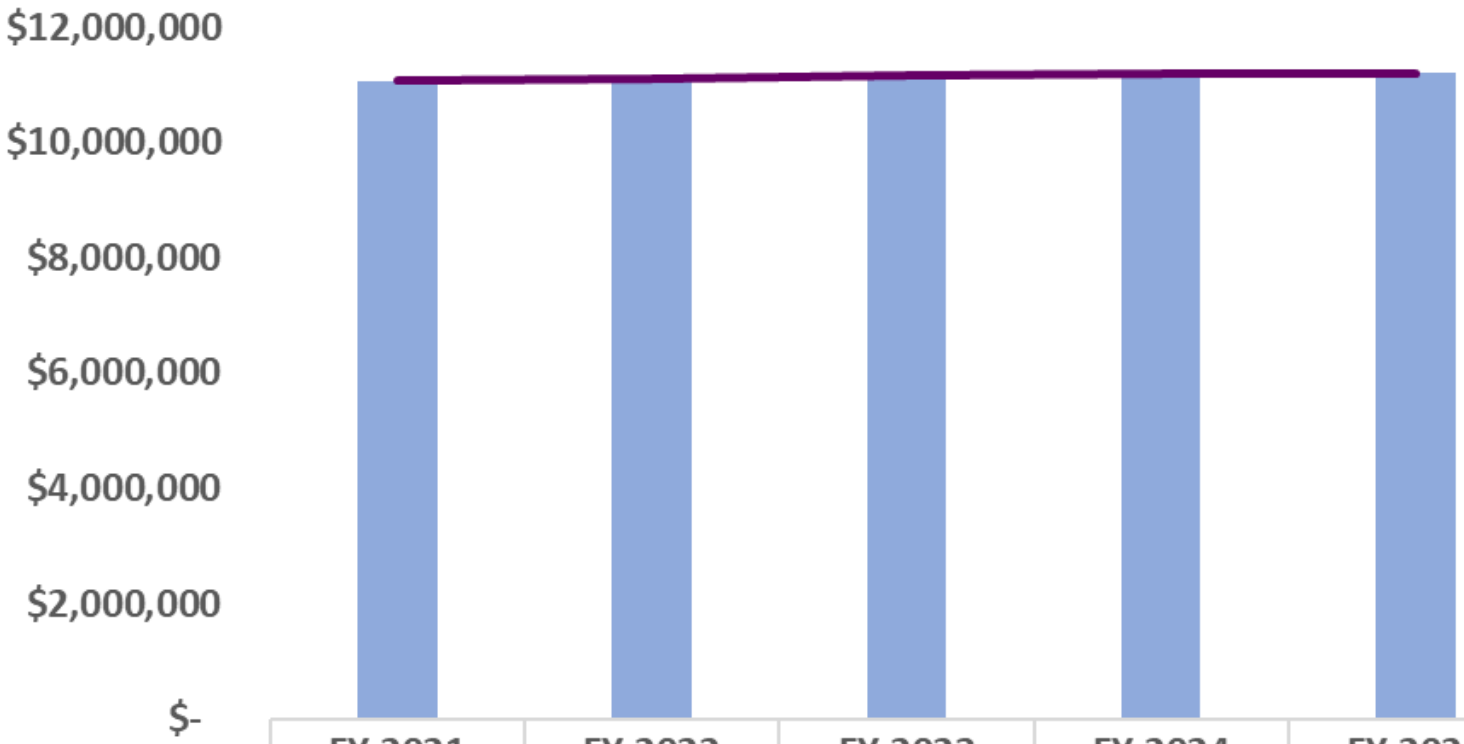
WATER AND WASTEWATER PERFORMANCE UNDER PROPOSED RATES



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Expenses	$42,084,283	$43,133,766	$44,240,650	$45,330,343	$44,826,483
Revenues	$45,421,043	$45,929,827	$46,307,074	$46,929,589	$47,560,534

Note: Excess working capital is used to fund PayGo projects.

WATER AND WASTEWATER PERFORMANCE UNDER PROPOSED RATES

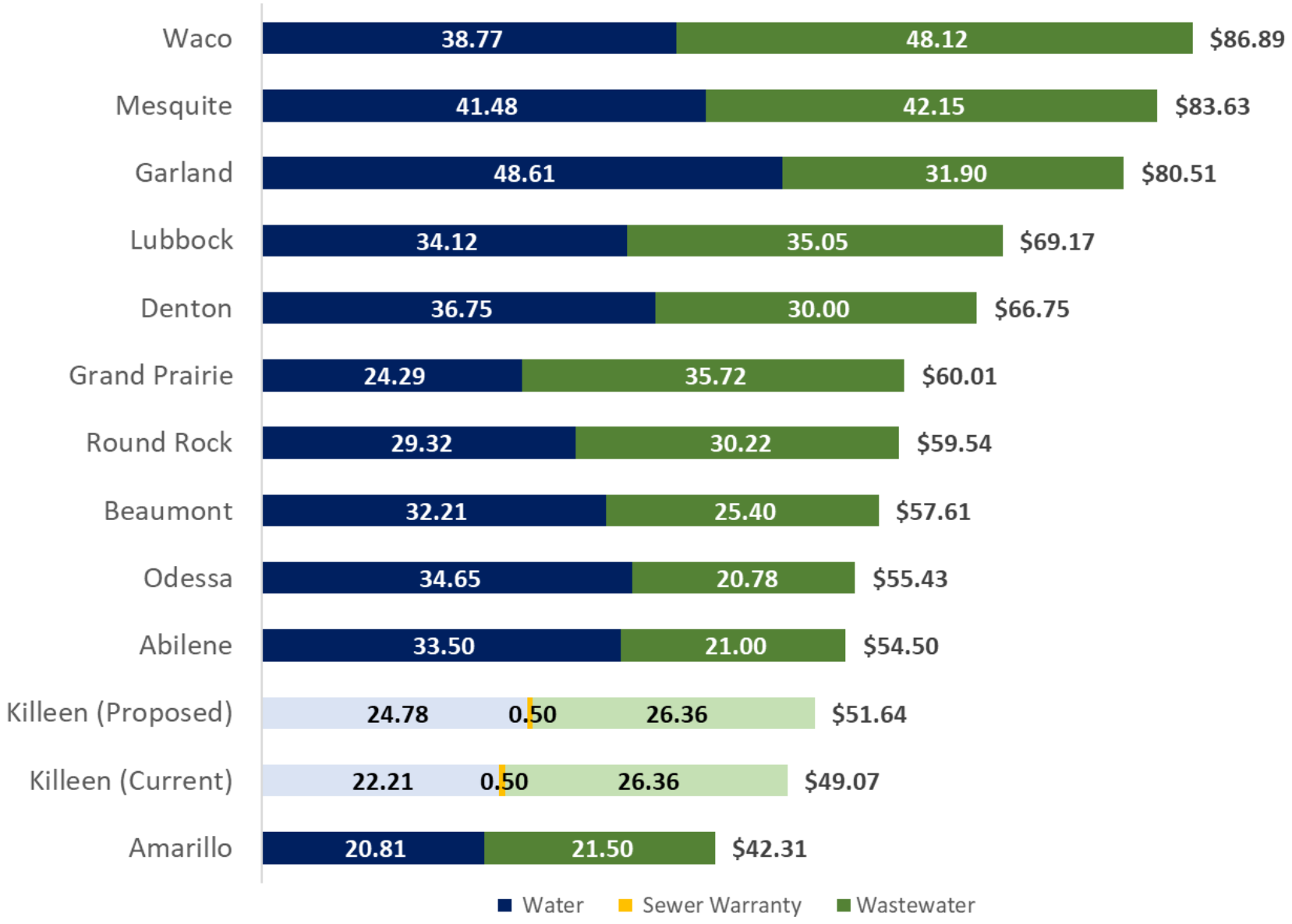


	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Adjusted Ending Working Capital	$11,064,606	$11,091,473	$11,160,385	$11,202,133	$11,194,535
Required Fund Balance	$11,064,606	$11,091,473	$11,160,385	$11,202,133	$11,194,535

RECOMMENDATIONS

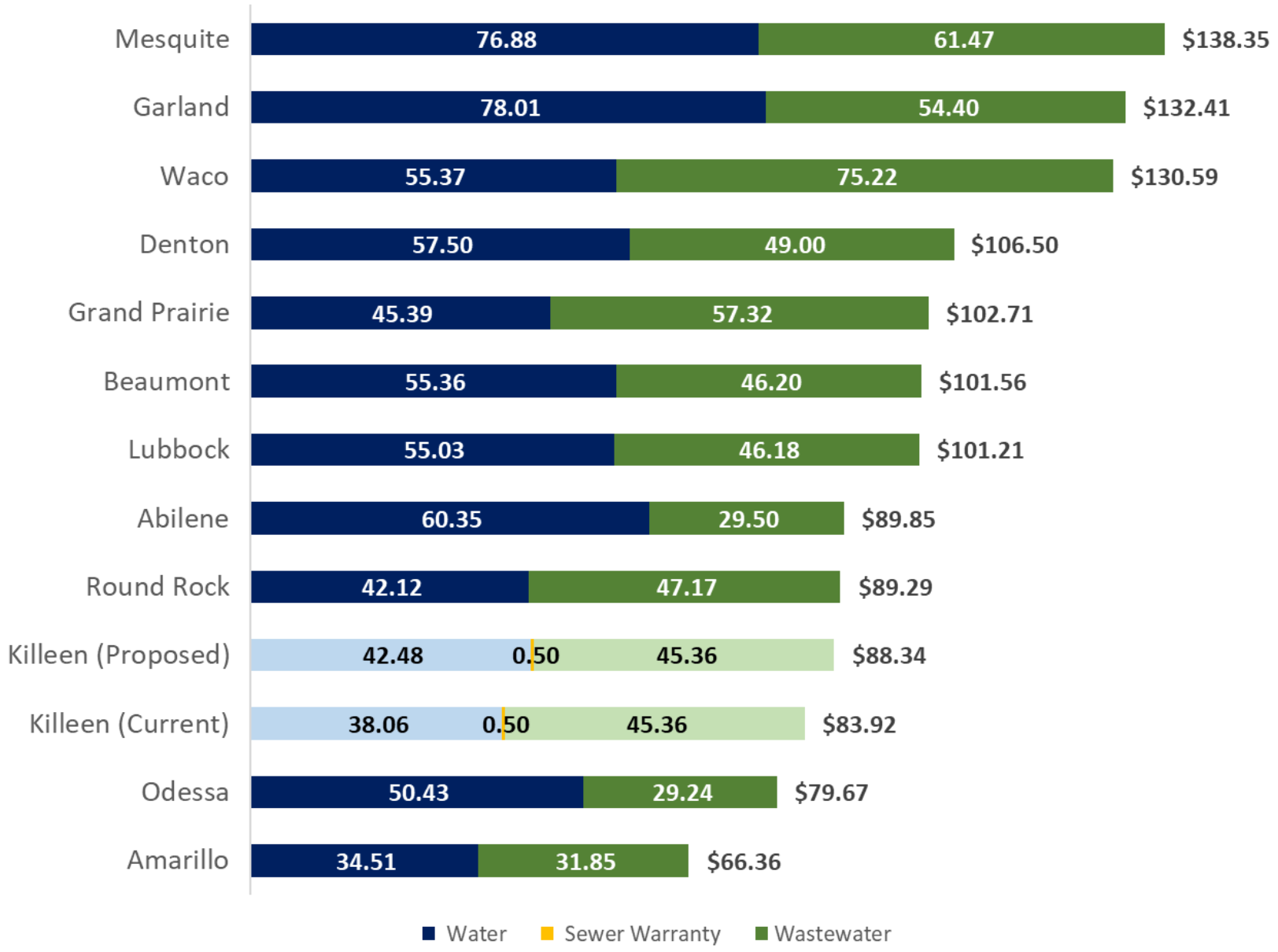
- Rate increase only in FY 2021
- Rates and sufficiency need to be reviewed each year
- Smaller increases could be needed in later years to prevent one large increase in the future

5,000 GALLON MONTHLY BILL COMPARISON (BENCHMARK)



5,000 GALLON MONTHLY BILL COMPARISON (LOCAL)

10,000 GALLON MONTHLY BILL COMPARISON (BENCHMARK)



10,000 GALLON MONTHLY BILL COMPARISON (LOCAL)

QUESTIONS / DISCUSSION

NEWGEN STRATEGIES AND SOLUTIONS
275 W. CAMPBELL ROAD, SUITE 440
RICHARDSON, TEXAS 75080

CHRIS EKRUT, DIRECTOR
972-232-2234
CEKRUT@NEWGENSTRATEGIES.NET

CAPITAL PROJECTS

Project	Funding	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water Line Rehabilitation; Phase 1-4	W&S CIP Fund		$ 1,270,750	$ 1,270,750	$ 1,270,750	$ 1,270,750
Pump Station #2 Rehabilitation	W&S CIP Fund		1,695,400			
Airport Pump Station Rehabilitation	W&S CIP Fund			138,000		
Water Meter Replacement Program	W&S CIP Fund	500,000				
Sewer Line Rehabilitation; Phase 5 (2012 MP)	W&S CIP Fund	800,000				
Sewer Line Rehabilitation; Phase 1-4 (2020 MP)	W&S CIP Fund		1,653,875	1,653,875	1,653,875	1,653,875
Flow Monitoring and I/I Study	W&S CIP Fund	240,000				
Lift Station #6 Rehabilitation	W&S CIP Fund		1,242,000			
Lift Station #1 Rehabilitation	W&S CIP Fund			690,000		
Downtown Rehab	W&S CIP Fund	1,000,000				
Chaparral Rd WW Improvements	2020 Bond	1,840,000				
Park Street Booster Pump Station	2020 Bond	931,040				
South Water Supply - 24 Inch Hwy 195 Waterline	2020 Bond		908,500	1,000,000	3,808,000	2,000,000
Hwy 195 Ground Storage Tank	2020 Bond		289,800	300,000	1,000,000	632,000
South Water Supply - Chaparral Elevated Storage Tank	2020 Bond	1,000,000	1,864,000	1,000,000		
South Water Supply - Chaparral Pump Station	2020 Bond	448,500	500,000	1,195,200	2,000,000	500,000

City of Killeen

Legislation Details

File #:	DS-20-051	**Version:**	1	**Name:**	Discussion Boards and Commissions
Type:	Discussion Items			**Status:**	Discussion Items
File created:	6/30/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	Discuss Boards and Commissions				
Sponsors:	City Attorney Department				
Indexes:					
Code sections:					
Attachments:	Presentation				

Date	Ver.	Action By	Action	Result

BOARDS AND COMMISSIONS

DS-20-051

July 7, 2020

Boards and Commissions

- Request for information on which boards and commissions have responsibilities to report to the City Council and when those reports occur.
- Presentation will cover boards and commissions with citizen appointments.

Animal Advisory Committee

- **Texas Health and Safety Code, Sec. 823.005. Advisory Committee.** (Chapter covers animal shelters)

(a) The governing body of a county or municipality in which an animal shelter is located shall appoint an advisory committee to assist in complying with the requirements of this chapter.

- **Sec. 6-34. Animal advisory committee.**

The animal advisory committee shall advise and make recommendations to the city council pertaining to animals and this chapter.

Arts Commission

- **Sec. 2-132. Hotel/Motel Tax Allocation.**

(e) The arts commission shall submit to the city council its recommendations for the allocation of funding for the arts under V.T.C.A., Tax Code ch. 351, as amended, regarding the use of municipal hotel occupancy tax revenue.

(f) Additionally, the arts commission shall make recommendations to the city council on long-range goals for the development of tourism and the convention and hotel industry through use of funding for the arts under V.T.C.A., Tax Code ch. 351.

Arts Commission (continued)

- **Sec. 2-133. Community encouragement of the arts and producing of activities.**

(b) The arts commission shall submit an annual advisory report to the city council prior to the council's budget consideration, recommending actions to be taken by the community and the city council to advance art and culture within the city.

Audit Committee

- Originally a committee of city councilmembers. In 2016, two citizen members were added.
- Duties to the City Council from committee charter:
  - Recommend to the City Council the selection of the external audit firm and approve any discharge of auditors when circumstances warrant.

Audit Committee (continued)

- Recommend to the City Council the approval of the independent auditor's reports.

- Ensure that the Audit Committee Charter accurately reflects the activities of the Committee and obtain approval from the City Council at least biennially.

Bell County Health District Board

- City appoints 2 members based on population
- 1994 Cooperative Agreement

4.9.3. Annual Report

Not later than December 31st of each year, the Health Board shall approve and send to the Members and Annual Report. The Annual report shall include a summary of the Health District's activities in the most recent fiscal year, a record of attendance, recommendations for changes in the operation of the Health District, the financial report and audit, and such other matters deemed appropriate by the Health Board.

Board of Adjustment – Construction

- The board primarily hears appeals and requests for variances from the orders of the Building Official.

- **Sec. 8-42. Advisory responsibility.**

The board shall submit to the city council such recommendations for the adoption of the construction codes as it may from time to time deem necessary and to establish the minimum requirements to safeguard the public health, safety and general welfare, and provide safety to life and property from fire and other hazards attributed to the built environment.

Community Development Advisory Committee

- Duties to the City Council from the Citizen Participation Plan:
  - Evaluate and recommend proposals from community organizations requesting funding and assistance;
  - Develop goals for housing assistance by type and location in the Consolidated Plan and making recommendations to the City Council.

Heritage Preservation Board

- **31-824. Powers of the HPB.**
  - D. To provide input to the city council towards safeguarding the heritage of the city through the protection of its historic resources, buildings, structures, objects, cultural resources or sites of significance;
  - F. To make recommendations to staff, the planning & zoning commission and the city council on designations, policies and ordinances that may encourage historic preservation;

Heritage Preservation Board (cont.)

- H. To provide input to staff, the planning & zoning commission , and the city council on matters concerning the overall development of the city's historic preservation program;
- I. To make recommendations to the city council on the development of, and to administer, all city-sponsored preservation incentive programs;
- P. Recommend to the city council the purchase of interests in property for purposes of preserving the city's cultural resources;

Heritage Preservation Board (cont.)

- Q. Investigate and report to the city council on the use of federal, state, local, or private funding sources and mechanisms available to promote the preservation of the city's cultural resources;
- R. Recommend to the planning and zoning commission and the city council changes to the code of ordinances to reinforce the purpose of historic preservation;
- T. To perform any other functions related to the mission of the board as requested by the city council.

Heritage Preservation Board (cont.)

- **Sec. 31-826**: the Heritage Preservation Officer is to provide "regular updates" to the City Council on board activities.

- **Sec. 31-827. Design Guidelines.**
  - From time to time, the HPB may recommend changes to the design guidelines to the city council, provided that no changes in the guidelines shall take effect until adopted by resolution of the city council.

Killeen Housing Authority

- **Texas Local Government Code, Sec. 392.062. Reports.**
  - (a) At least once a year, each housing authority shall file a report of its activities for the preceding year and make recommendations for additional legislation or other action it considers necessary to carry out the purposes of this chapter.
  - (b) A municipal housing authority shall file the report with the clerk of the municipality.

Planning and Zoning Commission

- **Texas Local Government Code, 211.007(a) Zoning Commission.**

To exercise the powers authorized by this subchapter, the governing body of a home-rule municipality shall appoint a zoning commission.

- City Council has requested quarterly updates from the Planning and Zoning Commission.

Recreation Services Advisory Board

- Created in April 2020
- Sec. 19-42. Establishment of Rec Services Board.
- The board shall, when tasked by the city council, act in an advisory capacity to the city council with advice and recommendations on policies, rules, programs and regulations relating to the administration of the public park and recreation facilities. The board shall provide advisory oversight of public playgrounds, athletic fields, walking trails, recreation centers/facilities, golf course, cemetery, trees and tree care and other facilities and activities on any of the properties owned or controlled by the city.

Senior Citizens Advisory Board

- Bylaws adopted most recently:
  - MISSION: To provide advice and assistance to the City Council regarding senior citizen services, activities, and opportunities that would serve to promote healthy aging, independence, well-being, and recreation of the senior citizens to keep them active and involved in the life of the community.

Senior Citizens Advisory Board (cont)

- Purpose and Functions
  - Section 3. To report annually, in writing, to the City Council concerning any issue deemed prudent, at the request of the City Council or at the initiative of the Board.

Tax Increment Reinvestment Zone #2

- Ordinance 08-089

  The Board of Directors shall make recommendations to the City Council concerning the administration of the Zone.

Youth Advisory Commission

- YAC Bylaws

Section 8. By May 31st of each year, the Commission shall submit to City Council a written report of its activities for the previous year and an annual plan of work for the ensuing year.

Others

- No Reporting Required
  - Bell County Appraisal District
  - Board of Adjustments – Aviation
  - Board of Adjustments – Fire
  - Board of Adjustments – Zoning
  - Civil Service Commission
  - Killeen Volunteers, Inc.
- Currently Dormant
  - Capital Improvement Advisory Committee
  - Killeen Sister Cities

City of Killeen

Legislation Details

File #:	DS-20-052	**Version:**	1	**Name:**	City Attorney on Pending or Anticipated Litigation
Type:	Discussion Items			**Status:**	Discussion Items
File created:	6/30/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	City Attorney Briefing on Pending or Anticipated Litigation				
Sponsors:	City Attorney Department				
Indexes:					
Code sections:					
Attachments:					

Date	Ver.	Action By	Action	Result

City of Killeen

Legislation Details

File #:	MN-20-014	**Version:**	1	**Name:**	Minutes of Regular City Council Meeting of June 23, 2020
Type:	Minutes			**Status:**	Minutes
File created:	6/23/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	Consider Minutes of Regular City Council Meeting of June 23, 2020.				
Sponsors:	City Secretary				
Indexes:					
Code sections:					
Attachments:	Minutes				

Date	Ver.	Action By	Action	Result

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City of Killeen
Regular City Council Meeting
Killeen City Hall
June 23, 2020 at 5:00 p.m.

Presiding: Mayor Jose Segarra

Attending: Mayor Pro Tem Jim Kilpatrick (via video conference), Councilmembers Butch Menking, Juan Rivera, Gregory Johnson, Shirley Fleming (via video conference), Debbie Nash-King (via video conference) and Steve Harris.

Also attending were City Manager Kent Cagle, City Attorney Traci Briggs, City Secretary Lucy Aldrich, and Sergeant-at-Arms Cole.

Councilmember Harris gave the invocation; and Mayor Pro Tem Kilpatrick led everyone in the Pledge of Allegiance.

Approval of Agenda

Motion was made by Mayor Pro Tem Kilpatrick to approve the agenda moving Agenda Items DS-20-047 and DS-20-048 to the end of the agenda following Agenda Item OR-20-013 . Motion was seconded by Councilmember Fleming. The motion carried unanimously.

Presentations

PR-20-005 COVID-19 Community Task Force Presentation
Ms. Angenet Wilkerson, a representative from the Bell County COVID-19 Community Task Force identified the members of the task force and their goal, which is to ensure there are no racial disparities associated with the number of cases and fatalities found among densely populated, predominately black communities within the Bell County area.

Citizens Petitions

CP-20-005 Jonathan Hildner - No Knock Warrants
Mr. Hldner spoke against the use of no knock warrants in the City.

CP-20-006 Jumeka Reed - Eliminating No Knock Warrants
Ms. Reed spoke against the use of no knock warrants in the City.

CP-20-007 Mary Gadson - No Knock Warrants
Ms. Gadson spoke against the use of no knock warrants in the City.

CP-20-008 Ken Wilkerson - No Knock Warrants
Mr. Wilkerson spoke against the use of no knock warrants in the City.

Citizen Comments

No citizens signed up to speak on agenda items.

Discussion Items

DS-20-045 Discuss and Consider Future City Council Meetings
Mayor Pro Tem Kilpatrick made a motion of direction to continue holding the council meetings every other week through the month of July. The motion of direction was seconded by Councilmember Rivera. Following further discussions, it was decided to vote on conducting two July meetings, one on July 7 and a second one on July 21. The motion to conduct meetings on July 7 and July 21 carried 6 to 1 with Councilmember Johnson in opposition.

DS-20-046 City Manager Updates (COVID 19 Update)
Staff Comments: Kent Cagle, City Manager
Mr. Cagle gave a current update on COVID 19 and its impact to the city.

THE NEXT TWO AGENDA ITEMS WERE MOVED TO FOLLOW THE LAST AGENDA ITEM (OR-20-013)

DS-20-047 Discuss the Potential Purchase, Sale, Lease or Value of Real Property

DS-20-048 Receive a briefing from the City Attorney regarding Pending or Contemplated Litigation

Councilmember Requests for Future Agenda Items

RQ-20-005 Future Agenda Item Requests:
Animal Shelter and Other Advisory Committees Who Are Designated to Report Directly to the City Council

Councilmember Harris made a motion of direction for the City Manager to bring back a briefing that identifies which committees appointed by City Council should be reporting recurring updates to City Council. The motion of direction was seconded by Mayor Pro Tem Kilpatrick. The motion carried unanimously.

Minutes

Motion was made by Councilmember Menking to approve the minutes of the June 9, 2020 Regular City Council Meeting. Motion was seconded by Councilmember Rivera. Motion carried unanimously.

Resolutions

RS-20-056 Consider a memorandum/resolution to recommend to the Employee Benefits Trust the selection of employee medical and dental insurance benefits effective October 1, 2020.
Staff Comments: Kate McDaniel, Assistant Director of Human Resources
The City currently has 927 employees participating in the City's medical plans and 1,157 employees participating in dental plans. The current providers for these coverages are United Healthcare and Lincoln respectively. Due to the current

benefit marketplace and the City's recent experience with high benefit utilization, the City sought renewal information for the coming fiscal year versus requesting bids from multiple vendors. The City will continue to contribute to employee medical and dental plan premiums. However, FY2021 will have varying medical contribution plans to better absorb increases for employees. Ms. McDaniel noted that following the posting of City Council packets, staff was notified of a change to the Medical Plan 1: HDHP. The supporting documents in the packet indicated the HDHP would not have any plan changes, however, due to IRS regulations, the HDHP current individual deductible cost would increase $100.00 and the family deductible cost would increase $200.00. An additional change to what was published in City Council packets includes the specialist co-pay for Plan 2 which will be changing from $35 to $75 not $35 to $50. No employee will have an increase of more than $17 per month for their medical premiums, no matter which plan is selected. The City will increase its monthly contribution towards the medical HSA for Plan 1 from $86.46 to $112.75 and the dental premiums from $22.98 to $24.70. All other ancillary products will renew without an increase to premiums unless age dictates an increase. City staff recommends that the City Council recommend to the Employee Benefits Trust to renew with United Healthcare for the employee medical plans with a premium increase of 9.6% and with Lincoln for employee dental plans with a premium increase of 7.5% for benefits effective October 1, 2020.

Motion was made by Councilmember Rivera to approve RS-20-056. Motion was seconded by Councilmember Menking. Motion carried 4 to 3 with Councilmember Johnson, Councilmember Fleming and Councilmember Nash-King in opposition.

Mayor Segarra recessed the meeting at 6:08 p.m. in order to conduct the Employee Benefits Trust meeting.

Mayor Segarra opened the Regular City Council meeting at 6:16 p.m. to continue with the remaining agenda items.

RS-20-057 Consider a memorandum/resolution authorizing Professional Services Agreements with Kimley-Horn and Associates, Inc. in the amount of $69,750 for the design of the Clear Creek Road and Bunny Trail Intersection Signalization and W. Elms Road and Tallwood Drive Intersection Signalization Projects.

Staff Comments: Danielle Singh, Executive Director of Public Works

The 5-Year Capital Improvement Program included two traffic signal projects in FY2020; SH-201/Clear Creek Road and Bunny Trail, and W. Elms Road and Tallwood Drive. Traffic studies indicate that signals are warranted at both of these intersections. Kimley-Horn and Associates, Inc. have been selected for design services based on experience and expertise. Funds are available in the FY2020 budget for both design and construction. City staff recommends that City Council authorize the City Manager or his designee to enter into professional service agreements with Kimley-Horn and Associates, Inc. in the total amount of $69,750 for the design and construction administration services of the Clear Creek Road

and Bunny Trail intersection signalization and the W. Elms Road and Tallwood Drive intersection signalization projects and to execute any and all changes within the amounts set by the State and local law.

Motion was made by Councilmember Johnson to approve RS-20-057. Motion was seconded by Councilmember Nash-King. Motion carried 5 to 2 with Mayor Pro Tem Kilpatrick and Councilmember Fleming in opposition.

RS-20-058 Consider a memorandum/resolution authorizing the purchase of Cisco Unified Communications Manager and Flex Support Plan in an amount not to exceed $126,535.

Staff Comments: Willie Resto, Executive Director of Information Technology

The City purchased its current phone system, Cisco Call Manager, in 2004, and performed the last software upgrade in 2015. The current system is nearing its end of life and will no longer be supported for security patches and upgrades or hardware replacements. The Cisco Enterprise Flex agreement provides support for hardware and software for the call manager for three years. The cost of the hardware equipment upgrade is $95,797.95 and is a one-time expense. The Flex Plan will cost $92,210.25, over a three-year period ($30,736.75 each year). The cost per fiscal year will be: FY20 - $126,534.70; FY21 - $30,736.75; and FY22 - $30,736.75. Staff recommends that the City Council authorize the City Manager to execute the Statement of Work for the purchase of Cisco Unified Communications Manager and the Software as a Service Agreement for the purchase of a Flex Support Plan from Netsync Network Solutions, and that the City Manager or designee be expressly authorized to execute any and all change orders within the amounts set by State and local law.

Motion was made by Councilmember Johnson to approve RS-20-058. Motion was seconded by Councilmember Nash-King. Motion carried unanimously.

RS-20-059 Consider a memorandum/resolution accepting the FY20 Coronavirus Emergency Supplemental Grant from the Department of Justice.

Staff Comments: Peter Perez, Emergency Management Coordinator

The Department of Justice (DOJ) has issued the Coronavirus Emergency Supplemental Funding (CESF) Grant in response to the Coronavirus-19 pandemic. Funds can be used for preventing, preparing for, and responding to the pandemic. The City of Killeen was 1 of 120 municipalities in Texas that received a direct allocation award. The total grant amount is $230,937 with no matching funds. The grant project budget includes police overtime, police social distance system, police P-100 masks & filters, Emergency Operations Center social distance system and traffic digital message boards. City staff recommends that City Council accept the grant and authorize the City Manager, or designee, to execute the necessary grant documents and all amendments within amounts set by the DOJ, State and local law.

Motion was made by Councilmember Nash-King to approve RS-20-059. Motion was seconded by Councilmember Fleming. Motion carried 6 to 1 with Councilmember Fleming in opposition.

RS-20-060 Consider a memorandum/resolution to renew the agreement with Belt Harris Pechacek, LLLP to provide auditing services for the fiscal year ending September 30, 2020.

Staff Comments: Jon Locke, Executive Director of Finance
The City Charter and the Financial Governance Policy requires City Council to designate a Certified Public Accountant to perform the City's annual audit. The City must change auditors no later than every five years. City Council awarded the auditing services agreement to Belt Harris Pechacek, LLLP on August 8, 2017, the initial agreement was for the audit of fiscal years 2017 and 2018, with the option to renew for three additional fiscal years. The estimated audit cost for FY20 is $143,140. The audit committee met on June 4, 2020 and voted to recommend to City Council the appointment of Belt Harris Pechacek, LLLP for the FY 2020 audit. City staff and the audit committee recommend that the City Council renew the agreement with Belt Harris Pechacek, LLLP to provide auditing services for the fiscal year ending September 30, 2020.

Motion was made by Councilmember Menking to approve RS-20-060. Motion was seconded by Councilmember Nash-King. Motion carried unanimously.

Ordinances

OR-20-012 Consider an ordinance authorizing the issuance of City of Killeen, Texas, Limited Tax Note, Series 2020 for Fire Department equipment.

The City Secretary read the caption of the ordinance.
ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF KILLEEN, TEXAS LIMITED TAX NOTE, SERIES 2020; PRESCRIBING THE FORM OF THE NOTE; LEVYING AN AD VALOREM TAX TO PAY THE NOTE; AWARDING THE SALE THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO.

Staff Comments: Jon Locke, Executive Director of Finance
City Council discussed the issuance of limited tax notes during their June 9, 2020 Regular City Council meeting. This ordinance is for the issuance of a limited tax note to purchase fire replacement vehicles and associated equipment. The Fire Department has 15 large vehicles and 8 of these vehicles are past their scheduled replacement date. The tax note will purchase 5 of the 8 vehicles that are behind schedule. The Texas Government Code, Chapter 1431, and the City's Financial Governance Policy authorize the issuance of tax notes. Banks received a term sheet with details of the $4.9 million purchase of fire equipment. Seven (7) bids were submitted. Upon review of the bids, JP Morgan Chase has been identified as the winning bid providing the best rate at 1.27%. The tax note will be paid over seven years at approximately $735,000 annually. The payments will be made from the accumulated fund balance in the Debt Service Fund. There is no change to the tax rate from issuance of this tax note. City staff recommends that City Council approve the ordinance authorizing the issuance of Limited Tax Note, Series 2020.

Motion was made by Councilmember Nash-King to approve OR-20-012. Motion was seconded by Councilmember Rivera. Motion carried unanimously.

OR-20-013 Consider an ordinance approving a written service agreement and the annexation of approximately 5.811 acres of land lying contiguous to the existing city limits along the north right-of-way of Chaparral Road, and approximately 310' east of the Heritage Oaks subdivision, Killeen, Texas.

The City Secretary read the caption of the ordinance.
AN ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF KILLEEN, BELL COUNTY, TEXAS, TO INCLUDE A 5.811 ACRES TRACT OF LAND LYING ADJACENT TO THE PRESENT CITY LIMITS AND MORE ACCURATELY DESCRIBED HEREIN; DECLARING SAID LAND TO BE A PART OF SAID CITY; DECLARING SAID LAND AND ITS INHABITANTS AND ANY FUTURE INHABITANTS OF SAID LAND TO BE ENTITLED TO ALL THE RIGHTS AND PRIVILEGES OF OTHER LANDS AND CITIZENS OF THE CITY AND TO BE BOUND BY THE ACTS AND ORDINANCES OF THE CITY; EXTENDING DISTRICT BOUNDARIES; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING FOR THE REPEAL OF CONFLICTING PROVISIONS; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR PUBLICATION AND EFFECTIVE DATE.

Staff Comments: Tony McIlwain, Executive Director of Planning
During the April 28, 2020, City Council meeting, the City Council directed the City Manager to negotiate and execute a written service agreement for the provisions of municipal services in the area identified in the voluntary annexation petition received from Gary Purser, Jr. This area is 5.811 acres of land lying contiguous to the existing city limits, along the north right-of-way of Chaparral Road, approximately 310' east of Heritage Oaks Subdivision. In accordance with Local Government Code 43.0672, the agreement has been executed and includes: a list of each service the city will provide on the effective date of the annexation; and a schedule that includes the period within which the city will provide each service that is not provided on the effective date of the annexation. Additionally, all public notice requirements have been met. City staff recommends that the City Council approve the written service agreement and the annexation ordinance.

Motion was made by Councilmember Johnson to approve OR-20-013. Motion was seconded by Councilmember Menking. Motion carried 6 to 1 with Councilmember Fleming in opposition.

DS-20-047 Discuss the Potential Purchase, Sale, Lease or Value of Real Property
DS-20-048 City Attorney Briefing on Pending or Anticipated Litigation

DS-20-047 and DS-20-048 are Executive Session items and will be discussed in a closed meeting.

At 7:35 p.m., Mayor Segarra called for City Council to recess the meeting to Executive Session.

At 8:22 p.m., Mayor Segarra reconvened the City Council meeting.

Adjournment

With no further business, upon motion being made by Councilmember Rivera, seconded by Councilmember Harris, and unanimously approved, the meeting was adjourned at 8:22 p.m.

City of Killeen

Legislation Details

File #:	RS-20-061	**Version:**	1	**Name:**	Receive & Provide Overview of FY 21 Budget & Set Public Hearing Date
Type:	Resolution			**Status:**	Resolutions
File created:	6/23/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	

Title: A. Receive and Provide Overview of Fiscal Year 2021 Proposed Annual Budget and Plan of Municipal Services.

B. Set the Date of August 4, 2020, to Hold a Public Hearing on the Fiscal Year 2021 Annual Budget and Plan of Municipal Services.

Sponsors: City Manager Department, Finance Department

Indexes: Budget

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result

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City of Killeen

Legislation Details

File #:	RS-20-062	**Version:**	1	**Name:**	Self-Funding Consultant Contract - Lockton
Type:	Resolution			**Status:**	Resolutions
File created:	6/11/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	Consider a memorandum/resolution approving the selection of Lockton Dunning Benefits as the City's consultant for the transition from fully insured to self-funded employee health care with total expense not to exceed $13,571 for FY20 and $81,429 for FY21.				
Sponsors:	Human Resources Department				
Indexes:					
Code sections:					
Attachments:	Staff Report Agreement Presentation				

Date	Ver.	Action By	Action	Result

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STAFF REPORT

DATE: **July 7, 2020**

TO: **Kent Cagle, City Manager**

FROM: **Eva Bark, Executive Director of Human Resources**

SUBJECT: **PROFESSIONAL SERVICES AGREEMENT WITH LOCKTON DUNNING BENEFITS FOR SELF-FUNDING CONSULTING SERVICES**

BACKGROUND AND FINDINGS:

The City of Killeen would like to transition to a self-funded employee health insurance platform. To best accomplish this, the City of Killeen is seeking a consultant who can assist with an effective and successful transition.

City staff has utilized the RFQ process to identify the firm with whom to partner. This RFQ was designed to select a qualified, innovative self-funding consultant who has a proven track record of providing effective services in transitioning public employers to the self-funded health insurance platform.

Purchasing staff distributed the RFQ to interested entities, posted the RFQ on the City website, DemandStar, and the State of Texas ESBD (Electronic State Business Daily), and advertised in the Killeen Daily Herald. Six (6) entities submitted proposals: BKCW Insurance, McGriff, HUB International, Gallagher Benefits Services Inc., Holmes Murphy, and Lockton Dunning Benefits. As part of the RFQ process, entities were asked to describe their scope of services related to self-funded insurance, self-funding transition consulting, and their experience working with public sector entities.

A group of City of Killeen staff from the Finance and Human Resources Departments utilized the following criteria to evaluate proposals submitted by these six entities:

Qualifications/Experience (40%)
Methodology to Achieve End Result (40%)
Completeness of Proposal (20%)

After a thorough analysis of the proposals received, it is recommended that the City Council authorize the City of Manager to enter into an agreement with Lockton Dunning Benefits to serve as the self-funding benefit consultant to assist the City in transitioning to self-funded health insurance.

THE ALTERNATIVES CONSIDERED:

Alternatives considered: (1) keep the current health care consultant to assist with the transition to self-funding; (2) consider Lockton Dunning Benefits to provide self-fund consulting services for the City of Killeen.

Which alternative is recommended? Why?

Staff recommends alternative 2. The City will be separating services with its current health care consultant at the end of the current fiscal year.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

Funding for these services are available in account 010-2305-418.47-01 $13,571 for FY20 and $81,429 for FY21.

What is the amount of the expenditure in the current fiscal year? For future years?

$13,571 for FY20 and $81,429 for FY21

Is this a one-time or recurring expenditure?

One-time

Is this expenditure budgeted?

Yes

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes, upon approval of the FY 2021 Budget.

RECOMMENDATION:

It is recommended that City Council approve the selection of Lockton Dunning Benefits as the provider for self-funding consultant services, effective August 1, 2020, with total expense not to exceed $13,571 for FY20 and $81,429 for FY21, and authorize the City Manager to execute any and all necessary change orders in accordance with state and local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Certificate of Interested Parties

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

C.B.

BY: _____ **DATE:** _____

ADDENDUM A
SCOPE OF SERVICES

Services	Frequency	Included
Client Onboarding		
❖ Data collection ❖ Develop client-specific service calendar	At Engagement	X
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: ➤ 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 ➤ 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 *Includes Medical, RX, Dental, Vision, Life/AD&D and Disability*	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

❖ 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®

❖ Highly technical centralized data warehouse tool that provides decision support for self-funded employers: ➤ 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
❖ Combines technology with consulting expertise to monitor, report, control costs, and design benefit programs and initiatives ➤ Standard and custom outputs, including: ✧ 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

❖ Medical Director and staff to support client with the management of their benefit program: ➤ 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

❖ 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 ➢ 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	Ongoing	X
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: ➢ 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: ➢ 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): ➢ 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 ❖ 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 ❖ 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 ❖ 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 ➤ Life/DI/Leave Design Benchmarking ➤ Administration Opportunity Assessment	Ongoing and As Necessary	X
❖ 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 ➤ Absence Program Operating Model Design ➤ Retrospective Claim Audits ➤ SaaS-based Technology Selection ➤ Future State Visioning / Strategic Roadmap ➤ Custom Benchmarking	Optional	

ADDENDUM B
SCOPE OF SERVICES

Services	Frequency	Included
Renewal, Marketing and Vendor Selection		
❖ Request and coordinate renewal activities with all vendors: ❖ Medical ❖ Prescription Drug ❖ Dental ❖ Vision ❖ Life and AD&D ❖ Absence and Disability ❖ Other Ancillary Lines (as applicable)	Annually	X
❖ Quantify financial impact of renewal and negotiate any variance between renewal and client's budget projections	Annually	X
❖ Market benefit programs to mutually agreed upon vendors: ➢ 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
❖ Prepare and present a detailed marketing and renewal report which would include: ➢ 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
❖ Negotiate client: ➢ Rate Guarantees ➢ Performance Guarantees ➢ Implementation Allowance	Annually	X
Connected Benefits Solutions (Voluntary Benefits)		
❖ Evaluation and recommendation of Voluntary Benefits ➢ 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**

SELECTION OF BENEFITS CONSULTANT RFQ 20-13

RS-20-062

July 7, 2020

Background

- The City currently has a fully-insured health insurance platform.
- Our goal is to transition to a self-funded employee insurance platform.
- This selection process was an effort to select a qualified, innovative benefits consultant, with effective and reputable services, who specializes in providing effective strategies to transition to a self-funded insurance platform.

Benefits of Self-Funding

- Allows the City to customize our healthcare plan to meet the specific health care needs of our workforce, as opposed to purchasing a “boxed” healthcare plan.
- The City maintains control over the health plan reserves.
- The City will not have to pre-pay for coverage/premiums, thereby providing for improved cash flow.
- Self Funded Plans are not subject to state health insurance premium taxes, which are generally 2-6 percent of the premium's dollar value.

Proposal Process

- Proposals solicited to find best benefits consultant.
  - Six (6) proposals were received in response.
- Review committee composed of personnel from Human Resources and Finance departments.
- Scored based on criteria including:
  - Qualifications/Experience (40%)
  - Methodology to Achieve End Result (40%)
  - Completeness of Proposal (20%)

Proposal Process

- Narrowed the list to three finalists who scored similarly based on evaluation results.
- Interviewed the top finalists.
- Chose the entity who best met the needs of the City based on their qualifications and experience.

Financial Impact

- The financial impact is a total of $95,000
  - In FY20 a total of $13,571
  - In FY21 a total of $81,429

Alternatives Considered

- Keep the current benefits consultant to assist with the transition of self-funding.
- Consider selection of another benefits consultant to provide self-funding consulting services.

Recommendation

- Staff recommends City Council award the proposal to Lockton Dunning Benefits, benefits consultant, who specializes in providing effective strategies to transition to a self-funded insurance platform, effective August 1, 2020.

City of Killeen

Legislation Details

File #:	RS-20-063	**Version:**	1	**Name:**	WEB Benefits Design
Type:	Resolution			**Status:**	Resolutions
File created:	6/24/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	Consider a memorandum/resolution authorizing Web Benefits Design to provide employee benefits administration in an amount not to exceed a total of $61,450.				
Sponsors:	Human Resources Department				
Indexes:					
Code sections:					
Attachments:	Staff Report Agreement Presentation				

Date	Ver.	Action By	Action	Result

STAFF REPORT

DATE: **July 7, 2020**

TO: **Kent Cagle, City Manager**

FROM: **Eva Bark, Executive Director of Human Resources**

SUBJECT: **PROFESSIONAL SERVICES AGREEMENT WITH WEB BENEFITS DESIGN FOR THE ADMINISTRATION OF EMPLOYEE BENEFITS ONLINE ENROLLMENT AND COBRA**

BACKGROUND AND FINDINGS:

Since July 2014, the City of Killeen has worked with Web Benefits Design for the administration of employee benefits online enrollment and COBRA. In 2016, the City of Killeen added a service offered by Web Benefits Design for the administration of the Affordable Care Act and Compliance (ACA) Services of 1094-C and 1095-C Forms. Web Benefits Design currently stores the City employees' benefit elections and COBRA administration, and has access to information needed to administer the filing of Form 1094-C and 1095-C.

In November 2019, the City entered into an agreement with Web Benefit Design to provide ACA services in the amount of $13,252. The estimated cost of the agreement to provide employee benefits online enrollment and COBRA is $48,198. Maintaining administration of employee benefits online enrollment, COBRA administration, and ACA reporting with Web Benefit Designs must have council approval as the cost of the combined services is estimated to be $61,450.

THE ALTERNATIVES CONSIDERED:

Alternatives considered:

(1) To not consider Web Benefits Design to provide employee benefits administration.

(2) To consider Web Benefits Design to provide employee benefits administration.

Which alternative is recommended? Why?

Staff recommends the second alternative, to consider Web Benefits Design to provide employee benefits administration that includes ACA reporting, employee benefits online enrollment and COBRA administration because an online enrollment service is more effective than processing enrollment manually.

CONFORMITY TO CITY POLICY:

Yes.

FINANCIAL IMPACT:

Funding for this service is budgeted in the Human Resources budget and the financial impact is as follows: FY 20: $22,035 and FY21: $39,415.

What is the amount of the expenditure in the current fiscal year? For future years?

FY 20: $22,035
FY 21: $39,415

Is this a one-time or recurring expenditure?

Reoccurs annually.

Is this expenditure budgeted?

Yes.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes, in account 010-2305-418.4701.

RECOMMENDATION:

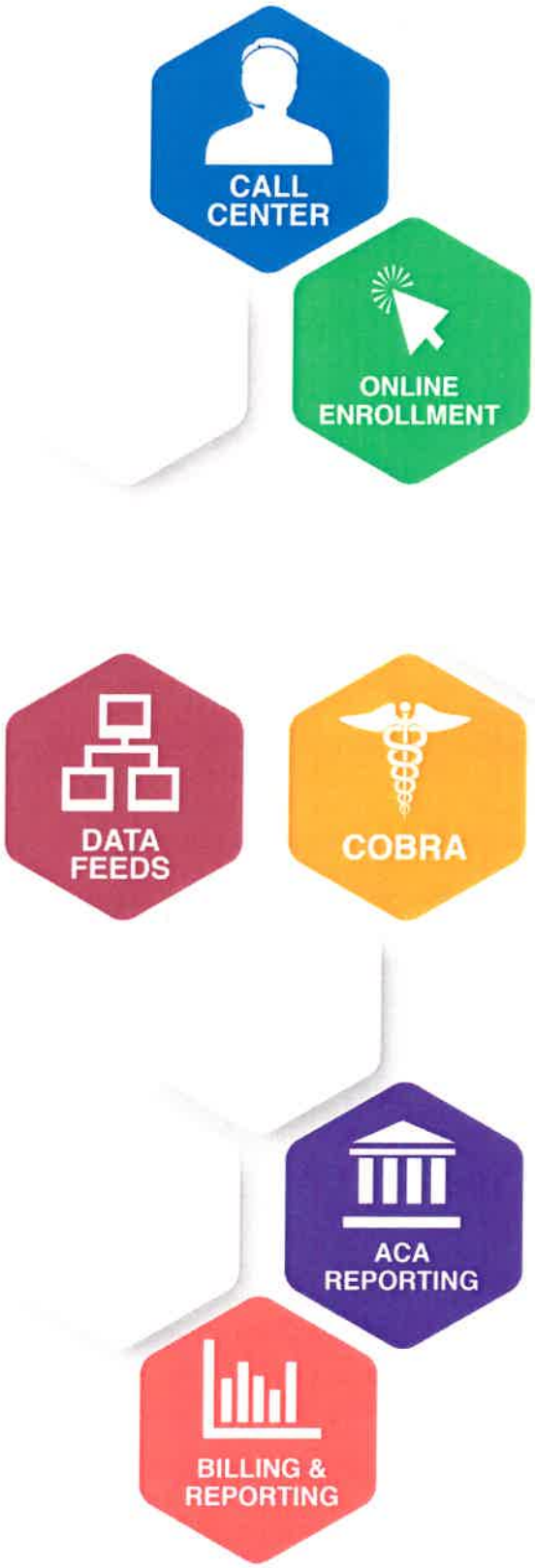
That City Council authorize Web Benefits Design to provide employee benefits administration in an amount not to exceed $61,450, and that the City Manager or designee be authorized to execute any change orders as permitted by state and local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Certificate of Interested Parties



RENEWAL CONTRACT AND SERVICE AGREEMENT

CITY OF KILLEEN

TECHNOLOGY & ADMINISTRATION CONTRACT FOR SERVICES

WELCOME TO WEB BENEFITS DESIGN

Thank you very much for allowing Web Benefits Design to deliver technology, communications and administrative services. We look forward to a mutually beneficial business relationship that will facilitate growth, progress, increased efficiencies and creative, cost-savings solutions for your benefits and human resources teams.

WBD Contact Information		General Contract Information	
Prepared by	Adam Jones	Contract Generation Date	6/25/2020
Title	Client Relationship Manager	Contract Effective Date	8/1/2020
Email	Adam.Jones@WBDCorp.com	Contract Duration	12
Phone	(407) 757-1510	Contract Termination	7/31/2021
Street Address	Web Benefits Design Corporation 4725 West Sand Lake Road Suite 300 Orlando, FL 32819	Contract Offer Expiration Date (30 days)	7/25/2020
		Carrier Subsidy Eligibility Date	In Effect

Client Contacts	Employer Information	Consultant Information
Company Name	City of Killeen	Gallagher Benefit Services, Inc. (Sugar Land)
Street Address	101 North College Street	2245 Texas Drive, Suite 140
City State Zip	Killeen, TX 76541	Sugar Land , TX 77479
Website	www.killeentexas.gov/	
Primary Contact	Eva Bark	Burke Sunday
Contact Title	Exec Director of Human Resources	Account Manager
Email	Ebark@killeentexas.gov	Burke_Sunday@ajg.com
Phone	(254) 501-7834	(281) 295-3013

This Contract incorporates all of the following:

Page 1: Technology & Administration Contract for Services
Page 2 - Statement of Confidentiality and Non-Disclosure
Page 3 - Terms of Success
Page 4 - Implementation, Renewal or Project Set Up Costs (One-Time payments)
Page 5 - Recurring Monthly Costs
Page 6 - Billing and Payment Information & Authorization
Pages 7 to 12 - Terms and Conditions
Page 13 - Contract Signature and Authorization
Pages 14 to 16 - Addendum 1 - COBRA Services
Page 17 - Addendum 2 - Carrier Subsidy Discounts
Page 18 - Addendum 3 - Carrier Contract for Employer Subsidy Discount
Page 19 – Addendum 4 – Carrier Contract for Employer Subsidy Discount
Pages 20 to 23 - Addendum 5 - Detailed Description of Web Benefits Design Services

STATEMENT OF CONFIDENTIALITY AND NON-DISCLOSURE

This document contains proprietary and confidential information of Web Benefits Design Corporation, hereinafter referred to as WBD. Confidential information includes the following:

- Technical and business information relating to WBD's proprietary ideas, patentable ideas, copyrights and/or trade secrets, existing and/or contemplated products and services, software, schematics, research and development, production, costs and pricing, profit and margin information, finances and financial projections, customers, clients, marketing, and current or future business plans and models, regardless of whether such information is designated as "Confidential Information" at the time of its disclosure.
- Technology demonstrations throughout the sales and implementation process including WBD's customized benefits websites, online enrollment system, benefits administration system, COBRA administration, customized reports, communications exchange, ACA capabilities and administrative tools.
- Written correspondence including emails, proposals, addendums, screen shots and/or hard copy communications providing information on our proprietary WBD systems and processes.
- All proposals, Contracts and renewal Contracts containing WBD proprietary and client-specific pricing, methodology, technology, processes and administrative solutions as it pertains to all services and proposed services for clients and prospective clients.

By receipt of this document, intended recipient has a duty to protect WBD's confidential and/or sensitive information in good faith. In turn, the WBD team agrees to maintain 100% confidentiality of all client-specific information obtained throughout the duration of our business relationship.

Terms of Success

To make the implementation, ongoing service and renewal process successful, we will need the full cooperation of all parties involved to complete the projects and tasks as quickly and accurately as possible. While your WBD team will diligently manage the project, and take care of every aspect of implementation and ongoing support as possible, we **highly recommend weekly calls** and/or progress checks to ensure that all parties are communicating effectively. It is important to note the following:

Complete Information and Sufficient Lead Time

- Client is responsible for completing the implementation and renewal worksheet.
- Census data must be received as per WBD client-specific data format.
- At renewal, additional fees may apply in the event there are plan, rate and/or carrier changes.
- For initial system launch, we recommend 6-8 weeks lead time to guarantee success.
- For renewal system configuration, we recommend 3 weeks lead time to guarantee success. If we are not given 3 weeks lead time for renewal, additional rush fees may apply.
- If WBD is loading current benefit elections or data from multiple sources, additional lead time may be required to guarantee accuracy and success.

Client System Testing Required

- It is the responsibility of the employer to test the system prior to initial launch as well as prior to opening the system during each subsequent renewal period.
- An executed final authorization form will be required before system or changes can be launched.

WBD Support Hours

- WBD team support hours are Monday - Friday 9 AM to 6 PM EST.
- Employee benefits hotline hours are Monday - Friday 9 AM to 6 PM EST.

Data Feeds

- Carrier feed sign-off forms must be approved and signed prior to WBD creating any carrier or payroll feed.
- Data feeds to carriers and payroll systems are processed weekly.
- If client adds new carrier, EDI set up fees will apply.
- Changes made after data feed sign off and after plan configuration sign off are charged at our custom programming rate of $100 per hour.

Changes After Initial Implementation and System Launch

- Changes and updates to Benefits Website will be assessed based on complexity and programming resources. Fees range from $9 to $99 per change or set of changes depending on the complexity and time resources involved to process.
- If employee benefit plans change or if employer requests modifications to the system, set up or other fees may apply to new plans added or changed.
- If benefits, rates, employee classifications and/or benefit configuration changes occurs, additional set up and program reconfiguration fees may apply.

Implementation, Renewal or Project Set Up Costs (One-Time payments)

1 Time Set Up Costs	Costs
$500 Per Case *	
Case 1:	-
Case 2:	-
Case 3:	-
Case 4:	-
Case 5:	-
$750 Per Carrier Feed	
Feed 1:	-
Feed 2:	-
Feed 3:	-
Feed 4:	-
Feed 5:	-
Feed 6:	-
Feed 7:	-
Feed 8:	-
All Miscellaneous Service Fees **	
Website Build Cost	-
Payroll Feed	-
Data Conversion Fee	-
ACA Set-Up Fee	-
ACA Historical Data Load	-
FMLA File Feed	-
COBRA Conversion & Set Up Fee	-
Single Sign On (SSO) Integration	-
Total 1X Set Up Costs	**N/A**

Annual Renewal Costs	Renewal Costs
Website Renewal Fee	$100.00
Ben-Admin System Reconfiguration Fee	$500.00
ACA Renewal Fee	N/A
COBRA Renewal Fee	$300.00
Total Renewal Costs	**$900.00**

Renewal fees are charged on an annual basis to support any change in benefit offerings from one plan year to the next. Renewal fees will ONLY apply when there are changes to benefit offerings, carrier changes, deduction changes or any other modification to your system.

** "Case" is defined as an employee classification that requires different programming of rates, benefits, eligibility rules, waiting periods, termination dates or other business rules.*

***All census and employee election data is required in the WBD format. In the event that you are **not able** to provide the data in our preferred format, additional fees may apply (refer to page 3 for more information). WBD will help manage and merge up to two files at no charge. Any fees not outlined in your Contract will be discussed prior to performing the data merge. If you are able to provide your data in our exact file specifications, we will credit back your data conversion fee (excludes clean slate enrollment files).*

Recurring Monthly Costs

Employee Demographics	Benefit Eligible EE's	Non-Eligible EE's	Total Employees
Employee Counts	1264	-	1264

Core Services	PEPM Cost
Benefit Admin: Benefits Eligible EE's	$3.00
Benefit Admin: Non-Benefits Eligible EE's	-
Is there an expected carrier subsidy? If yes, see subsidy terms & conditions on the following page.	Yes
Monthly Website Fee (Flat monthly fee)	$200.00
COBRA Administration	$0.75
ACA 1094C & 1095C Reporting	Service Declined
Optional Signature Services	**PEPM Cost**
Call Center / Employee Benefits Hotline (Year-round)	Service Declined
ACA Variable Hours Tracking (VHT)	Service Declined
Discrepancy Report Management	Service Declined
Evidence of Insurability Management (EOI)	Service Declined
Eligibility File Management	Service Declined
Qualifying Event Management	Service Declined
New Hire Management	Service Declined
Dependent Age Management	Service Declined
Dependent Documentation Management	Service Declined
Consolidated Billing and Reconciliation	Service Declined
Customized Billing and On-Call Report Analyst	Service Declined
Medical Waiver / Proof of Other Coverage Management	Service Declined
Beneficiary Management	Service Declined
Annual Domestic Partner Verification	Service Declined
Mailing & Fulfillment of Printed Communications (per unit)	Service Declined
Call Center for Open Enrollment ($2,000 per week)	Service Declined

Total Recurring Monthly Pricing	# EE's *	PEPM Cost
Benefits Eligible Employees	1264	$3.75
Non-Benefits Eligible Employees		-
Sub-Total PEPM		$3.75
Monthly Website Cost		$200.00
Total Recurring Monthly Costs		$4,940.00

This Contract pricing is based on the **"benefit-eligible" and **"non-benefit eligible"** employee counts listed above. Your minimum monthly bill will be determined by the initial employee census count loaded into the system. We reserve the right to alter your pricing if the actual census load is 10% lower than your employee counts listed above. You will be responsible for the minimum billing amount based on the initial census load for the duration of the Contract. You will be charged for the greater of 1) your actual system employee count each month or 2) the employee counts listed above*

Billing and Payment Information & Authorization

Billable Services	Employer Responsibility	Carrier Responsibility
Description	Annual Renewal Fee, Website, Online Enrollment, COBRA	Online Enrollment
One-Time Setup Costs	$900.00	No Subsidy
Ongoing Monthly PEPM	$2.96	$0.79
Monthly Website Fee	$200.00	No Subsidy
Recurring Monthly Fee	$3,741.44 4.5	$998.56 4.5
Notes	N/A	Guardian Subsidy: $0.14 Lincoln Subsidy: $0.65

- The recurring monthly fee is based on benefit-eligible employee count unless noted otherwise.
- If the employer terminates 1 or more of the carrier lines of coverage that is subsidizing this Contract or, if the carrier discontinues payment or does not pay the full subsidy amounts listed above to WBD, the employer/client is financially responsible for the carrier subsidy outstanding balance and all remaining subsidy payments for the duration of the Contract.
- In some cases, due to administrative delays, subsidy payments to Web Benefits Design can be delayed as much as 6 months or more. To make sure all parties are aware of all financial obligations, Web Benefits Design may include all fees (regardless of the responsible party) on employer /client invoices so all parties are aware of any outstanding subsidy payment balances. Subsidy payments will be applied to outstanding invoices as they are received.

Billing & Payment	Employer
Company Name	City of Killeen
Street Address	101 North College Street
City State Zip	Killeen, TX 76541
Primary Billing & Payment Contact	Eva Bark
Contact Title	Exec Director of Human Resources
Email	Ebark@killeentexas.gov
Phone	(254) 501-7834

COBRA Reimbursement - For clients using WBD COBRA services, please indicate to whom reimbursement should be sent.	
Company Name	City of Killeen
Street Address	101 North College Street
City State Zip	Killeen, TX 76541
Contact Name	Eva Bark
Email	Ebark@killeentexas.gov
Phone	(254) 501-7834

TERMS AND CONDITIONS

1. PERMITTED USE

Under this Terms and Use Contract (herein referred to as "Contract"), Web Benefits Design Corporation, (herein referred to as 'WBD'), agrees to provide an Employee Benefits Internet Service Application (herein referred to as 'EBISA') hosted by WBD, and set up a private employee benefits information system for the exclusive use by the employer (herein referred to as 'Client').

The EBISA is to be used only by the Client and users authorized by the Client. The Client will have the ability to assign user logins and passwords to selected individuals. The Client will have full control over who is authorized to access/use this EBISA. All use of the EBISA is provided via the Internet through a standard Internet browser and/or email client. To use the EBISA, the Client and Client authorized users (herein referred to as 'Users') are responsible, at their own expense, to acquire access to the Internet and to provide all equipment and software needed.

2. CLIENT RESPONSIBILITIES AND WARRANTY

By entering data (herein referred to as 'Data') into the employee benefits information system, the Client warrants that: (1) the Client is authorized to submit the Data to the EBISA; and, (2) the storage of such Data by WBD and its affiliates will neither infringe on nor misappropriate the property rights of or otherwise violate the rights of any third party.

3. CLIENT PROPRIETARY DATA RIGHTS

The Data submitted to the EBISA is for the exclusive use of the Client. WBD agrees not to use, distribute or disclose any of the data maintained because of the Client using this EBISA. The Client agrees to evaluate and bear all risks associated with the use of any Data, including any reliance on the accuracy and usefulness of such data.

4. WBD ACCOUNT INFORMATION AND DATA

WBD does not own or have any rights to any Data that the Client submits because of using this EBISA. WBD will not monitor, edit, or disclose any information regarding the Client or Client's database without the Client's express written permission except in accordance with this Contract or as may be required by law. WBD may access the Client database to respond to service or technical problems when requested to do so by the Client.

5. WBD PROPRIETARY RIGHTS

The Client acknowledges and agrees that the EBISA contains proprietary and confidential methods and information that is protected by applicable intellectual property and other laws, and agrees not to disclose such information to any third party without WBD's prior permission. The Client agrees not to copy, sell, rent, license or to redistribute any portion of the EBISA, use of the EBISA, or access to the EBISA to any individual or group. Standard WBD website Terms and Conditions for unauthorized use and access penalties apply to this EBISA.

6. AVAILABILITY OF EBISA

WBD will make commercially reasonable efforts to ensure that the quality of the service we provide is of at least prevailing industry standards, and that access to the EBISA is available 24 hours a day, 7 days a week. However, although WBD will use all reasonable efforts in good faith to avoid interruption of the EBISA, the Client acknowledges and agrees that access to the EBISA may be unavailable from time to time for any reason, including without limitation, interruption of major network connectivity, network and server outages, and backup and regular maintenance by WBD and any operators of our servers.

7. CLIENT ASSIGNED ADMINISTRATOR(S)

The Client will select one or more WBD primary Administrators to manage the Client's use of the EBISA, to authorize users to access the EBISA, to access employee data records, and to serve as the primary technical interface with WBD Client Service Representatives.

8. CLIENT SUPPORT SERVICES

WBD will provide quality technical support to the Client. WBD's Client Support Representatives will be available to assist Clients Monday through Friday from 9:00 a.m. - 6:00 p.m., Eastern Standard Time.

9. USER CONDUCT

The Client agrees not to use the EBISA or information from the EBISA to (a) transmit any material that may infringe the intellectual property rights or other proprietary rights of third parties, including trademark, copyright or right of publicity; (b) interfere with or disrupt the integrity of any data or computer-based information or any servers or networks connected to the EBISA or violate the regulations, policies or procedures of such networks; (c) attempt to gain unauthorized access to the EBISA, other accounts, computer systems or networks connected to the EBISA, through password mining or any other means.

10. EMPLOYEE INFORMATION CONFIDENTIALITY

WBD follows and agrees to continue to follow as set forth herein policies and procedures to protect the confidentiality of member information. It is important to note that all records containing confidential medical and insurance data are handled and discarded in a way that is designed to protect the privacy and security of the information. Web Benefits Design respects the need for security regarding your personal information. Whenever you provide personal information, your information will be protected using Secure Sockets Layer (SSL) technology. SSL is an industry standard that encrypts the information you provide, to avoid the decoding of that information by anyone other than Web Benefits Design. Information you submit directly to us will remain on our servers, secured by various industry approved technologies to prevent unauthorized access to your personal information.

11. INFORMATION SECURITY, INTEGRITY AND RELIABILITY DISCLOSURE

Web Benefits Design uses and agrees to continue to use as set forth herein multi-layered security architecture to prevent unauthorized access to the building and data center. Formal security measures are in place to protect access to WBD systems and the corporate network. Users of networks and applications are provided a unique use name, and the use of a password is required for both network and application access. WBD employs a firewall, which control and limits access to the internal network. Logical access to the firewall is limited to authorized system administrators. All network access to WBD internal network is restricted to only specific ports that are necessary for application usage. Outbound access is also managed via the firewall. All Client data is stored behind the firewall on protected network segments.

WBD uses a multi-tiered approach for information Back-up and Recovery. Full server backups occur weekly with differential backups occurring nightly between each weekly backup session. Full backups of critical databases containing client data are executed on a nightly basis. Database transaction logs are backed up hourly to facilitate targeted rollback in the event of processing or database errors.

WBD uses both host based and centralized detection for protection against malware and unauthorized software action or activity. Updates are acquired nightly and are distributed across the network with no interaction from our end users. Authorized personnel monitor potential virus outbreaks and have monitoring software in place to accommodate any virus or security threat. WBD employs regular desktop operating systems updates and security patches at regular intervals to ensure all systems are protected.

12. SERVICE FEES

The Client agrees to pay all applicable fees as specified in the Client's signed Service Contract. Fees are invoiced on the first of the month for that month's services. Service fees are owed and paid monthly for the entire duration of the Contract. Billing commences on the effective date of the Contract. All service fees are prorated for a minimum of a 12-month period and are invoiced for the Contract period regardless of the system activation date. Set up and 1 time fees are invoiced in the first month of the Contract effective date. If the EBISA is terminated earlier than the Contract expiration date, the balance of the remaining Contract is due and payable upon termination. WBD reserves the right to suspend the EBISA of Clients who fail to make timely payments for their customized EBISA. Late fees may apply to accounts in arrears. Payments will be considered past due if not received within thirty (30) days from the invoice date.

As a courtesy to clients, WBD will invoice multiple parties on your behalf, however, in the event that any subsidizing partner identified on this Contract discontinues payment to WBD or does not pay the full subsidy amounts listed

above to WBD, the employer/client is financially responsible for the subsidy outstanding balance and all remaining subsidy payments for the duration of the Contract.

To make sure all parties are aware of all financial obligations, Web Benefits Design may include all fees (regardless of the responsible subsidizing party) on employer /client invoices so all parties are aware of any outstanding subsidy payment balances. Subsidy payments will be applied to outstanding invoices as they are received.

In the event that the Contract is in default for non-payment, non-standard default activities may be required (data storage, data conversion and secure distribution, early termination activities, or other activities resulting from non-payment) additional early termination fees may apply.

13. AUTO-RENEWAL / TERMINATION OF EBISA

The Contract and invoicing will remain in place unless WBD is notified by Client to terminate the EBISA within the termination guidelines. Unless terminated for cause pursuant to Section 14 of this Contract, this Contract will continue for the duration of the term as set forth in the Contract.

The Term of Service shall continue on an annual basis by auto-renewing a new 12-month Contract period beginning on the Contract end date unless written notification of intent to terminate the 12-month renewal period is given by either party 90 days prior to the end of the Contract period. Contract will not auto-renew in the event of a pricing change. Contract renewal pricing is subject to change at each subsequent 12-month renewal period after the initial Contract period expires. You will be notified of any price change prior to the renewal period start date and 90 days prior to the end of the Contract period. If the auto-renewal provision is exercised, the renewal pricing will be the same that is currently in place.

The Client acknowledges and agrees that WBD, in its sole discretion, may suspend or terminate the EBISA and/or deny the Client access to, use of, or submission of Data for all or part of the EBISA, without prior written notice for the following reasons: (a) violation of any term or provision of the Contract, (b) violation of the rights of WBD or third parties, or (c) failure to meet payment terms outlined in this Contract. **Upon termination, WBD will allow Client's files** to be downloaded and, after this point, will bar any further access to the EBISA. Furthermore, the Client agrees that WBD shall not be liable to the Client or any third party for any modification **of the Client's access to the EBISA** pursuant to this section.

14. TERMINATION FOR CAUSE

Any unauthorized access, copying, disclosure, distribution, or sublicensing by Client or with Client's aid or consent of the EBISA or Data or any related methods, techniques, or processes will be deemed a material breach of this Contract.

WBD will not share, rent, sell, or trade personal information (including email addresses) that identifies our Clients or users to third parties. Any intentional distribution of client data to a third party by WBD for profit or gain will be deemed a material breach of this Contract and constitute grounds for Client to terminate the Contract for cause. Client must notify WBD within 30 days of any request for termination for cause and give WBD 120 days to resolve any issues relating to any claim of breach to justify termination for cause.

15. WARRANTIES, DISCLAIMERS AND REPRESENTATIONS

Subject to the terms set forth in the "Availability of EBISA" section, the Client expressly agrees that: (a) The use of the EBISA is at the sole risk of the Client and is provided **on an 'as is' and 'as available' basis. WBD and its** affiliates expressly disclaim all warranties of any kind, whether express or implied, including, but not limited to the implied warranties of merchantability, fitness for a purpose and non-infringement, (b) WBD makes no warranty that: **(1) the EBISA will meet the Client's requirements or result in revenues or profits; (2) the EBISA will be uninterrupted** or error-free; and (3) the results that may be obtained from the use of the EBISA will be accurate or reliable. While WBD will use commercially reasonable efforts to prevent unauthorized access to data entered into the EBISA, WBD makes no warranty that such fields will be secure against such unauthorized access or other security breaches. WBD makes no representations or warranties of any kind whatsoever, express or implied, in connection with the Contract or the EBISA, including but not limited to, warranties of merchantability, fitness for a particular purpose and non-infringement.

16. DATA, CONTENT AND TERMS OF USE POLICIES

If this Contract is terminated for cause, expires, or is not renewed, all software and data within the EBISA will be deleted in its' entirety on the termination date. You have an opportunity to export employee data prior to the formal termination date from within the EBISA. WBD does not create a backup data set for you. If you do not export your data, WBD will not have the ability to provide any data after the termination date and is not liable for any services after the termination date. This policy protects WBD and Client from any and all liability (HIPAA or otherwise) associated with potential breaches of data security, administrative actions, or technical safeguards.

Furthermore, only employee benefit data can be legally removed from our EBISA. You may not copy, re-use, or repost any intellectual property found on any WBD owned website or domain. This restriction applies to the Information and Communication Website, Employee Enrollment Section and System Administration Section of the EBISA. Once posted by WBD, all of the following are considered WBD property: all communication content, benefit website instructions and text, enrollment instructions, all graphics (excluding non WBD logos), introductory text, tables, pricing charts, all pdfs (excluding carrier or employer created forms and booklets), FAQs, all administrative content including healthcare reform content, COBRA content, FMLA content, HIPAA content, all assembled benefit summaries, benefit summary tables, and forms reposted with permission.

All users entering secure WBD EBISA products must read and accept WBD's Employee Usage Agreement and Website Use Terms and Conditions upon system entry. These documents clarify specific limitations of use and penalties.

17. INDEMNITY

To the extent allowed by law, the Client agrees to indemnify and hold harmless WBD, its subsidiaries and affiliates, and its and their directors, officers, agents, and employees ("Indemnitees") from any claim or demand, including reasonable attorneys' fees, made by any third party due to or arising out of the Data; the Client's use of the EBISA; the Client's connection to the EBISA; the Client's violation of the Contract; the Client's violation of any proprietary or other rights of another; or the Client's determination of COBRA or other insurance qualification status. To the extent allowed by law, the Client further agrees and acknowledges that the Indemnitees are not liable or responsible in any way for any errors, omissions or any other action arising out of or related to the use of the EBISA. To the extent allowed by law, the Client further agrees to indemnify, defend and hold harmless the Indemnitees from and against any and all claims, damages liabilities, costs and expenses (including reasonable legal expenses, attorneys' fees and costs) arising out of, or related to, the Client's use of the EBISA or the placement or transmission of any message, information, software, or other materials through the EBISA by the Client or user of the Client's account or related to any violation of any term of the Contract by the Client or users of the Client's account.

To the extent allowed by law, WBD agrees to indemnify and hold harmless Client, its subsidiaries and affiliates, and its and their directors, officers, agents and employees from any claim or demand, including reasonable attorneys' fees, made by any third party arising out of any disclosure or distribution of the Data as described in Section 14 of the Contract.

18. NONDISCLOSURE

By virtue of this Contract, Client and WBD may have access to information that is confidential ("Confidential Information"). Client and WBD agree not to make each other's Confidential Information available in any form to any third party or to use each other's Confidential Information for any purpose other than the implementation of the EBISA. Client and WBD agree to take all reasonable steps to ensure that Confidential Information is not disclosed or distributed by its employees or agents in violation of the provision of this Contract.

19. INJUNCTIVE RELIEF

The parties acknowledge and agree that WBD shall be entitled to obtain, upon application to a court of competent jurisdiction and without the need to prove actual damages to WBD or to post bond, a preliminary restraining order, and such other temporary or permanent injunctive relief as may be appropriate, to enforce against Client the provisions of Sections 5 and 18, which injunctive relief shall be in addition to any other rights or remedies available to Company.

20. GOVERNING LAW

This Contract has been entered into in the State of Texas. Except as otherwise provided herein, this Contract shall be governed by the laws of the State of Texas without regard to its choice of law principals. The Client hereby agrees to submit to the jurisdiction of any Texas or federal court situated in Bell County, Texas, in any action arising out of this Contract, agrees that all claims in any such action may be decided in either such court and waives to the fullest extent that they may effectively do so, the defense of an inconvenient forum.

21. ATTORNEY'S FEES

If any action is brought to enforce this Contract, or is brought in connection with any dispute arising out of this Contract or the claims which are the subject of this Contract, the prevailing Party or Parties shall be entitled to recover damages, attorneys' fees and other costs incurred in such litigation which they may prove are the direct and proximate result of any breach hereof, in addition to any other relief to which that Party or Parties may be entitled by law.

22. LIMITATION OF LIABILITY

In no event shall WBD be liable for any direct and/or indirect, incidental, special, consequential or exemplary damages, including but not limited to damages for loss of profits, goodwill, use, data or other intangible losses incurred resulting from: (a) the use or the inability to use the EBISA; (b) transactions entered into through or from the EBISA; (c) unauthorized access to or alteration of the Client's transmissions or data; (d) statements or conduct of any third party on the EBISA; (e) any other matter relating to the EBISA; or (f) any insurance or COBRA claims.

In some installations, the EBISA will provide or feed data to external, non-WBD controlled software systems. These external systems include insurance carrier eligibility systems, payroll systems, HRIS systems, and others. Should the receiving system not be properly prepared to receive our system data feed, or has not provided the correct data feed structure, or is unprepared to process or interpret, in any way, transmitted WBD data, WBD cannot be held liable for the performance or data reliability of these external systems. It must be noted that WBD has no control over these external systems, policies, procedures, or controls and are considered to be events outside of WBD's control.

For all WBD services, the Client agrees that WBD will not be liable for any: (a) interruption of business; (b) access delays or access interruptions to the EBISA; (c) data non-delivery, corruption, destruction or other modification; (d) unauthorized access to data entered in, or breach of any security mechanisms utilized in, the EBISA or in any field or file therein; (f) insurance claim or reimbursement of insurance claim; or, (e) events beyond WBD's reasonable control. WBD's aggregate liability for damages hereunder shall in no event exceed the amount of fees paid by the Client under this Contract for the relevant service, up to a maximum amount equal to service charges for six (6) months of the EBISA.

23. NOTICES

Notices to the Client may be made either via email, regular mail, overnight courier or facsimile at the contact address of record for the EBISA. If the Client provides notice to WBD, such notice should be sent to: Web Benefits Design Corporation, 4725 West Sand Lake Road, Orlando, FL 32819.

24. ENTIRE CONTRACT

This Contract constitutes the complete Contract between the parties and supersedes all previous Contracts or representations, written or oral, with respect to the Services described herein. Service addendums may be added for convenience as needed, will be governed by the terms of this Contract, and will become part of this Contract upon the receipt of all parties' written acknowledgement, consent, and signature.

25. RECORDS AND DOCUMENTS

WBD agrees that all forms, lists of names, journals, ledgers and all other recorded information and documents incidental to administration of this Plan are and shall remain the property of Client.

All data stored on data processing media pertaining to the Plan is the property of Client. In the event of termination of administrative services, WBD will assist the Client in identifying; understanding and decoding said information and data.

The following materials are property of WBD and Client agrees that it shall have no right to use such materials following termination of this Contract:

- Administrative procedure manuals
- Data processing systems
- Computer programs
- Notice forms
- Election forms
- Communication letters

26. FORCE MAJEURE

If by reason of causes beyond the control of either party hereto, including, but not limited to, strikes, failure of major subcontractors, fire or other intervening acts of God, accidents, act of war, governmental or legal restrictions, such party is delayed in its performance in whole or in part, of its obligations as set forth herein or in this Contract (other than payment of any amounts due under this Contract), then such party shall be excused for such delay and such delay will not make the party liable in damage to the other party.

27. GENERAL

The Contract does not limit any rights that WBD may have under trade secret, copyright, patent, trademark, or other laws. This Contract shall not be altered, amended or modified by oral representation made before or after the execution of this Contract. All modifications must be in writing and duly executed by all Parties. The failure of WBD to exercise or enforce any right or provision of this Contract shall not constitute a waiver of such right or provision. If any provision of the Contract is found by a court of competent jurisdiction to be invalid, the parties nevertheless agree that the court should endeavor to give meaning to the parties' intentions as reflected in the provision, and the other provisions of the Contract shall remain in full force and effect. The Client agrees that any claim or cause of action arising out of or related to the use of the EBISA or the Contract must be filed within three months after such claim or cause of action became known or should have become known or be forever barred. The Contract will inure to the benefit of WBD and its successors and assigns. WBD may freely assign its rights and obligations under this Contract; Client may not assign any of Client's rights or obligations under this Contract without the prior written consent of WBD. All representations, warranties, terms, disclaimers, and limitations in the Contract shall survive the termination of the Client's account or access to the EBISA.

Contract Signature and Authorization
Billing and Payment Contract

General Contract Information	
Contract Effective Date	8/1/2020
Contract Duration Period	12
Contract Renewal Date	7/31/2021
# of Enrollment Periods	1

- This constitutes a binding Contract (and a billing period) beginning **8/1/2020** (the Contract Effective date) and ending on **7/31/2021** (the Contract renewal date). In the event of early termination for any reason, the monthly fees are due and payable through the Contract renewal date, unless terminated for cause.
- The system must be active for 90 days in order to support annual renewal changes.
- Monthly fees are invoiced on the first of each month for the current month's services.
- Payments are due upon receipt of invoice and are considered late if not paid prior to the next month's billing cycle. Late fees may apply.
- Web Benefits Design accepts payment by credit card (we add a 2.5% processing fee for credit card payment), check or direct deposit.
- If subsidizing parties referenced on this Contract are not fulfilling their financial obligations, the employer/client will be liable for all past due balances and all required subsidies through the term of the Contract.
- If paying by check, please make checks payable to Web Benefits Design Corporation and mail to 4725 West Sand Lake Rd., Suite 300, Orlando, FL 32819
- Please direct all accounting questions to billing@wbdcorp.com or give us a call on (407) 757-1495.

Signature and Authorization

Your initials and signature indicate you have the authority to sign this Contract and have read and agree to the following.:

Acknowledgement of Understanding	Employer Initials
I have read and agree to the statement of confidentiality and non-disclosure.	K.B. INITIAL HERE
I have read and agree to the terms of success.	K.B.
I have read and understand the 1X implementation and renewal fees.	K.B.
I have read and understand the monthly recurring fees.	K.B.
I have read and agree to the terms and conditions.	K.B.
I have read and agree to the billing and payment authorization information.	K.B.
I have read and agree to Addendums 1 through 5	K.B.
I certify that I am authorized to sign this Contract and that my signature is legally binding.	K.B.

Contract Signature	Employer Signature
Printed Name	Kent Cagle
Title	City Manager
Signature	SIGN HERE K.B.
Date	

ADDENDUM 1 - COBRA SERVICES

For Clients NOT Using WBD COBRA Services: If you are not using WBD COBRA services, please acknowledge your understanding that WBD does not send COBRA eligibility file feeds to COBRA administrators.

For Clients Using WBD COBRA Services: In order to administer COBRA, you must implement EDI file feeds to each carrier with COBRA eligible lines of coverage. In the event that your online enrollment system launches prior to your EDI Files going into "production" with your carriers, it is City of Killeen's responsibility to ensure that any COBRA participant's eligibility information is provided directly to the carriers until the EDI has been established. WBD does not have access to carrier systems and cannot perform this manual function.

WBD SCOPE OF SERVICES

NOTIFICATIONS AND COMMUNICATIONS (CUSTOMIZATION AVAILABLE) *

- Initial notification to new hires and new enrollees provided electronically to employer for distribution.
- Qualifying event election notice
- COBRA takeover as described on page 14
- Welcome letters
- Payment coupons
- Notice of unavailability
- Extension notice
- Late payment notifications
- Insufficient funds notification (bounced check)
- Early termination of COBRA notice
- Expiration notice
- Website access to notices, rights, rates, and general forms
- Maintain an archived record of notices and member correspondence.
- * WBD may communicate either by phone, email, fax or letter with the Employer and/or or Qualified Beneficiary.

REPORTS

- Premium remittance reports
- COBRA payment status reports
- Participant election reports
- Activity tracking reports

STATUS TRACKING

- Track 60-day initial election period
- Track 45 day initial payment grace period
- Track 30-day premium grace period
- Track COBRA eligibility periods

COBRA PREMIUM COLLECTION AND DISBURSEMENT

- Accurate rate calculations and billing
- COBRA payment coupons to members
- Quarterly disbursement to employer of COBRA funds received

ELIGIBILITY **

- Upon timely receipt of termination and/or qualifying event notification, will notify carrier(s) of eligibility status change
- Upon enrollment or change in COBRA benefit and/or eligibility status, will notify carrier(s) of eligibility status change.
- **Carriers file /programming may depend upon carrier requirements and additional fees may apply

CUSTOMER SERVICE

- Toll free telephone support for COBRA members and COBRA eligible members
- Web inquiries answered within 1 business day
- Dedicated account management team
- COBRA online access by employers
- Member customer service for enrollment assistance, COBRA enrollment, questions, etc.

COBRA - EMPLOYER PLAN ADMINISTRATOR RESPONSIBILITY

In order for WBD to perform the responsibilities of COBRA administration and guarantee compliance, certain eligibility notifications and information requirements must be upheld by the employer and/or plan administrator.

- The services to be provided by WBD are administrative in nature; Employer retains all authority and responsibility as plan sponsor.
- WBD will carry out its administrative functions with reasonable care using practices generally accepted by service organizations providing such functions to employee benefit plans.
- WBD is not the Insurer. Employer agrees that the sole function of WBD is to provide administrative services and that WBD shall have no liability for 1) COBRA participant eligibility status (enrolled or terminated as this is the insurer responsibility) or 2) payment or reimbursement of any participant claim under any circumstance.
- WBD is not responsible for any notifications that occurred prior to the start date of the Contract.
- WBD is not responsible for any current COBRA participant tracking, notifications or administration prior to the commencement of this Contract.

TIMELY NOTIFICATION OF ELIGIBILITY TO WBD (WITHIN 30 DAYS OF QUALIFYING EVENT)

1) WBD (EBISA) must be notified of any new hires or initial enrollment in COBRA eligible for benefits
2) WBD (EBISA) must be notified of any employment-related terminations wherein the employee would qualify for COBRA, including but not limited to:
   - Separation from the company
   - Substantial reduction of hours (full time to part time)
   - Voluntary termination (resignation)
   - Involuntary termination
   - Termination for gross negligence
   - Leave of absence
   - Any dependent terminations
   - Death of employee

3) WBD (EBISA) must be notified of any dependent-related terminations wherein the employee would qualify for COBRA, including but not limited to:
   - Divorce
   - Legal Separation
   - Child no longer eligible

4) Rehires and Return from Leave of Absence: When an employee has enrolled in COBRA (with an active or inactive status) and returns to work, the administrator must notify WBD (EBISA) of the change in status.

COBRA ONLINE ENROLLMENT RULES OF ENGAGEMENT

If terminations, changes and eligibility transactions are completed by the employee in the WBD EBISA enrollment system, the employer does not need to notify WBD separately.

Notifications are only required if changes are made to our system telephonically, via a non-standard method, an improper qualifying event code, or by use of the administrator override privileges in the administrator portal. WBD shall have no liability for any changes made by Client.

COBRA IMPLEMENTATION TIMELINE AND TAKEOVER ACTIVITIES

DATE	DESCRIPTION	RESPONSIBLE PARTY
45 Days Prior to Effective Date	WBD sends a Welcome email to the employer with a detailed request for information regarding COBRA eligible benefits, rates, the enrolled/eligible population and member payment status.	WBD
40 Days Prior to Effective Date	▪ Employer provides requested information to WBD. ▪ WBD provide employer with a sample transition notification letter. ▪ Employer mails transition letter to all enrolled and eligible participants to inform of upcoming administration change. (This letter should also be provided to all newly eligible members prior to the effective date).	Employer WBD Employer
35 Days Prior to Effective Date	Currently enrolled participants are mailed a Welcome Letter including COBRA premium payment coupons for the remainder of their eligibility period or plan year.	WBD
Contract Effective Date	WBD requests an updated detailed report of information regarding any changes to the enrolled/eligible population and member payment status.	WBD
Within 5 Days After Effective Date	▪ Employer provides updated report. ▪ WBD will adjust and/or add any applicable member records.	Employer WBD

Addendum 2 - Carrier Subsidy Discounts

Web Benefits Design has Preferred Carrier Partnership discounts which can be applied to the overall price for the online enrollment / benefit administration platform. Contingent upon carrier authorization, pricing discounts apply to the following lines of coverage with our Preferred Partners:

- Dental
- Vision
- Limited Medical
- Life and AD&D
- Voluntary Life
- Short Term Disability
- Long Term Disability
- Voluntary Accident
- Critical Illness & Cancer

Discount Pricing Terms and Conditions

- Pricing discounts are subject prior carrier approval and receipt of signed carrier-specific acknowledgement form.
- Carrier subsidy discounts will be applied during the month in which the subsidy begins.
- If client terminates one or all the Preferred Carrier Exchange Partners products' and/or lines of coverage, client pricing will revert to standard, non-discounted pricing terms immediately upon effective date of the change.
- If carrier(s) are not fulfilling their compensation obligations, employer / client will be liable for compensation in full through the duration of the Contract term.
- Employer is responsible for all fees until the employer is eligible for any carrier subsidy.

Line of Coverage	Carrier	Discount Amount
Medical		
Dental	Lincoln Financial	$0.65
Vision	Guardian	$0.14
Basic Life & AD&D	Lincoln Financial	
Vol. Life	Lincoln Financial	
STD	Lincoln Financial	
LTD	Lincoln Financial	
Total Discount		**$0.79 PEPM**

Contract Signature	Employer Signature
Printed Name	Kent Cagle
Title	City Manager
Signature	SIGN HERE 4.8.
Date	

ADDENDUM 3 - CARRIER AUTHORIZATION FOR EMPLOYER SUBSIDY DISCOUNT

Web Benefits Design honors Preferred Carrier Partnership Exchange discounts that can be applied to the overall price for the employers' online enrollment / benefit administration platform. By completing and signing this authorization form, carrier is acknowledging financial responsibility for commission and/or subsidy compensation to Web Benefits Design identified on the Carrier Subsidy Discount page of this Contract. If employer terminates one or more lines of coverage, carrier will not be held responsible for terminated benefits.

Employer Information	
Company Name	City of Killeen
Street Address	101 North College Street
City State Zip	Killeen, TX 76541
Primary Contact	Eva Bark
Contact Title	Exec Director of Human Resources
Email	Ebark@killeentexas.gov
Phone	(254) 501-7834

Carrier Partner Information	
Name of Carrier	Lincoln Financial Grp
Group Sales Rep Name	
Group Sales Rep Phone	
Group Sales Rep Email	
Authorized Carrier Payment Contact	
Authorized Contact Email	
Authorized Contact Phone	
Carrier Authorized Signature	SIGN HERE
Date of Signature	

ADDENDUM 4 - CARRIER AUTHORIZATION FOR EMPLOYER SUBSIDY DISCOUNT

Web Benefits Design honors Preferred Carrier Partnership Exchange discounts that can be applied to the overall price for the employers' online enrollment / benefit administration platform. By completing and signing this authorization form, carrier is acknowledging financial responsibility for commission and/or subsidy compensation to Web Benefits Design identified on the Carrier Subsidy Discount page of this Contract. If employer terminates one or more lines of coverage, carrier will not be held responsible for terminated benefits.

Employer Information	
Company Name	City of Killeen
Street Address	101 North College Street
City State Zip	Killeen, TX 76541
Primary Contact	Eva Bark
Contact Title	Exec Director of Human Resources
Email	Ebark@killeentexas.gov
Phone	(254) 501-7834

Carrier Partner Information	
Name of Carrier	Guardian Life Insurance Company
Group Sales Rep Name	
Group Sales Rep Phone	
Group Sales Rep Email	
Authorized Carrier Payment Contact	
Authorized Contact Email	
Authorized Contact Phone	
Carrier Authorized Signature	SIGN HERE 4.3
Date of Signature	

Addendum 5 - Detailed Description of Web Benefits Design Services

Web Benefits Design (WBD) brings together smart solutions for all aspects of your benefits technology and administrative needs. We combine state-of-the-art technology with helpful, friendly customer service. Even with an amazing technology—there is still enormous need for the human element and personal touch that is required with the high-transaction nature of employee benefits.

WBD offers the total package:

Customized Benefits Website

Web Benefits Design Corporation offers a highly customized, client specific employee benefits website for all clients. The benefits website can accommodate your company logo, style sheet, font, colors, navigation format, and overall "look and feel" (brand) of your corporate website. The website will include your benefit summaries, forms, side-by-side benefit comparisons, SPDs, SBCs, documents, calculators, flyers, educational materials, compliance information and links to your providers and/or 3rd party vendors.

Online Enrollment / Benefits Administration

Our goal is to streamline the entire HR, benefits enrollment, communication and payroll process. The technology was designed with the "non-techie" user in mind. As a result, our benefits administration system is intuitive and easy to use for employees, consultants, human resource professionals, and benefits administrators. The system includes employee online enrollment and an intuitive, guided benefit shopping experience for employees that show cost by pay period. The system is permission-driven and will only show that employee the options, costs and eligibility rules applicable (i.e. hourly EEs may differ from salaried EEs).

WBD builds, transmits and manages all carrier feeds and can connect to any payroll or HRIS system – thereby creating a "single source" data solution for HR. The administrator portal (HR Access) provides robust tools for billing, custom reports, communication templates, customized employee messaging, employee history, COBRA transparency, call center records, ACA reports and 1095 forms and complete benefits outsourcing tools.

COBRA Administration

WBD will provide COBRA administration services that are integrated and transparent within the WBD online enrollment / benefit administration platform. COBRA administration services include: initial notification to new hires and new enrollees; qualifying event election notice; monthly payment coupons; notification of late payment or insufficient funds; notification of upcoming expiration and termination; and open enrollment communications.

All COBRA packets are processed within 48-hours of termination notification. Member packets are customized based on the plans and election options available based on the member's coverage status. Members have access to WBD toll-free customer service for help with benefit eligibility, payment status, payment options, or enrollment assistance. WBD will provide premium remittance reports, payment status reports, participant election reports, and activity tracking reports. Employers will be reimbursed on a quarterly basis.

ACA 1094C & 1095C Form Generation and Reporting

WBD will generate the 1094-C and 1095-C forms for both active and terminated employees, including COBRA participants (assuming client uses WBD's integrated COBRA administration). WBD will populate the line 14, 15, and 16 series codes using system logic and historical data information. WBD will file electronically with the IRS and will provide a master file for employer records. Historical data loads are included in set up fees. Hard copy distribution of forms to employee is available for $3 per mailing.

All forms will be generated and available for review at least 10 days prior to IRS deadline on an annual basis. Employees and employers will be able to access forms online through the WBD benefits website and HR Access. WBD is also responsible for any corrections and re-filings as per IRS specifications and applicable deadlines. WBD provides telephonic support for questions or requests to re-issue forms. WBD ACA reporting services also includes the following reports in Excel format: employers W-2 Healthcare Report in excel format: Year-end Healthcare Summary Reports with data for Box 12 on W-2 forms and Affordability Report.

ADDENDUM 5 - DETAILED DESCRIPTION OF WEB BENEFITS DESIGN

CALL CENTER / EMPLOYEE BENEFITS HOTLINE (YEAR-ROUND)

WBD offers a full service, year-round Call Center for client employees and HR professionals. Each client receives a specific benefits hotline number that is answered "ABC client benefits hotline, how may I help you today?" WBD benefits experts are available to provide technical assistance, password reset, telephonic enrollment, assistance with benefit and eligibility questions, as well as general benefits assistance. Call center also includes outbound individual and automated bulk calls. Text messaging is also available. All calls are recorded and documented for 100% client transparency. Call center metrics and reports are available to our clients.

ACA VARIABLE HOURS TRACKING (VHT)

This service is separate from 1094C/1095C reporting. WBD provides year-round variable hours tracking for clients' variable hours population in order to remain ACA compliant. Current benefit administration system data is integrated with additional payroll data to complete the data requirements necessary to track and report hours worked for clients' variable hours population. WBD's robust variable hours tracking tool provides new hire and ongoing measurement capabilities. The client is required to provide their employee hours report in the WBD template on a frequent basis. Upon eligibility status change, WBD will communicate to employers (and employees assuming the client uses WBD's Employee Call Center service) and track benefits offer date, acceptance date, and/or waiver date.

DISCREPANCY REPORT MANAGEMENT

WBD team will obtain all carrier discrepancy reports within 24 hours after processing of each carrier data feed. WBD team will review, correct, and communicate all corrective action as necessary to ensure consistent, clean, accurate data management processes.

- If WBD is contracted to manage discrepancy reports, there is a $.25 PEPM charge. Reports outlining and correcting differences in the carrier system vs. the WBD system will be reviewed on a weekly basis (assuming carriers are able to provide the reports to us on a weekly basis). Client is required to respond to WBD inquiries in a timely manner and help resolve questions as needed.
- If WBD is **not contracted** to manage discrepancy reports, client is required to assume full responsibility for all carrier discrepancy reports, default cancel reports or eligibility clarification issues from each carrier.

EVIDENCE OF INSURABILITY MANAGEMENT (EOI)

New Hires, Qualifying Events and Open Enrollment: WBD will follow up weekly with all employees that are pending voluntary life approval based on completion of EOI form / process. Services includes full scope of EE communications, monitoring vendor system for completion, follow up communication to EE after request is approved, denied or closed out due to lack of response.

ELIGIBILITY FILE MANAGEMENT

Customize system to "pend" new hires, qualifying events and/or open enrollment for all EE records. WBD team is responsible for processing all status changes (based on a weekly file) including LOA's, PT to FT, Hourly to Salary, and terminations.

For QE and new hire changes, WBD will be responsible for reviewing transactions, monitoring effective dates and approving / declining each employee election with appropriate electronic employee communications and BCS.

QUALIFYING EVENT MANAGEMENT

WBD will manage, make outreach, follow through and close the loop on all qualifying events and requests for benefit changes. The system will can be automatically set to "pend" change requests, but WBD will work with your employees to gather the required documentation (i.e. birth and marriage certificates, proof of lost coverage, court order documents, etc.) and will validate accordingly. WBD will be responsible for reviewing all qualifying events and new hire changes transactions, monitoring effective dates, and approving/declining each employee election with appropriate electronic employee communications and BCS. All correspondence and documentation is tracked, dated and stored in HR Access.

Addendum 5 - Detailed Description of Web Benefits Design

New Hire Management

WBD team will generate weekly reports for new hires who are within their 30 day window to enroll – reminding them of their benefits and eligibility rules (message can be customized by client). WBD is responsible for ensuring that each member has been adequately notified of enrollment opportunity. Upon enrollment, WBD will email confirmation to employee. If employee is unresponsive, WBD will follow up with email and Benefit Confirmation Statement with cc to HR contact. If employer has default medical option, WBD will administer accordingly.

Dependent Age Management

WBD will monitor upcoming dependent "age-outs" in accordance with client eligibility rules. WBD will notify employee and HR of any dependents that are approaching their loss of eligibility status within the next 60 days. WBD will proactively process COBRA and employee communications to ensure client termination rules are maintained without employer manual intervention.

Dependent Documentation Management

Customize system to "pend" new hires, qualifying events and/or open enrollment for all EE records that include dependent enrollments. New Hires, Qualifying Events and Open Enrollment: Web Benefits will follow up after each transaction to collect and store dependent documentation. Web Benefits will release or close each EE record as appropriate to ensure proper eligibility information transfer. WBD will handled all employee communications and correspondence and record all information in the administration portal.

Consolidated Billing and Reconciliation

For most clients, our highly efficient and accurate carrier file feeds and custom billing and report capabilities eliminate the need for 3rd party reconciliation billing. However, if clients need the additional service of consolidated billing and line-by-line reconciliation services, WBD offers this service through our preferred partner at a discounted rate. The service includes collection of all insurance carrier bills on the client's behalf and confirmation of each billing transaction against enrollment data in the WBD system. Payments will be remitted to each carrier once acquiring billing statements and payment from the client. Monthly audits resolve any discrepancies identified between WBD and the carrier's system (if any). Summary and detailed reports are generated for the self-reported plans.

Customized Billing and On-call Report Analyst

Dedicated WBD report analyst will customize reports for bills, budget, dependent age tracking, open enrollment activities, eligibility audits or other client needs. Reports will be generated and emailed to designated client contact within 2 business days of request or less. Reports can also be set up to automatically generate and be emailed to client on a regularly scheduled basis. Your WBD report analyst is essentially your "on-call" report specialist for any and all "on-demand" reporting needs.

Medical Waiver / Proof of Other Coverage Management

Customize system to "pend" new hires, qualifying events and/or open enrollment for all EE's that are waiving medical coverage. For new hires, qualifying events and open enrollment: Web Benefits will follow up after each transaction to collect and store proof of other medical coverage. Web Benefits will release or close each EE record as appropriate to ensure proper administration of client procedures.

Beneficiary Management

WBD team will generate monthly reports for employees who are missing beneficiary information or who have not updated beneficiary information within the past 12 months. WBD team will email and make outbound reminder phone calls to employees prompting them to update beneficiary records.

Addendum 5 - Detailed Description of Web Benefits Design

Annual Domestic Partner Verification

WBD will verify domestic partner status and collect current domestic partner documents (as per client requirements) on an annual basis.

Mailing & Fulfilment of Printed Communications

Whether you need your pre or post enrollment benefit conformation statements, take over benefit confirmation statements or your ACA 1095 employee reports mailed, we've got your covered. As an additional service, we can help you get important hard copy communications in the hands of your employees.

Single Sign On (SSO) or API with 3rd Party

Through an integrated third party validation we are able to link your WBD benefits administration platform to a number of existing client applications (such as payroll or HRIS system) using a SAML assertion to validate the users identity. With this capability, the user is authenticated by logging into WBD or the employer's system to gain access to both the WBD system and the desired SAML enabled client applications without being prompted to login multiple times. SSO increases productivity along with information security and should be considered for any company with more than 500 employees.

Decision Support Videos

Web Benefits Design now offers a wide selection of creative, engaging videos and decision support tools to help explain group benefits and drive employee participation. Ask your regional sales director for more details and pricing options.

- **Value Package**
  Provides benefit information and explains complicated terminology while providing useful tips to help employees become savvy consumers. Videos are embedded throughout the Benefits Supersite and online shopping experience. Choose 10 from the library of topics.
- **Branded Package**
  Provides benefit information and explains complicated terminology while providing useful tips to help employees become savvy consumers. Videos are embedded throughout the Benefits Supersite and online shopping experience. Choose 10 from the library of topics.
- **Customized Package**
  A highly effective option for employers offering multiple medical options and/or Wellness & Incentive programs. WBD will create a series of branded videos with custom storyboarding and voiceover to provide information on the group's specific benefits.

PROFESSIONAL SERVICES AGREEMENT WITH WEB BENEFITS DESIGN

RS-20-063

July 7, 2020

Background

- The City of Killeen has worked with Web Benefits Design for the administration of employee benefits online enrollment and COBRA since July of 2014.
  - In 2016, the City contracted with Web Benefits Design to also administered services regarding the Affordable Care Act and Compliance Services of 1094-C and 1095-C Form filings.
  - The City has continued with all three services (online enrollment, COBRA, and ACA), annually, since 2016.

Background

- In November 2019, the City entered into an agreement with Web Benefit Design to provide ACA services in the amount of $13,252.
- The estimated cost of the agreement to provide employee benefits online enrollment and COBRA is $48,198.
- Maintaining administration of employee benefits with Web Benefit Designs must have council approval as the cost of the combined services is estimated to be $61,450.

Alternatives Considered

- To not consider Web Benefits Design to provide employee benefits administration.
- To consider Web Benefits Design to provide employee benefits administration

Recommendation

- That City Council authorize Web Benefits Design to provide employee benefits administration in an amount not to exceed $61,450, and that the City Manager or designee be authorized to execute any change orders as permitted by state and local law.

City of Killeen

Legislation Details

File #:	RS-20-064	**Version:**	1	**Name:**	CTC Lease Addendum No. 2
Type:	Resolution			**Status:**	Resolutions
File created:	6/17/2020			**In control:**	City Council
On agenda:	7/7/2020			**Final action:**	
Title:	Consider a memorandum/resolution approving Addendum No. 2 to Central Texas College (CTC) Lease at Skylark Field.				
Sponsors:	Aviation Department				
Indexes:					
Code sections:					
Attachments:	Staff Report Agreement Presentation				

Date	Ver.	Action By	Action	Result

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STAFF REPORT

DATE: **July 7, 2020**

TO: **Kent Cagle, City Manager**

FROM: **Mike Wilson, Interim Executive Director of Aviation**

SUBJECT: **CENTRAL TEXAS COLLEGE (CTC) LEASE ADDENDUM NO. 2**

BACKGROUND AND FINDINGS:

Central Texas College (CTC) has been a major tenant at Skylark Field (formerly known as Killeen Municipal Airport) since 1970. The college leases 60,030 square feet of land on which it has built and owns two large hangars to support its flight operations. The college operates an associate degree career pilot training program with full time staff and a fleet of fourteen aircraft.

The current land lease agreement was approved by Council on July 8, 2014 with an effective date of August 1, 2014 and an expiration date of July 31, 2017. It was amended with Addendum No. 1 dated June 29, 2017 for an additional three year term with an expiration date of July 31, 2020. The lease provisions included an option for up to two additional three years with terms. It also provides the City would review the base rental rate prior to the term extensions and reserve the right to adjust the rate up to the percentage of change in the Consumer Price Index for the most recently published three year period.

Staff has negotiated a lease addendum to extend the lease by three years, through July 31, 2023. Rental rates for this renewal option are proposed to increase the ground rental rate from $0.046 to $0.0464 per square foot per month. This will increase the total rent by $29.00 per month to a total of $2,790.38.

THE ALTERNATIVES CONSIDERED:

Alternatives considered: (1) Accept the Addendum; (2) reject the Addendum.

Which alternative is recommended? Why?

Alternative 1 is recommended. The current lease allows for a three year extension and CTC is a major long term tenant in good standing at Skylark Field that provides an excellent pilot training program.

CONFORMITY TO CITY POLICY:

This lease aligns with airport land use plans indicated in the recently adopted Skylark Field Airport Master Plan.

This lease supports City of Killeen Vision 2030 Goal #6: Preserve and Promote a Positive City Image Goal and #9: Quality Educational Opportunities by supporting Central Texas College as a valued resource for training a highly qualified labor force.

FINANCIAL IMPACT:

The lease agreement, as revised by the terms of this addendum, is expected to generate $33,485 in annual revenue to the Skylark Field airport enterprise fund account #527-0000-344.08-01 (Land Lease Tenants).

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City Council approve the attached Lease Addendum No. 2 with CTC to be effective August 1, 2020 and authorize the City Manager or designee to execute same as well as any and all amendments as allowed per federal, state, and local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

CTC Lease Addendum No. 2

STATE OF TEXAS

COUNTY OF BELL

ADDENDUM NO. 2

The City of Killeen, a municipal corporation of Bell County, Texas, hereinafter referred to as "Airport"; and Central Texas College, hereby agree that the terms and conditions of the Lease Agreement dated July 9, 2014 between the City of Killeen and Central Texas College, and amended with Addendum No. 1 dated June 27, 2017 will remain in full force and effect, with the exception of the changes made and incorporated in Addendum No. 2 herein.

ARTICLE V
Terms of Agreement

1. **Term.** The Airport hereby grants unto the said Tenant, for a period of three (3) years beginning August 1, 2020 and ending July 31, 2023 (Second Subsequent Term), the right to operate as previously authorized herein, at Skylark Field.

2. No change.

3. No change.

4. No change.

5. No change.

6. No change.

7. No change.

ARTICLE VI
Rentals, Fees, and Accounting Records

1. **Lease Amount.** Beginning, August 1, 2020, Tenant shall pay to the Airport, $2,790.38 per month for the Leased Premises each and every month for the duration of the term of the Lease. Total monthly rent is based upon a ground rental rate of $ .0464 per square foot per month. Tenant shall have the option to prepay any monthly payments, but shall not be required to do so.

2. No change.

3. No change.

4. No change.

5. No change.

IN WITNESS WHEREOF, the parties have executed this lease addendum on this ____ day of _____, 2020.

ATTEST:

_____
Lucy Aldrich
City Secretary

CITY OF KILLEEN:

_____
Kent Cagle
City Manager

ATTEST:

_____

TENANT
CENTRAL TEXAS COLLEGE

5/28/2020
Ted F. Gonzalez
Associate Deputy Chancellor,
Business Services

CENTRAL TEXAS COLLEGE (CTC) LEASE ADDENDUM NO. 2

RS-20-064

July 07, 2020

Background

- Central Texas College operates an associate degree career pilot training program at Skylark Field since 1970
- Land lease of 60,030 square feet
- CTC built, owns, and maintains two large hangars
- CTC has option for one (1), three-year term extension
- Current lease term expires July 31, 2020

Discussion

- Extension Terms
  - Three-year extension to July 31, 2023
  - CPI increases current rate from $0.046 to $0.0464 per sq ft
- Annual revenue for Skylark Field
  - Increases monthly lease rate to $2,790.38
  - Lease increase $348 per year
  - Total revenue$33,485

Alternatives

- Alternative
  - 1. Accept the Addendum
  - 2. Reject the Addendum

Recommendation

- Approve Lease Addendum No. 2 to Central Texas College Lease and authorize the City Manager or designee to execute same as well as any and all amendments as allowed per federal, state, and local law.