

**Region 4 through the Texas Cooperative Purchasing Network (“TCPN”)  
Insurance and Benefit Services**

**INTER-LOCAL AGREEMENT**

**Between Graham ISD (the “District/Agency”)  
and  
Regional Education Service Center 4 through TCPN (“TCPN”)**

This Inter-local Agreement (“Agreement”) is made and entered into by and between the District/Agency, a public school District/Agency in the State of Texas, and Region 4 ESC through TCPN as provided below.

**I. General Agreements:**

1. This Agreement is effective 09/01/2011 (“Effective Date”) the term of this Agreement shall be one year. This agreement shall continue unchanged for successive twelve-month periods following the Term unless either party gives written notice to the other party of the intent to terminate prior to ninety (90) days before the end of the Term.
2. The District/Agency shall not, without first obtaining the written consent of TCPN, assign this Agreement in whole or in part.
3. This Agreement sets forth the complete understanding by and between the District/Agency and TCPN and supersedes any prior written or oral agreements between them related to the services described herein.
4. This Agreement is fully performable in the State of Texas and will be construed under the laws of the State of Texas. Venue for any disputes or conflicts involving this Agreement shall be in State District/Agency court of competent jurisdiction in Harris County, Texas.
5. Authority for this Agreement and the provision of services herein listed is granted under sections 791.001 through 791.015 and 791.025 of the Government Code, V.T.C.A. as amended. The purpose of this Agreement is to participate in a cooperative to obtain substantial savings for member school District/Agencies through volume purchasing.
6. This Agreement has been approved and authorized by the governing body of the District/Agency. Any individual signing this Agreement on behalf of a District/Agency represents and warrants in his/her individual capacity that he/she has full authority to sign on behalf of the District/Agency.
7. The District/Agency will do such further acts, including executing and delivering additional agreements or instruments, as TCPN may reasonably request, to carry out the purposes of this Agreement.
8. If the District/Agency is paying for the performance of governmental services under this Agreement, the District/Agency must make those payments from current revenues available to that District/Agency.
9. The District/Agency agrees to accept all contracts, agreements and other documents (“Contracts”) related to the Programs selected as are currently in use and shall have no right to change any of the Contracts. Copies of each of the Contracts that have been executed by TCPN shall be provided to the District/Agency upon request.
10. The District/Agency hereby agrees that each of the Service Providers shall be paid in accordance with their Contracts as listed in the “Statement of Services to be Performed” below. TCPN shall be paid a fee in accordance with its Contract and this Agreement.

**II. Role of the District/Agency/Agency:**

1. Commit to participate in the Programs selected as indicated by an authorized signature in the appropriate space below.
2. Designate a contact person for TCPN and Program managers.
3. Commit to purchase the services designated herein.
4. Accept the services from vendor(s) in accordance with standard purchasing procedures of the District/Agency/Agency.
5. Pay vendor(s) in a timely manner for all goods and services received, which shall include timely forwarding of participating Employees' payroll deduction contributions to the Plan.
6. Allow Employees access to the Programs selected, if applicable.
7. Provide the data required in order to deliver the services selected, including the necessary data items and the format in which the data will be provided, as specified by Region 4 and/or its vendors who deliver the services described herein.

**III. Services to be Performed and Agreements between Region 4 and the District/Agency Applicable to each Program Selected (Check All Selected Programs):**

- A.  125 Solution Program (the "125 Program") offered through the Region 4 ESC Cooperative for Section 125 Plan Services and Supplemental Insurance Products

The 125 Program will offer products and services to Participating District/Agencies that include the following:

1. Supplemental Insurance Products that will include the products listed below.
  - a. Disability Income Insurance
  - b. Dental Insurance
  - c. Vision Insurance
  - d. Group Term Life Insurance
  - e. Long Term Care Insurance
  - f. Group Legal Insurance
  - g. Cancer Insurance
  - h. Heart/Stroke Insurance
  - i. Individual Life Insurance
  - j. Critical Illness Insurance
2. 125 Cafeteria Plan Flexible Spending Accounts using a Visa or MasterCard debit card to deliver claim payments for medical and dependent care expenses
3. All other full 125 Cafeteria Plan administration
4. Common remitter service for paying billings from insurance companies and/or 403(b) vendors
5. Full website enrollment of all of the District/Agency's employee benefit plans, including the group medical plan
  - a. Paperless delivery of benefits
  - b. Upload data to payroll electronically
  - c. Electronically transfer data to vendors
6. Enrollment services and management
7. Consulting on plan compliance and products

The 125 Program will (a) charge a specific fee for each service, that is disclosed to the Participating District/Agency, (b) all commissions will be paid to Paragon National, LP ("Paragon") which will be the "agent of record" for the products, with records open to the Participating District/Agency, (c) the Service Providers will be paid a fee by Paragon National, LP in return for their work that will be substantial and ongoing.

TCPN has selected Paragon as its agent of record for the purposes of administering the 125 Program. Paragon will perform all the services of an agent, either directly or through service providers. Paragon

will be compensated for acting as the 125 Program's agent by receiving commissions from participating insurers. Paragon will be responsible for paying the other service providers who perform services for the 125 Program that will be substantial and on going from its commissions. Paragon may also hire one or more Marketing District/Agencies to help promote the 125 Program.

In order to deliver the 125 Program through an interlocal agreement, all of the supplemental insurance products listed above will be subject to a competitive bidding process each three years, purchased through an interlocal agreement in which the District/Agency participates, and/or purchased through an interlocal agreement in which a Participating District/Agency participates if such interlocal agreement is approved by the District/Agency. Supplemental products may also be replaced as needed to replace insurance companies that either withdraw from the 125 Program or that fail to meet service requirements.

The goal of the competitive bidding process and participation in other interlocal agreements as described above will be to secure three (3) or more companies to deliver each of the supplemental insurance products. District/Agencies will then be able to choose the products they want for their Employees from the list of winning bidders. The goals of the 125 Program with regard to the supplemental insurance products are to first obtain the best combination of services and rates for participating Employees and second to obtain the revenue necessary to pay the cost of delivering the 125 Program.

Region 4 ESC will act as the Coordinating Agency to deliver the 125 Program to other participating school District/Agencies and other agencies through an inter-local agreement. Region 4 ESC will perform the following services in the 125 Program:

- a. Market and promote the 125 Program to potential Participating District/Agencies.
- b. Oversee the development of the RFP to obtain Product Providers for the 125 Program.
- c. Oversee the evaluation of the responses of the Product Providers to the RFP and make the final selection of the Product Providers to be awarded contracts.
- d. Oversee the work of the Consultant, the other Service Providers and the Product Providers in meeting the needs of Participating District/Agencies in the 125 Program.
- e. Obtain an inter-local agreement from each Participating District/Agency in the 125 Program and a contract with the Participating District/Agency to perform services in the 125 Program in order to be paid a fee.
- f. Provide administrative support to the 125 Program and Consultant as needed.
- g. Assist Participating District/Agencies with advice regarding payroll systems issues and financial issues relating to the 125 Program.

TCG Consulting, LP will coordinate the bidding process, the work of all of the Service Providers and delivery of the services. TCG Consulting, LP is an employee benefits consulting company that is affiliated with Paragon.

Website services and third party administration services are provided by JEM Resource Partners, LP. JEM Resource Partners, LP is a licensed third party administrator in Texas and is an affiliate of TCG Consulting, LP and Paragon.

The 125 Program will be delivered by Service Providers under contract with TCPN and TCPN may replace such Service Providers at its sole discretion.

The District/Agency agrees to abide by the decisions of TCPN regarding the Products to be offered in the 125 Program. The District/Agency further agrees to replace all such similar Products it currently offers to its Employees or pays for and provides for its Employees as of the Effective Date. This shall not restrict the District/Agency's Employees from purchasing such Products, but the District/Agency agrees not to allow the premiums for such Products to be paid either through the District/Agency's Section 125 Cafeteria Plan or through payroll deduction. In the event that the Employer has a contract with a Product provider, the Employer agrees to cancel such contract at the next date allowable under such contract. If the contract cannot be canceled, then the Product offered under such contract will be

discontinued upon the expiration of the contract. The District/Agency and TCPN hereby agree to the following exceptions to this Section 9: None.

The District/Agency hereby agrees that each of the Service Providers shall be paid in accordance with their Contracts as listed in the "Statement of Services to be Performed" below. Region 4 ESC shall be paid a fee per eligible employee per month in the District/Agency for performing the services listed in the "Statement of Services to be Performed" below and in accordance with its Contract and this Agreement.

The District/Agency agrees to perform the services listed below in return for a fee per District/Agency/Agency Employee eligible to participate in the 125 Program per month, as described in the "Statement of Services to be Performed" above and in accordance with this Agreement.

Services to be performed by the District/Agency:

- a. Provide required payroll data to other Service Providers by creating an electronic file in a format mutually agreeable to Service Providers and District/Agency/Agency.
- b. Accept required payroll data from other Service Providers in an electronic file in a format mutually agreeable to Service Providers and District/Agency/Agency.
- c. Provide required payroll data to Product Providers by creating an electronic file in a format mutually agreeable to Product Providers and District/Agency/Agency.
- d. Accept required payroll data from Product Providers in an electronic file in a format mutually agreeable to Product Providers and District/Agency/Agency.
- e. Require and support enrollment of participants in the 125 Program through a website enrollment system established and maintained by the Third Party Administrator.
- f. Provide workspace, telephone, computer support and office supplies to the employee of the Enrollment Company assigned to the District/Agency/Agency on a full or part-time year-round basis. The cost of telephone, computer support and office supplies may be limited by agreement between the District/Agency/Agency and the Enrollment Company.
- g. Provide workspace and access to Employees for the other Service Providers in the 125 Program for the purpose of educating Employees about the products and services available in the 125 Program and to allow such Employees to enroll on a voluntary basis in the 125 Program.
- h. Use its staff and other resources to make its best efforts to educate Employees about the products and services available in the 125 Program so that Employees may enroll on a voluntary basis in the 125 Program.

\*Fee is to be paid from the 125 Program of each participating District/Agency. Commissions from the products offered in the 125 Program shall be paid to the Agent. The fees of each participating Service Provider noted above shall be paid to such Service Provider by the Agent. The Agent reserves the right to adjust the fees of any Service Provider to protect the financial solvency of the 125 Program.

B. 403(b) Administration

Role of TCPN:

Provide for the organizational and administrative structure of the program, including the following 403(b) TPA Services:

- (a) Assist Employer to develop written 403(b) Plan rules
- (b) Obtain agreements from vendors to comply with the Employer's Plan rules
- (c) Screen new vendors for compliance
- (d) Provide 403(b) Plan website and Plan data base
  - (1) All Plan transaction requests from participants (enrollment, distributions, etc.) go through the TPA via a website

- (2) TPA monitors and implements processes for compliance with all Plan rules; all federal laws and regulations applicable to 403(b) plans; and State laws and regulations applicable to 403(b) plans, including the processes listed below
  - i. Eligibility
  - ii. Enrollment
  - iii. Contributions
  - iv. Distributions
  - v. Loans
  - vi. Transfers and Rollovers
  - vii. Any other services mutually agreeable to the Employer, TPA and ESC Region 10
- (e) Transactions transmitted electronically to vendors
- (f) Vendors process transactions and send electronic records to TPA
- (g) TPA (not vendors alone) maintains records of transactions to facilitate Plan audits
- (h) TPA website also used to educate employees on need for retirement savings
- (i) TPA provides common remitter of all payroll deduction contributions to vendors and ensures that contributions are remitted to employees' accounts timely and in accordance with federal and state regulations
- (j) TPA submits all employees' contributions received from Employer to all 403(b) vendors in a timely manner and in accordance with applicable state and federal regulations
- (k) TPA provides training for Employer staff and assists Employer in communicating aspects of the Plan to employees
- (l) TPA provides support for Employer in assuring that the Plan meets the "universal eligibility" requirements of Section 403(b) of the Internal Revenue Code and other applicable federal rules as may be amended from time to time
- (m) TPA provides any other services required by the final 403(b) regulations issued by the Internal Revenue Service
- (n) TPA provides reports to the Employer necessary for Plan compliance as needed and requested, including payroll and vendor account reports, distribution/account transaction reports, reports of who is participating in the 403(b) Plan and any other reports mutually agreeable to the Employer, the TPA and ESC Region 10.

C. 457(b) Plan Administration

Provide a 457(b) Retirement Savings Plan ("Plan") to the District/Agency through an agreement between Region 4 ESC and Region 10 ESC in order to provide the District/Agency with the Region 10 ESC 457 Cooperative and Master Plan. Such Plan services shall include the following:

1. Provide for the organizational and administrative structure of the program, including a Trust for investment of Plan funds, oversee the investments of the Trust, and provide a Plan document to the District.
2. Provide for an Investment Advisor to oversee the investments offered in the Cooperative and Master Plan and to accept fiduciary responsibility for the selection of the investments offered to employees participating in the Cooperative and Master Plan.
3. Provide staff time necessary for efficient operation of the program.
4. Initiate and implement activities related to the vendor(s) selection process.
5. Facilitate the delivery of the services purchased.

D. 457(b) FICA Alternative Plan Administration

Provide a 457(b) FICA Alternative Plan ("Plan") to the District/Agency through an agreement between Region 4 ESC and Region 10 ESC in order to provide the District/Agency with the Region 10 ESC FICA Alternative Plan and Trust. Such Plan services shall include the following:

1. Provide for the organizational and administrative structure of the program, including a Trust for investment of Plan funds, oversee the investments of the Trust, and provide a Plan document to the District.
2. Provide for an Investment Advisor to oversee the investments of the Plan and Trust and to accept fiduciary responsibility for the selection of the investments of the Plan and Trust.
3. Provide staff time necessary for efficient operation of the program.
4. Initiate and implement activities related to the vendor(s) selection process.
5. Facilitate the delivery of the services purchased.

E. 401(a) Plan Administration

Provide a 401(a) Retirement Plan ("Plan") to the District/Agency through an agreement between Region 4 ESC and Region 10 ESC in order to provide the District/Agency with the Region ESC Teacher/Educator Recruitment and Retention Program ("TERRP") and TERRP Trust. Such Plan services shall include the following:

1. Provide for the organizational and administrative structure of the program, including a Trust for investment of Plan funds, oversee the investments of the Trust, and provide a Plan Document, Plan Adoption Agreement and other relevant documents to the District for the Plan to comply with the requirements of the Internal Revenue Code and Texas Government Code.
2. Provide for an Investment Advisor to oversee the investments offered in the TERRP and TERRP Trust and to accept fiduciary responsibility for the selection of the investments offered to employees participating in the TERRP and TERRP Trust.
3. Provide consulting services at no additional cost to Districts located within the geographic boundaries of ESC Region 4 to assist the District in designing their programs.
5. Provide staff time necessary for efficient operation of the program.
6. Initiate and implement activities related to the vendor(s) selection process.
7. Facilitate the delivery of the services purchased.

F. Group Medical Plan and Related Services

Group healthcare plan and related consulting services will be provided by Willis of Houston through its award of contract services with Region 4. Services will be provided on a fee basis based on the scope of service. Member districts utilizing this interlocal agreement will be afforded a wide array of healthcare related services, and can customize the scope and depth of the services. Services available in this category include:

1. Serve the District as an advisor and consultant regarding healthcare funding and delivery options. This service includes risk/reward scenarios involved with full insurance, self-funding, and state sponsored programs.
2. Serve and assist the District in negotiating healthcare contract(s) resulting from the review noted above. Provide the District underwriting data and evaluation services to support contract modifications such as benefit differentials and funding options.
3. Prepare, distribute, evaluate and present findings of all healthcare RFP/RFQ efforts to District staff. Negotiate best and final offers from appropriate vendors and, negotiate, where appropriate, long term rate / service guarantees designed to meet the goals of the District.

4. Assist the District in preparing periodic reports to the District's Board of Trustees and the District's Employee Insurance Committee regarding the progress of the various healthcare plans.

5. Assist the District with implementation plans for any healthcare coverages / services, integrating appropriate assignments of duties to vendors, while maintaining proper oversight responsibilities required by the Administration.

6. Assist the District with premium funding projections during its annual budget process. Review long term healthcare contribution philosophy and budgetary agenda and best apply those resources to a meaningful long term healthcare package.

7. Provide the District with overall plan management and quality assurance services including, but not limited to the following:

- Claims reporting
- Benefit design
- Stop-Loss management
- Customer service
- Plan administration and claims paying services
- Regulatory compliance and reporting
- COBRA
- Open enrollment
- Cost containment

8. Provide periodic comparisons of healthcare plans of benefits and employer / employee contributions to area school districts and comparable businesses.

9. Provide periodic healthcare reports using payor data on claims and fixed expenses, and relate those to total premium and expectations for renewal. Add historical perspective to premium and claims data for all healthcare coverages and provide reports as needed by the District.

10. Provide national, regional and local medical inflation data and compare that to specific District plan inflation.

11. Review and make recommendations to the District on healthcare cost containment mechanisms, as relates to return on investment and participant impact.

12. Meet periodically with the District's staff relating to levels of customer service received from various healthcare vendors, and where required intercede with both parties to assist in problem resolution.

13. Review new or proposed healthcare services provided to the District by outside vendor(s) to determine most efficient delivery of service.

14. Act as the District's representation to all outside healthcare service vendors; collecting information and making periodic presentations of their offerings.

15. Provide direct provider contracting service for all local and regional healthcare providers.

16. Continuously monitor, update and recommend improvements to the healthcare plan as efficiencies are created and technology changes.

17. Oversee all disease management and wellness initiatives to insure participant involvement, return on investment, and changes in population need.

#### G. \_\_\_ Risk Management & Property/Casualty Insurance Services

Provide Risk Management Services as selected by the District in areas of Property, Liability, Fleet, Errors & Omissions and Workers Compensation Insurance through McGriff, Seibels, & Williams of Texas, Inc. Scope of Service is as follows:

1. Assist the District with any facet of Risk Management that the District may request.

2. Provide marketing and evaluation services that satisfy the competitive bidding requirements of SB 1, sections 271.081 - 271.083 of the Texas Government Code, and article 6016 V.T.C.S.
3. Create requests for proposal, advertise bids, spreadsheet responses, negotiate rates and coverage, make recommendations, and prepare Board package for consideration as requested by the District.
4. Act as an ongoing liaison with the insurance marketplace and vendor community for coverage and services. Utilize group-buying concepts to gain cost efficiency, when available.
5. Provide support with peer analysis, compliance issues, Employee Safety/Return To Work document design, contracts negotiation, premium rate forecasting, and communication with vendors.
6. Provide Construction Risk Management support by providing guidance gained through experience with other Districts.
7. Provide staff time necessary for efficient operation of the designed program.

**Authorization:**

The District/Agency/Agency signing below hereby affirms its approval of the terms of this Agreement, agrees to abide by the terms of said Agreement and agrees to approve the use of the current service providers, to the extent that the District/Agency/Agency uses the applicable service(s). TCPN signing below hereby affirms its agreement to deliver the Program and Products described in this Agreement and to abide by all other terms of this Agreement.

By \_\_\_\_\_  
 Authorized District/Agency/Agency Official's Signature

Graham Independent School District  
 District/Agency/Agency Officials' Title

\_\_\_\_\_ 05/21/2011 \_\_\_\_\_ Mary Wooldridge  
 Date Contact Person

\_\_\_\_\_ Payroll Administrator \_\_\_\_\_ 940.549.0595  
 Title of Contact Telephone Number

\_\_\_\_\_ 904 Third Street \_\_\_\_\_ Graham, Texas  
 Street Address City, State

\_\_\_\_\_ Mary.wooldridge@grahamisd.com  
 E-mail Address

By \_\_\_\_\_  
 Authorized Region 4 ESC/TCPN Official's Signature

\_\_\_\_\_  
 Region 4 ESC/TCPN Official's Title



**BOARD RESOLUTION**

A resolution of the board of trustees/directors of the Graham ISD  
District/Agency/Agency/Agency (the "District/Agency/Agency"), 904 Third Street Graham Tx. 76450  
(ADDRESS), approving the terms and conditions of an Inter-local Agreement between the  
District/Agency/Agency and REGIONAL EDUCATION SERVICE CENTER 4/THE COOPERATIVE  
PURCHASING NETWORK ("TCPN") providing for a certain insurance and benefit services as specified in the  
Inter-Local Agreement attached hereto.

WHEREAS, the Board of Trustees/Directors of the District/Agency has been presented a proposed Inter-local  
Agreement by and between TCPN and the District/Agency, and found such Agreement to be acceptable and in  
the best interests of the District/Agency and its Employees.

WHEREAS, the District/Agency/Agency, pursuant to the authority granted under Sections 791.001 through  
791.015 and 791.025 of the Government Code, V.T.C.A., as amended, desires to participate in the described  
Inter-local Agreement and it is the opinion of the District/Agency/Agency that participation in this Inter-local  
Agreement will be highly beneficial to the District/Agency and its Employees through the anticipated savings to  
be realized.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES/DIRECTORS OF THE  
DISTRICT/AGENCY:

Section I. The Terms and Conditions of the Inter-local Agreement having been reviewed by the Board of  
Trustees/Directors of the District/Agency and found to be acceptable and in the best interests of the  
District/Agency and its Employees, the Inter-local Agreement is hereby in all ways approved.

Section II. The Board of Trustees/Directors of the District/Agency hereby designates Assistant Superintendent  
(title or position) as its duly authorized representative to sign the Agreement on behalf of the  
District/Agency/Agency and to sign and deliver all other agreements, forms or contracts necessary to effectuate  
the terms of the Inter-local Agreement.

Section III. This resolution shall become effective from and after its passage.

DULY PASSED AND APPROVED THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_.

ATTEST:

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
District/Agency

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District/Agency