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THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

AGREEMENT FOR HUMAN RESOURCES CONSULTING SERVICES

I. PARTIES

THIS AGREEMENT FOR HUMAN RESOURCES CONSULTING SERVICES ("Agreement") is made between the **CITY OF HOUSTON, TEXAS** ("City"), a Texas Home Rule City, and **THE SEGAL COMPANY (WESTERN STATES), INC., KNOWN AS SEGAL WATERS CONSULTING** ("Contractor"), a Maryland corporation doing business in Texas.

The initial addresses of the parties, which one party may change by giving written notice to the other party, are as follows:

City	Contractor
City of Houston Human Resources Department P. O. Box 1562 Houston, Texas 77251 Attn: Director or Designee	The Segal Company (Western States), Inc. known as Segal Waters Consulting 10740 North Gessner Drive – Suite 320 Houston, TX 77064-1187 Attention: Elliot R. Susseles Senior Vice-President

The Parties agree as follows:

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A. Scope of Services

B. Equal Employment Opportunity

C. Drug Policy Compliance Agreement

D. Contractor's Certification of No Safety Impact Positions in Performance of a City Contract

E. Drug Policy Compliance Declaration

B. Parts Incorporated

The above-described sections and exhibits are incorporated into this Agreement.

C. Signatures

The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS/SEAL:

By: R. Eledge

Name: Ruth Ann Eledge

Title: Vice President

(Contractor)
THE SEGAL COMPANY (WESTERN STATES), INC.,
KNOWN AS SEGAL WATERS CONSULTING

By:

Name: ELLIOT R. SUSSELES

Title: SR. VICE PRESIDENT

Tax I.D. No.: 94-1503999

ATTEST/SEAL:

City Secretary

CITY OF HOUSTON, TEXAS
Signed by:

Mayor Annise D. Parker

Amanda Washington

APPROVED:

Director
Human Resources Department

COUNTERSIGNED BY:

City Controller Shannan Nolles
11-10-14

City Purchasing Agent

APPROVED AS TO FORM:

Lan P. Nguyen
Sr. Assistant City Attorney
L.D. File No. 0501400183001

DATE COUNTERSIGNED:

November 10, 2014

III. DEFINITIONS

As used in this Agreement, the following terms have the meanings set out below:

"Agreement" means this contract between the Parties, including all exhibits and any written amendments authorized by City Council and Contractor.

"Business Day" means any calendar day except Saturdays, Sundays and full-day holidays for employees of the City (as designated by City Council).

"City" is defined in the preamble of this Agreement and includes its successors and permitted assigns.

"Director" means the Director of the City of Houston Human Resources Department or such other person as he or she shall designate.

"Contractor" is defined in the preamble of this Agreement and includes its successors and permitted assigns.

"Countersignature Date" means the date shown as the date countersigned on the signature page of this Agreement.

"Deliverables" mean those items that Contractor is to deliver to the Director pursuant to the Scope of Services assigned to the Contractor under Exhibit "A".

"Document" means notes, manuals, notebooks, plans, computations, database, reports, charts, analyses, maps, letters, tabulations, exhibits, computer databases, data storage devices, models, forms, underlying data, photographs diskettes, software, notes and other work products, and any modifications or improvements to them that Contractor prepares or provides under this Agreement.

"Notice to Proceed" means a written communication from the Director to Contractor instructing Contractor to begin performance.

"Parties" mean all the entities set out in the Preamble who are bound by this Agreement.

IV. DUTIES OF CONTRACTOR

A. Scope of Services

For and in consideration of the payments specified in this Agreement, Contractor shall provide all labor, material, and supervision necessary to perform services as fully described in the Scope of Services attached hereto as Exhibit "A".

B. Coordinate Performance

Contractor shall coordinate its performance with the Director and other persons that the Director designates. Contractor shall promptly inform the Director and other person(s) of all significant events relating to the performance of this Agreement.

C. Reports

Contractor shall submit all reports and progress updates required by the Director.

D. Payment of Subcontractors

Contractor shall make timely payments to all persons and entities supplying labor, materials, or equipment by, through or under Contractor in the performance of this Agreement. CONTRACTOR SHALL DEFEND AND INDEMNIFY THE CITY FROM ANY CLAIMS OR LIABILITY ARISING OUT OF CONTRACTOR'S FAILURE TO MAKE THESE PAYMENTS.

Contractor shall submit disputes relating to payment of MWBE subcontractors to mediation in the same manner as any other disputes under the MWBE subcontract if directed to do so by the Director of the City of Houston Office of Business Opportunity.

E. RELEASE

CONTRACTOR AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO

PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE CITY'S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

F. <u>INDEMNIFICATION</u>

CONTRACTOR AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

(1) CONTRACTOR'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 1-3, "CONTRACTOR") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;

(2) THE CITY'S AND CONTRACTOR'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT; AND

(3) THE CITY'S AND CONTRACTOR'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT.

CONTRACTOR SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. CONTRACTOR'S INDEMNIFICATION IS LIMITED TO $500,000 PER OCCURRENCE. CONTRACTOR SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.

G. INDEMNIFICATION PROCEDURES

(1) Notice of Claims. If the City or Contractor receives notice of any claim or circumstances which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 30 days. The notice must include the following:

(a) a description of the indemnification event in reasonable detail,

(b) the basis on which indemnification may be due, and

(c) the anticipated amount of the indemnified loss.

This notice does not estop or prevent the City from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the City does not provide this notice within the 30 day period, it does not waive any right to indemnification except to the extent that Contractor is prejudiced, suffers loss, or incurs expense because of the delay.

(2) Defense of Claims

(a) Assumption of Defense. Contractor may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the City. Contractor shall then

control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Contractor must advise the City as to whether or not it will defend the claim. If Contractor does not assume the defense, the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.

(b) Continued Participation. If Contractor elects to defend the claim, the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Contractor may settle the claim without the consent or agreement of the City, unless it (i) would result in injunctive relief or other equitable remedies or otherwise require the City to comply with restrictions or limitations that adversely affect the City, (ii) would require the City to pay amounts that Contractor does not fund in full, (iii) would not result in the City's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

H. Insurance

Contractor shall maintain in effect certain insurance coverage, which is described as follows:

(1) Risks and Limits of Liability. Contractor shall maintain the following coverages and limits of liability:

(Coverage)	(Limit of Liability)
Workers' Compensation	Statutory for Workers' Compensation
Employer's Liability	Bodily Injury by accident $500,000 (each accident) Bodily Injury by Disease $500,000 (policy limit) Bodily Injury by Disease $500,000 (each employee)
Commercial General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Bodily Injury and Property Damage, Combined Limits of $500,000 each Occurrence and $1,000,000 aggregate

Automobile Liability Insurance (for vehicles Contractor uses in performing under this Agreement, including Employer's Owned, Non-Owned and Hired Auto Coverage)	$1,000,000 combined single limit per occurrence
Professional Liability Coverage	$1,000,000 combined single limit per occurrence

Defense costs are excluded from the face amount of the policy.
Aggregate Limits are per 12-month policy period
unless otherwise indicated.

(2) Insurance in Full Force. Contractor shall provide and maintain the above insurance in full force and effect at all times during the Agreement term and any extensions thereto.

(3) Form of Certificates. The Director may approve the form of the Certificates of Insurance and the required endorsements, but nothing the Director does or fails to do relieves Contractor from its duties to provide the required coverage under this Agreement. The Director's actions or inactions do not waive the City's rights under this Agreement.

(4) Issuers of Policies. The issuer of any policy shall have a Certificate of Authority to transact insurance business in Texas or have an A.M. Best's rating of at least B+ and an A.M. Best's Financial Size Category of Class VI or better, according to the most current edition A.M. Best's Key Rating Guide, Property-Casualty United States.

(5) Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must provide a separate endorsement naming the City (and its officers, agents, and employees), as a client of Contractor, as an Additional Insured on the original policy and all renewals or replacements during the term of the Agreement.

(6) Deductibles. Contractor shall be responsible for and bear any claims or losses to the extent of any deductible amounts and waives any claim it may have for the same against the City, its officers, agents, or employees.

(7) Cancellation. **THE CONTRACTOR MUST GIVE 30 DAYS' ADVANCE WRITTEN NOTICE TO THE CITY BEFORE ANY POLICY IS CANCELED, MATERIALLY CHANGED, OR NONRENEWED.** Within the 30 day period, Contractor shall provide other suitable policies in lieu of those about to be canceled, materially changed, or nonrenewed so as to maintain in effect the required coverage. The acceptance of delivery by the Director of any Certificates of Insurance evidencing the insurance coverages and limits required in the Agreement does not constitute approval or agreement by the City that the insurance requirements of this Agreement have been met or that the insurance policies evidenced by the Certificates are in compliance with the requirements of this Agreement.

(8) Subrogation. Each policy, except Professional Liability, must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the City, its officers, agents, or employees.

(9) Endorsement of Primary Insurance. All insurance coverages provided herein, except Workers' Compensation and Professional Liability, must contain an endorsement that the policy is primary to any other insurance available to the Additional Insured with respect to claims arising under this Agreement.

(10) Liability for Premium. Contractor shall pay all insurance premiums, and the City shall not be obligated to pay any premiums.

(11) Subcontractors. Contractor shall require all subcontractors to carry insurance naming the City as an additional insured and meeting all of the above requirements except amount. The amount must be commensurate with the amount of the subcontract, but in no case less than $500,000 per occurrence. Contractor shall provide copies of insurance certificates to the Director.

(12) Proof of Insurance.

(a) Before commencing services hereunder, Contractor shall furnish the City with Certificates of Insurance information on Form Number HOU2 and the required endorsements.

(b) Contractor shall continuously and without interruption, maintain in force the required insurance coverages specified in this Section. If Contractor does not comply with this requirement, the Director, at his or her sole discretion, may

(1) immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or

(2) purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Contractor under this Agreement.

The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

(13) Other Insurance. If requested by the Director, Contractor shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to Contractor's operations under this Agreement.

I. Warranties

Contractor warrants that its services hereunder shall conform to the generally accepted professional standards with respect to the scope, quality, due diligence and care of the services Contractor provides under this Agreement.

J. Confidentiality

Contractor, its agents, employees, contractors, and subcontractors shall hold all City information, data, and documents (collectively, the "Information") that they receive, or to which they have access, in strictest confidence. Contractor, its agents, employees, contractors, and subcontractors shall not disclose, disseminate, or use the Information unless the Director authorizes it in writing. Contractor shall obtain written agreements from its agents, employees, contractors, and subcontractors which bind them to the terms in this Section.

K. Use of Work Products

(1) The City may use all Documents that Contractor prepares or obtains under this Agreement.

(2) Contractor warrants that it owns the copyright to the Documents.

(3) Contractor shall deliver the original Documents to the Director on request. Within five working days after this Agreement terminates, Contractor shall deliver to the Director the original Documents, and all other files and materials Contractor produces or gathers during its performance under this Agreement.

L. Licenses and Permits

Contractor shall obtain, maintain, and pay for all licenses, permits, and certificates including all professional licenses required by any statute, ordinance, rule, or regulation for the performance

under this Agreement. Contractor shall immediately notify the Director of any suspension, revocation, or other detrimental action against his or her license.

M. Compliance with Laws

Contractor shall comply with all applicable state and federal laws and regulations and the City Charter and Code of Ordinances in its performance under this Agreement.

N. Compliance with Equal Employment Opportunity Ordinance

In its performance under this Agreement, Contractor shall comply with City's Equal Employment Opportunity Ordinance as set out in Exhibit "B".

O. MWBE Compliance

In its performance under this Agreement, Contractor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances. Contractor shall make good faith efforts to award subcontracts or supply agreements in at least 2.4% of the value of this Agreement to MWBEs. Contractor acknowledges that it has reviewed the requirements for good faith efforts on file with the City's Office of Business Opportunities ("OBO") and will comply with them.

P. Drug Abuse Detection and Deterrence

(1) It is the policy of the City to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on City Premises is prohibited. Contractor shall comply with all the requirements and procedures set forth in the Mayor's Drug Abuse Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31 ("Executive Order"), which is incorporated into this Agreement and is on file in the City Secretary's Office.

(2) Before the City signs this Agreement, Contractor shall file with the Contract Compliance Officer for Drug Testing ("CCODT"):

(a) a copy of its drug-free workplace policy,

(b) the Drug Policy Compliance Agreement substantially in the form set forth in Exhibit "C," together with a written designation of all safety impact positions and,

(c) if applicable (e.g. no safety impact positions), the Certification of No Safety Impact Positions, substantially in the form set forth in Exhibit "D."

If Contractor files a written designation of safety impact positions with its Drug Policy Compliance Agreement, it also shall file every 6 months during the performance of this Agreement or on completion of this Agreement if performance is less than 6 months, a Drug Policy Compliance Declaration in a form substantially similar to Exhibit "E." Contractor shall submit the Drug Policy Compliance Declaration to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or if no Notice to Proceed is issued, on the first day Contractor begins work under this Agreement.

(3) Contractor also shall file updated designations of safety impact positions with the CCODT if additional safety impact positions are added to Contractor's employee work force.

(4) Contractor shall require that its subcontractors comply with the Executive Order, and Contractor shall secure and maintain the required documents for City inspection.

Q. Pay or Play

The requirements and terms of the City of Houston Pay or Play program, as set out in Executive Order 1-7, as revised from time to time, are incorporated into this Agreement for all

purposes. Contractor has reviewed Executive Order No. 1-7-Revised, and shall comply with its terms and conditions.

R. Personnel of Contractor

Contractor shall replace any of its personnel or subcontractors whose work product is deemed unsatisfactory by the Director.

V. DUTIES OF CITY

A. Payment Terms

The City shall pay Contractor and Contractor shall accept fees for services actually performed under each task detailed in Exhibit "A". City's payments to Contractor for services are subject to the allocation of funds as set out in Section V.D. The fees for the various tasks listed in Exhibit "A" shall be the maximum amounts that the City will pay Contractor under this Agreement, and those fees shall remain in effect without change throughout the term of this Agreement, including the renewal years.

B. Method of Payment

Subject to all terms and conditions of this Agreement, the City shall pay Contractor on the basis of invoices submitted by Contractor and approved by the Director showing (1) a description of the services performed during the period covered by the invoice and (2) the amount the Contractor requests for payment. The City shall make payments to Contractor at its address for notices within 30 days of receipt of an approved invoice. All fees due to Contractor under this Agreement shall only be payable from certain Allocated Funds, as provided in Section V.D.

If the City disputes any items in an invoice Contractor submits for any reason, including lack of supporting documentation, the Director shall temporarily delete the disputed item and pay the remainder of the invoice. The Director shall promptly notify the Contractor of the dispute and

request clarification and/or remedial action. After the dispute is settled, the Contractor shall include the disputed amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

C. Taxes

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Contractor's invoices to the City must not contain assessments of any of these taxes. The Director will furnish the City's exemption certificate and federal tax identification number to Contractor if requested.

D. Limit of Appropriation

(1) The City's duty to pay money to Contractor under this Agreement is limited in its entirety by the provisions of this Section.

(2) In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of **$504,500.00** to pay money due under this Agreement (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for this Agreement, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:

(3) The City makes a Supplemental Allocation by issuing to Contractor a Service Release Order, or similar form approved by the City Controller, containing the language set out below. When necessary, the Supplemental Allocation shall be approved by motion or ordinance of City Council.

NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS

By the signature below, the City Controller certifies that, upon the request of the Director, the

supplemental sum set out below has been allocated for the purposes of the Agreement out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

$ _____

(4) The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under this Agreement in excess of the Allocated Funds. Contractor must assure itself that sufficient allocations have been made to pay for services it provides. If Allocated Funds are exhausted, Contractor's only remedy is suspension or termination of its performance under this Agreement, and it has no other remedy in law or in equity against the City and no right to damages of any kind.

E. Access to Site

Contractor may enter and leave the premises at all reasonable times without charge. Contractor and its employees may use the common areas and roadways of the premises where it is to perform the services together with all facilities, equipment, improvements, and services provided in connection with the premises for common use. This excludes parking for Contractor's personnel. Contractor shall repair any damage caused by it or its employees as a result of its use of the common areas.

F. Access to Data

The City shall, to the extent permitted by law, allow Contractor to access and make copies of documents in the possession or control of the City or available to it that are reasonably necessary for Contractor to perform under this Agreement.

The City does not, however, represent that all existing conditions are fully documented, nor is the City obligated to develop new documentation for Contractor's use.

G. City Assistance

The Director's office and City department personnel shall be available to render all reasonable assistance and shall, to the extent permitted by law, provide all books and records, information technology reports, and account analyses in the City's possession that are necessary for Contractor to perform services under this Agreement. The Director reserves the right to assign a member of the City's staff to assist the Contractor in the performance of this Agreement.

H. Reproduction Services and Workspace

The City shall provide reasonable on-site reproduction services to Contractor. Costs of special or extensive reproduction shall be the responsibility of the Contractor. The City shall provide reasonable working space to the Contractor in locations maintained by the Director's office.

VI. TERM AND TERMINATION

A. Agreement Term

This Agreement is effective on the Countersignature Date herein and shall remain in effect for three (3) years thereafter, unless sooner terminated under this Agreement ("Initial Term").

B. Renewals

If the Director, at his or her sole discretion, makes a written request for renewal to Contractor at least 30 days before expiration of the then-current term and if sufficient funds are allocated, then, upon expiration of the Initial Term, this Agreement may be renewed for two (2) one-year terms each upon the same terms and conditions.

C. Time Extension

If Contractor requests an extension of time to complete its performance, then the Director may, in his or her sole discretion, extend the time so long as the extension does not exceed ninety

(90) days. The extension must be in writing but does not require amendment of this Agreement. Contractor is not entitled to damages for delay(s) regardless of the cause of the delay(s).

D. Termination for Convenience by City

The Director may terminate this Agreement at any time by giving 30 days written notice to Contractor. The City's right to terminate this Agreement for convenience is cumulative of all rights and remedies, which exist now or in the future.

On receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Contractor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. The City shall then pay the fees to Contractor for services actually performed, but not already paid for, in the same manner as prescribed in Section V.B unless the fees exceed the allocated funds remaining under this Agreement.

TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT FOR SERVICES RENDERED ARE CONTRACTOR'S ONLY REMEDIES FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. CONTRACTOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

E. Termination for Cause

If Contractor defaults under this Agreement, the Director may terminate this Agreement after providing Contractor written notice and an opportunity to cure the default as provided below. The

City's right to terminate this Agreement for Contractor's default is cumulative of all rights and remedies, which exist now or in the future. Default by Contractor occurs if:

(1) Contractor fails to perform any of its material duties under this Agreement;

(2) Contractor becomes insolvent;

(3) All or a substantial part of Contractor's assets are assigned for the benefit of its creditors; or

(4) A receiver or trustee is appointed for Contractor.

If a default occurs and the Director determines that the City wishes to terminate the Agreement, then the Director must deliver a written notice to Contractor describing the default and the proposed termination date. The date must be at least thirty (30) days after Contractor receives notice. The Director, at his or her sole option, may extend the termination date to a later date. If Contractor cures the default before the proposed termination date, then the proposed termination is ineffective. If Contractor does not cure the default before the termination date, then the Director may terminate this Agreement on the termination date, at no further obligation of the City.

To effect final termination, the Director must notify Contractor in writing. After receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

F. Effects of Termination

Upon termination, Contractor shall immediately turn over any work in progress to the Director.

VII. MISCELLANEOUS

A. Independent Contractor

Contractor shall perform its obligations under this Agreement as an independent contractor and not as an employee of the City.

B. Force Majeure

(1) Timely performance by both parties is essential to this Agreement. However, neither party is liable for reasonable delays in performing its obligations under this Agreement to the extent the delay is caused by Force Majeure that directly impacts the City or Contractor. The event of Force Majeure may permit a reasonable delay in performance but does not excuse a party's obligations to complete performance under this Agreement. Force Majeure means: fires, interruption of utility services, epidemics in the City, floods, hurricanes, tornadoes, ice storms and other natural disasters, explosions, war, terrorist acts against the City or Contractor, riots, strikes, court orders, and the acts of superior governmental or military authority, and which the affected party is unable to prevent by the exercise of reasonable diligence. The term does not include any changes in general economic conditions such as inflation, interest rates, economic downturn or other factors of general application; or an event that merely makes performance more difficult, expensive or impractical. Force Majeure does not entitle Contractor to extra reimbursable expenses or payment.

(2) This relief is not applicable unless the affected party does the following:

(a) uses due diligence to remove the effects of the Force Majeure as quickly as possible and to continue performance notwithstanding the Force Majeure; and

(b) provides the other party with prompt written notice of the cause and its anticipated effect.

(3) The Director will review claims that a Force Majeure that directly impacts the City or Contractor has occurred and render a written decision within 14 days.

(4) The City may perform contract functions itself or contract them out during periods of Force Majeure. Such performance is not a default or breach of this Agreement by the City.

(5). If the Force Majeure continues for more than 7 days from the date performance is affected, the Director may terminate this Agreement by giving 7 days' written notice to Contractor. This termination is not a default or breach of this Agreement. **CONTRACTOR WAIVES ANY CLAIM IT MAY HAVE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE TERMINATION EXCEPT FOR AMOUNTS DUE UNDER THE AGREEMENT UP TO THE TIME THE WORK IS HALTED DUE TO FORCE MAJEURE.**

C. Severability

If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

D. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties with respect to this subject matter hereof. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the Parties regarding this Agreement.

E. Written Amendment

Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City (by authority of an ordinance adopted by the City Council) and Contractor. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.

F. Applicable Laws

This Agreement is subject to the laws of the State of Texas, the City Charter and Code of Ordinances, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction.

Venue for any litigation relating to this Agreement is Harris County, Texas.

G. Notices

All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

H. Captions

Captions contained in this Agreement are for reference only, and, therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

I. Non-Waiver

If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

An approval by the Director, or by any other employee or agent of the City, of any part of Contractor's performance does not waive compliance with this Agreement or establish a standard of

performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

J. Inspections and Audits

City representatives may perform, or have performed, (1) audits of Contractor's books and records, and (2) inspections of all places where work is undertaken in connection with this Agreement. Contractor shall keep its books and records available for this purpose for at least three years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

K. Enforcement

The City Attorney or his or her designee may enforce all legal rights and obligations under this Agreement without further authorization. Contractor shall provide to the City Attorney all documents and records that the City Attorney requests to assist in determining Contractor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

L. Ambiguities

If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

M. Survival

Contractor shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, the indemnity provisions.

N. Publicity

Contractor shall make no announcement or release of information concerning this Agreement unless the release has been submitted to and approved, in writing, by the Director.

O. Parties In Interest

This Agreement does not bestow any rights upon any third party, but binds and benefits the City and Contractor only.

P. Successors and Assigns

This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City.

Q. Business Structure and Assignments

Contractor shall not assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the Director's prior written consent. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest under §9.406 of the Texas Business & Commerce Code. In the case of such an assignment, Contractor shall immediately furnish the City with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

Contractor shall not delegate any portion of its performance under this Agreement without the Director's prior written consent.

R. Remedies Cumulative

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies that exist now or in

the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

S. Contractor Debt

IF CONTRACTOR, AT ANY TIME DURING THE TERM OF THIS AGREEMENT, INCURS A DEBT, AS THE WORD IS DEFINED IN SECTION 15-122 OF THE HOUSTON CITY CODE OF ORDINANCES, IT SHALL IMMEDIATELY NOTIFY THE CITY CONTROLLER IN WRITING. IF THE CITY CONTROLLER BECOMES AWARE THAT CONTRACTOR HAS INCURRED A DEBT, HE OR SHE SHALL IMMEDIATELY NOTIFY CONTRACTOR IN WRITING. IF CONTRACTOR DOES NOT PAY THE DEBT WITHIN 30 DAYS OF EITHER SUCH NOTIFICATION, THE CITY CONTROLLER MAY DEDUCT FUNDS IN AN AMOUNT EQUAL TO THE DEBT FROM ANY PAYMENTS OWED TO CONTRACTOR UNDER THIS AGREEMENT, AND CONTRACTOR WAIVES ANY RECOURSE THEREFOR.

CONTRACTOR SHALL FILE A NEW AFFIDAVIT OF OWNERSHIP, USING THE FORM DESIGNATED BY CITY, BETWEEN FEBRUARY 1 AND MARCH 1 OF EVERY YEAR DURING THE TERM OF THIS AGREEMENT.

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EXHIBIT "A"

SCOPE OF SERVICES

At the Director's request, Contractor shall perform benefits consulting services for the Human Resources Department, including, but not limited to, the following:

A. Medical Benefits Delivery System

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Assist in the development of the RFP and in the procurement process.
2. As part of the RFP process, assist with the development of performance and outcome-based performance standards and assignment of financial guarantees to those standards.
3. Review the City's health benefits delivery system as compared to similar programs and recommend alternative structures for consideration.
4. Assist with the development of a work plan with reachable milestones.
5. Review, verify and provide analysis of proposers' services including disease management, case management, internal claims audit procedures, claims adjudication processes, etc.
6. Serve as liaison for requests and transfers of data files between current vendor and proposers.
7. Review, verify, and provide analytical due diligence on financial proposals and projections.
8. Identify and quantify trend and other major cost drivers (PBM, capitation, discounts, TPA fees, stop loss, etc.) influencing vendors' proposals.
9. Prepare comparison matrices to identify measurable components.
10. Provide a comparative matrix of proposers' responses to the questionnaire and summary statements or conclusions / opinions.
11. Claims expense will be a major item of differentiation; ascertain and validate differences, assumptions and infrastructure.
12. Analyze proposers' provider discounts in the local market.
13. Evaluate proposers' reporting capabilities for:
    a. Medical and prescription drugs claims utilization;
    b. Underwriting;
    c. Accounting; and
    d. Ability to provide statistical data necessary for budgeting and forecasting actuarial needs of the city.

14. Evaluate proposers' total systems infrastructure and technological capabilities to assume the city's account.

15. Attend finalist interviews and site visits.

16. Be available for numerous teleconferences and meetings with city officials and executives.

17. Participate in negotiations at various stages (including development of performance standards and financial guarantees).

18. Assist in developing subscriber rates and analyzing these rates to determine if they will achieve the expected enrollment.

19. Other services that support the RFP procurement process, implementation and post implementation that are not listed above.

This project will occur one time during this Agreement. It may be exercised in Year Two, if requested by the Director, or at the beginning of Year Four and finishing in Year Five for a May 1, 2019 effective date.

Total One-Time Payment to Contractor under this section A, not to exceed: $400,000

B. Program Management / Ongoing Consulting

Contractor shall provide consulting services to monitor the City's self-insured medical claim expenditures adjudicated by its Third-Party Administrator Cigna Health & Life Insurance Company.

Contractor's responsibilities shall include, but not be limited to, the following services:

1. Review, interpret, and advise the City on vendor utilization, financial reports, and annual renewals.

2. Interface with all city healthcare vendors.

3. Provide Plan design analyses to ensure that the City's health plans are contemporary, responsive, affordable and competitive with the local market.

4. Identify trends in the market place.

5. Identify specific city trends (demographic mix, large claims, utilization, total costs, etc.) and compare to market.

6. Analyses of plan design versus cost.

7. Benchmark against other government entities and companies of similar size in Texas.

8. Work with Human Resources Benefits Group to establish strategic goals for cost containment / reduction.

9. Assist in the development of monthly dashboards for monitoring plan costs and claims experience.

10. Interpret dashboards, comparing results to strategic goals; predictive modeling; and developing corrective programs.

11. Evaluate actual claims experience vs. budget projections.

12. Quarterly and semi-annual analysis of plan performance.

13. Review the city's wellness initiatives and vendor disease management programs and recommend operational improvements.

14. Provide updates and strategic direction on Federal and State legislative issues, particularly regarding the Patient Protection and Affordable Care Act (PPACA).

15. Review city strategies pertaining to healthcare reform and make recommendations.

16. Participate in constituent meetings / activities, particularly quarterly and annual reviews.

17. Report on managed care and wellness breakthroughs.

18. Other services as needed.

This project will be ongoing throughout the consulting engagement under this Agreement.

Total Five-Year Payments to Contractor under this section B, not to exceed: $478,500

C. Member Satisfaction Surveys in Health Benefits

Contractor shall monitor and perform satisfaction surveys for improvement in services in the following areas:

1. Overall satisfaction with Human Resources Benefits services, Healthcare services or the benefits program;

2. Plan value;

3. Plan benefits;

4. Customer service received;

5. Access to care; and

6. Benefits communications materials.

This project will occur in Years Two and Four of the consulting engagement under this Agreement.

Total Payments to Contractor under this Section C, not to exceed: $42,000

D. Long Term Disability (LTD) Request for Proposal

Contractor's responsibilities shall include, but not be limited to performance of the following services:

1. Assist in the development of the Request For Proposal (FRP) and in the procurement process.
2. As part of the RFP process, assist with the development of performance and outcome-based performance standards and assignment of financial guarantees to those standards.
3. Review the city long term disability plan as compared to similar programs and recommend alternative structures for consideration.
4. Assist with the development of a work plan with reachable milestones.
5. Review, verify and provide analysis of proposers' services including internal claims audit procedures, claims adjudication processes, etc.
6. Review, verify, and provide analytical due diligence on financial proposals and projections.
7. Identify and quantify trend and other major cost drivers influencing vendors' proposals.
8. Prepare comparison matrices to identify measurable components.
9. Provide a comparative matrix of proposers' responses to the questionnaire and summary statement or conclusions / opinions.
10. Evaluate proposers' total systems infrastructure and technological capabilities to assume the city's account.
11. Attend finalist interviews.
12. Be available for teleconferences and meetings with Human Resources.
13. Participate in negotiations at various stages (including development of performance standards and financial guarantees).
14. Other services that support the RFP procurement process, implementation and post implementation that are not listed above.

This project will occur one time beginning in 2016 for a new contract with an effective date of September 1, 2016.

Total One-Time Payment to Contractor under this Section D, not to exceed: $66,000

E. Long Term Disability Procedures Audit

Contractor shall conduct an audit of Long Term Disability claims processes and practices of the health benefits third-party administrator. Important factors include, but are not limited, to:

1. Internal controls; there are 14,400 employees covered by this plan, with 200+ open claims at any given time, and less than 30 new claims are approved each year.
2. Financial and procedural accuracy;

3. Compliance with state and federal laws;
4. General claims handling practices;
5. Annual audit compliance; and
6. Application of plan provisions to claims approvals.

This project will occur one time in 2015 or 2016 of the consulting engagement under this Agreement.

Total One-Time Payment to Contractor under this Section E, not to exceed: $53,500

F. Health Plan Performance Guarantees Audit

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Identify back-up data/reporting required to validate performance/achievement of or failure to meet performance standards;
2. Identify data collection stratification that best support reporting frequency (quarterly, semi-annually, annually); and
3. Evaluate the vendor's methodology used to calculate financial performance guarantees.

This project will occur annually throughout the contract period.

Total Five-Year Payments to Contractor under this Section F, not to exceed: $80,000

G. Audit Flexible Spending Account Administration for Health and Dependent Care

Contractor's responsibilities shall include, but not be limited to, the following services:

1. Audit Review for financial and procedural accuracy;
2. Review payments for compliance with regulatory statutes;
3. Review claims / payment handling procedures and accuracy; and
4. Conduct an operational assessment of internal controls.

This project will occur in Years One, Three and Five of this Agreement.

Total Five-Year Payments to Contractor under this Section G, not to exceed: $94,500

H. Medicare Plans Request for Proposal (RFP)

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Assist in the development of the request for proposal and in the procurement process.
2. As part of the RFP process, assist with the development of performance and outcome-based performance standards and assignment of financial guarantees to those standards.
3. Review the city's Medicare plans delivery system as compared to similar programs and recommend alternative structures for consideration.
4. Assist with the development of a work plan with reachable milestones.
5. Review, verify and provide analyses of proposers' services including disease management, case management, internal claims audit procedures, claims adjudication processes, etc.
6. Serve as liaison for requests and transfers of data files between current vendor and proposers.
7. Review, verify, and provide analytical due diligence on financial proposals and projections.
8. Identify and quantify major cost drivers (i.e. pharmacy, etc.) influencing vendors' proposals.
9. Prepare cost comparison matrices.
10. Provide a comparative matrix of proposers' responses to the questionnaire and summary statements or conclusions / opinions.
11. Evaluate actual claims experience vs. budget projections.
12. Evaluate proposers' reporting capabilities for medical and prescription drugs claims utilization.
13. Evaluate proposers' total systems infrastructure and technological capabilities to assume the city's account.
14. Attend finalist interviews.
15. Be available for numerous teleconferences and meetings with city officials and executives.
16. Participate in negotiations at various stages (including development of performance standards and financial guarantees).
17. Other services that support the RFP procurement process, implementation and post implementation that are not listed above.

This project will occur one time, beginning in 2019 for a new contract effective date of January 1, 2020.

Total Maximum One-Time Payment to Contractor under this Section H: $72,000.

I. Annual Review of Medicare Advantage/Medicare Plan Renewal Projections

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Review/update goals and plan design.
2. Suggest cost saving adjustments/plan design changes that will retain quality comprehensive, affordable Medicare plans;
3. Provide financial projections of alternative plan design changes;
4. Determine current medical and pharmacy trend factors;
5. Review and verify financial proposals and projections including aggregate claims data;
6. Advise the City of any legislative changes impacting Medicare Advantage plans;
7. Advise negotiation strategies at various stages;
8. Develop a scorecard that will support objective evaluation of proposals / vendors; and
9. Other services as needed.

This project will occur annually throughout the consulting engagement under this Agreement.

Total Five-Year Payments to Contractor under this Section I, not to exceed: $132,000.

J. Dental Plan Request for Proposal (RFP)

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Assist in the development of the request for proposal and in the procurement process.
2. As part of the RFP process, assist with development of performance and outcome-based performance standards and assignment of financial guarantees to those standards.
3. Review the city dental plans as compared to similar programs and recommend alternative structures for consideration.
4. Assist with development of a work plan with reachable milestones.
5. Review, verify and provide analysis of proposers' services including internal claims audit procedures, claims adjudication processes, etc.
6. Serve as liaison for requests and transfers of data files between current vendor and proposers.
7. Review, verify, and provide analytical due diligence on financial proposals and projections.
8. Identify and quantify trend and other major cost drivers influencing vendors' proposals.

9. Prepare cost comparison matrices.

10. Provide a comparative matrix of proposers' responses to the questionnaire and summary statements or conclusions / opinions.

11. Analyze proposers' provider discounts in the local market.

12. Evaluate proposers' reporting capabilities for claims utilization.

13. Evaluate proposers' total systems infrastructure and technological capabilities to assume the city's account.

14. Attend finalist interviews.

15. Be available for teleconferences and meetings with Human Resources.

16. Participate in negotiations at various stages (including development of performance standards and financial guarantees).

17. Review / evaluate proposers' rates.

18. Other services that support the RFP procurement process, implementation and post implementation that are not listed above.

This project will occur one time beginning in 2015 and finishing in 2016 for a new contract effective date of May 1, 2016.

Total One-Time Payment to Contractor under this Section J, not to exceed: $60,000.

K. Vision Care Plan Request for Proposal (RFP)

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Assist in development of the request for proposal and in the procurement process.

2. As part of the RFP process, assist with development of performance and outcome-based performance standards and assignment of financial guarantees to those standards.

3. Review the city vision plan as compared to similar programs and recommend alternative structures for consideration.

4. Assist with development of a work plan with reachable milestones.

5. Review, verify and provide analysis of proposers' services including internal claims audit procedures, claims adjudication processes, etc.

6. Serve as liaison for requests and transfers of data files between current vendor and proposers.

7. Review, verify, and provide analytical due diligence on financial proposals and projections.

8. Identify and quantify trend and other major cost drivers influencing vendors' proposals.

9. Prepare cost comparison matrices.

10. Provide a comparative matrix of proposers' responses to the questionnaire and summary statements or conclusions / opinions.

11. Analyze proposers' provider discounts in the local market.

12. Evaluate proposers' reporting capabilities for claims utilization

13. Evaluate proposers' total systems infrastructure and technological capabilities to assume the city's account.

14. Attend finalist interviews.

15. Be available for teleconferences and meetings with Human Resources.

16. Participate in negotiations at various stages (including development of performance standards and financial guarantees).

17. Review / evaluate proposers' rates.

18. Other services that support the RFP procurement process, implementation and post implementation that are not listed above.

This project will occur one time beginning in 2017 and finishing in 2018 for a new contract effective date of May 1, 2018.

Total One-Time Payment to Contractor under this Section K, not to exceed: $35,000.

L. Supplemental Insurance Programs Request for Proposal (RFP)

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Assist in development of the request for proposal and in the procurement process.

2. As part of the RFP process, assist with the development of performance and outcome-based performance standards and assignment of financial guarantees to those standards.

3. Review the city's supplemental insurance plans as compared to similar programs and recommend alternative structures for consideration.

4. Assist with development of a work plan with reachable milestones.

5. Review, verify and provide analysis of proposers' services including internal claims audit procedures, claims adjudication processes, etc.

6. Review, verify, and provide analytical due diligence on financial proposals and projections.

7. Identify and quantify trend and other major cost drivers influencing vendors' proposals.

8. Prepare cost comparison matrices.

9. Provide a comparative matrix of proposers' responses to the questionnaire and summary statements or conclusions / opinions.

10. Evaluate proposers' reporting capabilities for claims utilization.

11. Evaluate proposers' total systems infrastructure and technological capabilities to assume the city's account.
12. Attend finalist interviews.
13. Be available for teleconferences and meetings with Human Resources.
14. Participate in negotiations at various stages (including development of performance standards and financial guarantees).
15. Review/evaluate proposers' rates.
16. Other services that support the RFP procurement process, implementation and post implementation that are not listed above.

This project will occur one time beginning in 2015, finishing in 2016 for a new contract effective date of May 1, 2016.

Total One Time Payment to Contractor under this Section J, not to exceed: $50,000.

M. Flexible Spending Account (FSA) Request for Proposal (RFP)

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Assist in the development of the request for proposal and in the procurement process.
2. As part of the RFP process, assist with development of performance and outcome-based performance standards and assignment of financial guarantees to those standards.
3. Assist with the development of a work plan with reachable milestones.Review, verify, and provide analytical due diligence on financial proposals and projections.
4. Evaluate proposers' reporting capabilities for claims utilization
5. Evaluate proposers' total systems infrastructure and technological capabilities to assume the city's account.
6. Attend finalist interviews.
7. Be available for teleconferences and meetings with Human Resources.
8. Participate in negotiations at various stages (including development of performance standards and financial guarantees).
9. Other services that support the RFP procurement process, implementation and post implementation that are not listed above.

This project will occur one time beginning in 2015 and finishing in 2016 for a new contract effective date of May 1, 2016.

Total One-Time Payment to Contractor under this Section K, not to exceed: $20,000.

N. Medicare Part D / Retiree Drug Subsidy Creditability Study / Attestation and Reconciliation

Contractor's responsibilities shall include, but not be limited to, performance of the following services:

1. Perform both the gross and net value tests;
2. Summarize the methodology, data sources, plan design and actuarial assumptions;
3. Attest to the creditability of the plans with the RDS if the City passes the actuarial equivalence;
4. Review final reconciliation drug lists to ensure all submitted prescriptions are Medicare eligible; and
5. Recommend alternatives if the gross and/or net value tests are not passed.

This project will occur annually throughout the consulting engagement under this Agreement.

Total Five-Year Payments to Contractor under this Section N, not to exceed: $30,000

O. GASB-45 ACTUARIAL VALUATION

Contractor shall perform a periodic actuarial study to estimate the post-employment liability for health benefits for covered retirees as follows:

1. Planning phase:
   a. Discuss project plan;
   b. Clarify plan provision;
   c. Discuss and select actuarial assumptions and methods to be used to calculate OPEB obligations and annual required amounts.
2. Employee data collection, review and analysis:
   a. City to provide data on all current retirees, beneficiaries and active employees who may become eligible for OPEB.
3. Claims data collection, review and analysis:
   a. City to provide historical medical and prescription drug claims experience for retirees (to be used in developing future costs);
   b. After data is adjusted for anomalies, data is trended forward.
4. Valuation processing.
5. Final report preparation and discussion to include:
   a. Actuarial present value of projected benefits;
   b. Actuarial required benefits (ARC);
   c. Description of pre-funding;

d. Key observations;

e. Data required to comply with GASB-45 reporting and disclosure requirements;

f. Summaries of current plan provisions, actuarial assumption, and methodology;

g. Description of actuarial funding method;

h. Determination of City's implicit rate subsidy;

i. UAAL amortization policy;

j. Description of data used in the valuation;

k. Cost splits by employee groups specified by the City;

l. Data schedules for the required journal entries;

m. Disclosures for financial statements;

n. Options to consider that would minimize or eliminate GASB impact; and

o. Impact of funding OPEB.

6. Presentation of final report.

7. Other related services.

This project will occur in Years Two and Four of the consulting engagement under this Agreement.

Total Five-Year Payments to Contractor under this Section O, not to exceed: $140,000.

P. Analysis of Alternative Solutions for Retiree Medical as a Result of GASB-45

Alternative solutions for retiree medical care are being sought in order to significantly reduce the GASB-45 liability, without entirely eliminating retiree health benefits. Contractor shall survey other municipalities and government entities to determine how they are managing GASB-45; and based upon survey findings, make recommendations to the City regarding savings opportunities under GASB. Contractor shall review existing plans and cost drivers to propose viable options. Contractor should also provide an on-going menu of options to be considered to mitigate cost.

This project will occur in years Two and Four of the consulting engagement under this Agreement.

Total Five-Year Payments to Contractor under this Section P, not to exceed: $40,000.

Q. Dependent Eligibility Audit

The City of Houston required eligibility relationship documentation for dependents (i.e., marriage licenses, birth certificates, adoption papers, divorce decrees, etc.) from new hires

and from employees adding or dropping dependents. The Contractor shall:

1. Develop processes/procedures to complete the audit (including audit sample size, amnesty period for ineligibles, etc.);
2. Use electronic provider files to select subscribers who cover dependents to select random employees/retirees to audit;
3. Analyze unusual age disparities among employees and dependents;
4. Onsite validation of benefit files;
   a. Audit 100% of subscribers that cover dependents
   b. Audit files of randomly selected subscribers that cover dependents
5. Report results with back-up documentation to the City; and
6. Recommend penalties for subscribers covering ineligible people, and also for those who refuse to respond to the survey.

This project will occur in Years One, Three and Five of this Agreement.

Total Five-Year Payments to Contractor under this Section Q, not to exceed: $142,000.

R. Other Projects as Assigned by the Human Resources Director, not to exceed: $110,000

Maximum Total Payments to Contractor under this Agreement, including renewal years: $2,045,500

EXHIBIT "B"

EQUAL EMPLOYMENT OPPORTUNITY

1. The contractor, subcontractor, vendor, supplier, or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or age. The contractor, subcontractor, vendor, supplier, or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin, or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.

2. The contractor, subcontractor, vendor, supplier, or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.

3. The contractor, subcontractor, vendor, supplier, or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, as amended and superseded, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The contractor, subcontractor, vendor, supplier, or lessee will comply with all provisions of Executive Order No. 11246, as amended and superseded, and the rules, regulations, and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or City's Contract Administrators for purposes of investigation to ascertain and effect compliance with this program.

5. The contractor, subcontractor, vendor, supplier, or lessee will furnish all information and reports required by Executive Order No. 11246, as amended and superseded, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records, and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations, and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the contractor, subcontractor, vendor, supplier, or lessee.

6. In the event of the contractor's, subcontractor's, vendor's, supplier's, or lessee's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor, subcontractor, vendor, supplier, or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, as amended and superseded, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as may otherwise be provided by law.

7. The contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended and superseded, so that such provisions will be binding upon each subcontractor or vendor. The

contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

8. The contractor shall file and shall cause his or her subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

EXHIBIT "C"

DRUG POLICY COMPLIANCE AGREEMENT

I, _____ as an owner or officer of
(Name) (Print/Type) (Title)

_____
(Contractor)
(Name of Company)

have authority to bind Contractor with respect to its bid, offer or performance of any and all contracts it may enter into with the City of Houston; and that by making this Agreement, I affirm that the Contractor is aware of and by the time the contract is awarded will be bound by and agree to designate appropriate safety impact positions for company employee positions, and to comply with the following requirements before the City issues a notice to proceed:

1. Develop and implement a written Drug Free Workplace Policy and related drug testing procedures for the Contractor that meet the criteria and requirements established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Drug Policy) and the Mayor's Drug Detection and Deterrence Procedures for Contractors (Executive Order No. 1-31).

2. Obtain a facility to collect urine samples consistent with Health and Human Services (HHS) guidelines and a HHS certified drug testing laboratory to perform the drug tests.

3. Monitor and keep records of drug tests given and the results; and upon request from the City of Houston, provide confirmation of such testing and results.

4. Submit semi-annual Drug Policy Compliance Declarations.

I affirm on behalf of the Contractor that full compliance with the Mayor's Drug Policy and Executive Order No. 1-31 is a material condition of the contract with the City of Houston.

I further acknowledge that falsification, failure to comply with or failure to timely submit declarations and/or documentation in compliance with the Mayor's Drug Policy and/or Executive Order No. 1-31 will be considered a breach of the contract with the City and may result in non-award or termination of the contract by the City of Houston.

_____
Date

_____
Contractor Name

_____
Signature

_____
Title

EXHIBIT "D"

CONTRACTOR'S CERTIFICATION OF NO SAFETY IMPACT POSITIONS IN PERFORMANCE OF A CITY CONTRACT

I, _____, _____,
(Name) (Title)

as an owner or officer of _____
(Contractor)
(Name of Company)

have authority to bind the Contractor with respect to its bid, and hereby certify that Contractor has no employee safety impact positions, as defined in §5.18 of Executive Order No. 1-31, that will be involved

in performing

_____.
(Project)

Contractor agrees and covenants that it shall immediately notify the City of Houston Director of Human Resources if any safety impact positions are established to provide services in performing this City Contract.

_____ _____
(Date) Typed or Printed Name)

_____
(Signature)

_____
(Title)

EXHIBIT "E"

DRUG POLICY COMPLIANCE DECLARATION

I, _____ as an owner or
(Name) (Print/Type) (Title)
officer of _____ (Contractor)
(Name of Company)

have personal knowledge and full authority to make the following declarations:

This reporting period covers the preceding 6 months from _____ to _____, 20____.

_____ Initials — A written Drug Free Workplace Policy has been implemented and employees notified. The Policy meets the criteria established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Policy)

_____ Initials — Written drug testing procedures have been implemented in conformity with the Mayor's Drug Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31. Employees have been notified of such procedures

_____ Initials — Collection/testing has been conducted in compliance with federal Health and Human Services (HHS) guidelines

_____ Initials — Appropriate safety impact positions have been designated for employee positions performing on the City of Houston contract. The number of employees in safety impact positions during this reporting period is _____.

_____ Initials — From _____ (Start date) to _____ (End date) the following test has occurred:

	Random	Reasonable Suspicion	Post Accident	Total
Number Employees Tested	_____	_____	_____	_____
Number Employees Positive	_____	_____	_____	_____
Percent Employees Positive	_____	_____	_____	_____

_____ Initials — Any employee who tested positive was immediately removed from the City worksite consistent with Initials the Mayor's Policy and Executive Order No. 1-31.

_____ Initials — I affirm that falsification or failure to submit this declaration timely in accordance with established guidelines will be considered a breach of contract.

I declare under penalty of perjury that the affirmations made herein and all information contained in this declaration are within my personal knowledge and are true and correct.

_____
(Date)

_____
(Typed or Printed Name)

_____
(Signature)

_____
(Title)