



Agenda of Regular Meeting

The Board of Trustees McAllen Independent School District

VISION	The McAllen Independent School District is a multicultural community in which students are enthusiastically and actively engaged in the learning process. Students demonstrate academic excellence in a safe, nurturing and challenging environment enhanced by technology and the contributions of the total community.
MISSION	The mission of the McAllen Independent School District is to educate all students to become lifelong learners and productive citizens in a global society through a program of educational excellence utilizing technology and actively involving parents and the community.
GOALS	<ol style="list-style-type: none">1. Student Achievement/Student Focus2. People Development3. Facility Priorities4. Financial Priorities
STRATEGIES	<ol style="list-style-type: none">1. Branding2. Attract/Retain High Quality Staff3. Engaging Learning Environment4. Rigorous/World Class Standards to Customize for Every Learner5. Partnerships with Business/Civic/Education/Organizations6. Future Ready Students7. Financial Priorities

A Regular Meeting of the Board of Trustees of the McAllen Independent School District will be held Monday, November 14, 2022, beginning at 5:00 PM Dr. Ricardo Chapa Board Room/Administration Building of the McAllen Independent School District, 2000 North 23rd Street, McAllen, TX 78501.

Items listed on this agenda may be taken in an order other than as shown on this agenda. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

At this meeting there may be discussion and action by the Board on the item(s) and subject(s) listed as follows:

1. **CALL MEETING TO ORDER**
2. **INVOCATION**
3. **PLEDGE OF ALLEGIANCE**
4. **PUBLIC COMMENT(S)**
5. **RECESS TO CLOSED SESSION: Board of Trustees may go into Closed Session pursuant to Section(s) 551.071, 551.072, 551.074, 551.076, and 551.089 Texas Government Code, to discuss the following:**
 - A) Discussion of Human Resources Recommendation(s) for School Year 2022-2023
 - B) Discussion of Human Resources Employee Resignation(s) for School Year 2022-2023

- C) Discussion Regarding School Safety and Security
 - D) Pending and/or Potential Litigation
 - E) Possible Real Estate Acquisition
 - F) Board Discussion under Texas Government Code 551.074 to hear a complaint or charge against an officer
6. **RECONVENE IN OPEN SESSION**
7. **ACTION ON ITEM(S) IN CLOSED SESSION**
- A) Discussion of and Possible Action of Human Resources Recommendation(s) for School Year 2022-2023 6
 Item Submitted: Todd Miller, Assistant Superintendent for Human Resources
Presenter: Dr. J. A. Gonzalez, Superintendent
 - B) Discussion of Human Resources Employee Resignation(s) for School Year 2022-2023 7
 Item Submitted: Todd Miller, Assistant Superintendent for Human Resources
Presenter: Dr. J. A. Gonzalez, Superintendent
 - C) Discussion Regarding School Safety and Security
 - D) Pending and/or Potential Litigation
 - E) Possible Real Estate Acquisition
 - F) Board Discussion and Possible Action under Texas Government Code 551.074 to hear a complaint or charge against an officer as Discussed in Closed Session
8. **SUPERINTENDENT'S REPORT(S) - Texas Restaurant Association tours McAllen ISD's Culinary Arts facility**
Presenter: Dr. J. A. Gonzalez, Superintendent
9. **RECOGNITION(S)**
10. **PROCLAMATION(S)**
- A) Discussion and Possible Action to Adopt the Proclamation Regarding the Rio Grande Valley Ballet's 50th Anniversary of "The Nutcracker" 8
 Item Submitted: Dr. Rosalba De Hoyos, Assistant Superintendent for Instructional Services
Presenter: Dr. J. A. Gonzalez, Superintendent
 - B) Discussion and Possible Action to Adopt the Proclamation Regarding National Parent Involvement Day, November 17, 2022 10
 Item Submitted: Dr. Rosalba De Hoyos, Assistant Superintendent for Instructional Services
Presenter: Dr. J. A. Gonzalez, Superintendent
11. **DONATION(S)**
12. **BOARD MEMBER(S), BOARD COMMITTEE(S) AND DISTRICT REPORT(S)**
- A) Board Committee Reports
 - 1. Instructional Services Briefing $\frac{1}{2}$ Chair - Sofia Peña

2. Human Resources Briefing - Chair - Daniel Vela
3. District Operations Briefing - Chair - Conrado Alvarado
4. Business Operations Briefing - Chair - Debbie Crane Aliseda
5. Board Officers Briefing - Tony Forina

B) District Reports

1. Report Regarding Delinquent Tax Collections for the Period of July 1, 2022 to September 30, 2022 12
 Item Submitted: Adel Felix, Assistant Superintendent for Business Operations
Presenter: Dr. J. A. Gonzalez, Superintendent
2. Report Regarding Parent Involvement Program 18
 Item Submitted: Dr. Rosalba De Hoyos, Assistant Superintendent for Instructional Services
Presenter: Dr. J. A. Gonzalez, Superintendent
3. Report Regarding Monthly Financial and Quarterly Investment Report for August 2022 19
 Item Submitted: Adel Felix, Assistant Superintendent for Business Operations
Presenter: Dr. J. A. Gonzalez, Superintendent
4. Report Regarding Intention to Apply for 2022-2024 Silent Panic Alert Technology (SPAT) Grant Program 49
 Item Submitted: Adel Felix, Assistant Superintendent for Business Operations
Presenter: Dr. J. A. Gonzalez, Superintendent
5. Report Regarding Intention to Apply for 2023-2025 School Safety Standards Formula Grant 53
 Item Submitted: Adel Felix, Assistant Superintendent for Business Operations
Presenter: Dr. J. A. Gonzalez, Superintendent

13. CONSENT AGENDA ITEMS

- A) Possible Action on Request for Maximum Class Size Waiver Application for 2022-2023 58
 Item Submitted: Dr. Rosalba De Hoyos, Assistant Superintendent for Instructional Services
Presenter: Dr. J. A. Gonzalez, Superintendent
- B) Possible Action on Request for Proposal No. 2022-1038 Special Education Equipment, Supplies, Services, and Related Products (Round 7) 60
 Item Submitted: Dr. Rosalba De Hoyos, Assistant Superintendent for Instructional Services
Presenter: Dr. J. A. Gonzalez, Superintendent
- C) Possible Action on Request for Proposal No. 2022-1031 Athletic Equipment, Supplies, Reconditioning Services, and Related Products 62

(Round 7)

Item Submitted: Brian McClenny, Director of Athletic Department

Presenter: Dr. J. A. Gonzalez, Superintendent

14. INSTRUCTIONAL SERVICES, INSTRUCTIONAL LEADERSHIP, HUMAN RESOURCES, DISTRICT OPERATIONS, BUSINESS OPERATIONS, AND BOARD OF TRUSTEES ITEMS

A) Instructional Services Item(s) (Dr. Rosalba De Hoyos) Instructional Leadership Item(s) (Bridgette Vieh)

1. Discussion and Possible Action of the 2022-2023 Campus Performance Objectives/Goals 64
Item Submitted: Bridgette Vieh, Associate Superintendent for Instructional Leadership

Presenter: Dr. J. A. Gonzalez, Superintendent

2. Discussion and Possible Action of the 2022-2023 District Performance Objectives/Goals 66
Item Submitted: Bridgette Vieh, Associate Superintendent for Instructional Leadership

Presenter: Dr. J. A. Gonzalez, Superintendent

B) Human Resources Item(s) (Todd Miller)

1. Possible Action on Agreement No. 2023-117 Medical Plan Administration and Related Services with Blue Cross Blue Shield of Texas through Request for Proposal No. 2023-1005 73
Item Submitted: Todd Miller, Assistant Superintendent for Human Resources

Presenter: Dr. J. A. Gonzalez, Superintendent

C) District Operations Item(s) (Alejandra Gonzalez)

D) Business Operations Item(s) (Adel Felix)

1. Discussion and Possible Action of 2022 McAllen ISD Tax Roll
Item Submitted: Adel Felix, Assistant Superintendent for Business Operations

Presenter: Dr. J. A. Gonzalez, Superintendent

2. Discussion and Possible Action of the McAllen Independent School District October Budget Amendment for Fiscal Year Beginning July 1, 2022 and Ending June 30, 2023 126
Item Submitted: Adel Felix, Assistant Superintendent for Business Operations

Presenter: Dr. J. A. Gonzalez, Superintendent

E) Board of Trustees Item(s)

1. Discussion and Possible Action of the Board of Trustees Travel 136

2. Approval of Board of Education Meeting Minutes 137

a) Regular Board Meeting - September 26, 2022 - 5:00 P.M.

b) Regular Board Meeting - October 19, 2022 - 5:00 P.M.

c) Regular Board Meeting - October 24, 2022 - 5:00 P.M.

d) Special Board Meeting - November 1, 2022 - 12:00 P.M.

15. SCHEDULE OF FUTURE MEETINGS

A) Special Board Meeting - December 5, 2022 - 5:30 P.M.

B) Regular Board Meeting - December 12, 2022 - 5:00 P.M.

16. CLOSED SESSION: The Board of Trustees may reconvene in Closed Session for further discussion regarding the agenda item(s) listed.

17. OPEN SESSION: The Board of Trustees may reconvene into Open Session for discussion regarding the agenda item(s) listed.

18. ADJOURNMENT

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting.

Pursuant to Texas Government Code 551.127, a member or employee of a governmental body is authorized to participate remotely in a meeting of the governmental body through a videoconference call, as long as a quorum of the governmental body is physically present at the location of the Board Meeting. Any video conference conducted pursuant to this section will comply with the technical requirements of this section.

Pursuant to Texas Government Code 551.129, the Board of Trustees may use a telephone conference call, video conference call, or communications over the internet to conduct a public consultation with its attorney in an open meeting of the governmental body, or, a private consultation with its attorney in closed meeting of the governmental body.

The notice for this meeting was posted in compliance with the Texas Open Meeting Act on November 11, 2022 at 3:30 P.M.

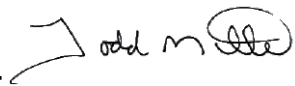
Natalia Goza

on behalf of the Board of Trustees

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: _____

SUPERVISOR: 

Approved for presentation to the Board of Education:

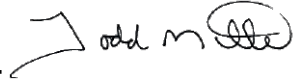


6 _____
Superintendent of Schools **Nov 2, 2022**

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: _____

SUPERVISOR: 

Approved for presentation to the Board of Education:



7 _____
Superintendent of Schools **Nov 4, 2022**

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: 
Debra Loya (Nov 9, 2022 09:57 CST)

SUPERVISOR: *Rosalba De Hoyos*

Approved for presentation to the Board of Education:



8 Superintendent of Schools Nov 9, 2022



Proclamation

State of Texas
County of Hidalgo
McAllen Independent School District

Whereas, the Rio Grande Valley Ballet has offered student matinee performances of the world-famous ballet, *The Nutcracker*, to students of McAllen ISD and throughout the Rio Grande Valley each year since 1972; and

Whereas, these performances entertain, enlighten, and promote interest in the performing arts, history and culture for approximately 7,500 children per year. Moreover, *The Nutcracker* meets all theatre requirements from the Texas Essential Knowledge and Skills; and

Whereas, this means that, in this 50th anniversary season, the Rio Grande Valley Ballet has performed and helped educate more than 337,000 students in the past half-century.

Now, Therefore, I Daniel D. Vela, Member, Board of Trustees of the McAllen Independent School District, do hereby proclaim the month of December 2022 as

“50th Anniversary of The Nutcracker”

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the McAllen Independent School District to be affixed on the 14th day of November 2022.

Daniel D. Vela, Member, Board of Trustees
McAllen Independent School District

Attest:

Marco Suarez, Secretary, Board of Trustees
McAllen Independent School District

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: *Cynthia Olivarez*
Cynthia Olivarez (Nov 9, 2022 09:44 CST)

SUPERVISOR: *Rosalba De Hoyos*

Approved for presentation to the Board of Education:

J. X. O'Connell

10 _____
Superintendent of Schools Nov 9, 2022



Proclamation

State of Texas
County of Hidalgo
McAllen Independent School District

Whereas, it is appropriate to recognize the critical contributions made by parents who foster a love for learning in their children, and by educators who acknowledge the importance of parental involvement as an integral part of their schools' missions; and

Whereas, parental involvement in a child's learning is critical to his or her success, and parents, including other family caregivers, are often their child's first teachers; and

Whereas, McAllen ISD recognizes the importance of supporting parental participation in our public schools, and plans for parents to be meaningful participants in their children's learning; and

Now Therefore, I, Sam Saldivar Jr., Member, Board of Trustees of the McAllen Independent School District do hereby proclaim November 17, 2022 as

"National Parent Involvement Day"

I call upon all parents and community members to join the dedicated individuals who administer the Parental Involvement Program and work continuously to build the schools' parents' capacity for strong parental involvement that is critical to students becoming "lifelong learners." The active involvement of parents and community is imperative to the success of all children in our school community.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the McAllen Independent School District to be affixed on this 14th day of November 2022.

Sam Saldivar Jr., Member, Board of Trustees
McAllen Independent School District


Attest:

Marco Suarez, Secretary, Board of Trustees
McAllen Independent School District

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: 

SUPERVISOR: 

Approved for presentation to the Board of Education:



12 _____
Superintendent of Schools

McALLEN INDEPENDENT SCHOOL DISTRICT



DELINQUENT TAX COLLECTION REPORT

November 14, 2022



1512 SOUTH LONE STAR WAY, EDINBURG, TEXAS 78539 ☎ TEL. (956) 383-4500

LAW OFFICES
OF
LINEBARGER GOGGAN BLAIR & SAMPSON, LLP
ATTORNEYS AT LAW
1512 S. Lone Star Way
EDINBURG, TEXAS 78539

Telephone: (956) 383-4500
Facsimile: (956) 383-7820

November 14, 2022

Mr. Tony Forina President
Mrs. Debbie Crane-Aliseda, Vice-President
Mr. Marco Suarez, Secretary
Mr. Conrado Alvarado, Trustee
Ms. Sofia M. Peña, Trustee
Mr. Sam Saldivar Jr., Trustee
Mr. Daniel D. Vela, Trustee
Dr. José A. Gonzalez Ed. D, Superintendent
McAllen Independent School District
2000 North 23rd Street
McAllen, Texas 78501

RE: Delinquent Tax Collection for July 01, 2022 through September 30, 2022

Dear Dr. Gonzalez and Board of Trustees:

The Linebarger Goggan Blair & Sampson, LLP Report highlights our delinquent ad valorem tax collection program on behalf of the McAllen Independent School District. Our collection results, as noted herein, continue to be successful for the McAllen Independent School District.

Please know that we truly appreciate the opportunity to represent the McAllen Independent School District on all delinquent ad valorem tax matters. As always, we will continue to provide the McAllen Independent School District with quality representation, consistent results, and an ample experienced staff of attorneys, legal assistants and a certified tax assessor collector dedicated to servicing your account. We are available to address any questions you may have or to discuss any concerns that interest you at your convenience.

Sincerely,



Kelly R. Salazar
Capital Partner



Our delinquent tax collection program for the McAllen Independent School District continues to emphasize two basic premises: to work with individual taxpayers to collect taxes owed to the McAllen Independent School District and to only use the tool of litigation as a final option. We listen and continually adapt to your changing needs to ensure that we are providing the best possible service and deliver customized collection programs that yield the best possible results. The following information is an overview of our collections efforts during this reporting period.

MAILINGS

Our extensive mailing program is designed to advise people who have not paid their delinquent taxes to McAllen Independent School District. During the course of the fiscal year, we send delinquent notices, with varying degrees of intensity to every delinquent taxpayer. The intensity of the notice varies on factors such as: time of year, type of property and the particular needs of the jurisdiction.

4 Demand Mailing – 7,043 Statements Mailed

CONTACTS

Our comprehensive collection services provide a wide scope of exceptional assistance to the McAllen Independent School District and its residents. Equipped with multi-skilled representatives, we create and manage flexible payment plans for taxpayers experiencing any financial hardship.

 1,614
Phone Calls

 175
Pay Off

 32
On-Site Visits

LITIGATION

Filing a lawsuit to collect delinquent taxes is used as a final resort; after diligent efforts to contact and work with taxpayers are fully exhausted. Once the decision to file suit has been made, a complete property title search is conducted, the taxable property is further identified and all interested parties, including all lien holders, are identified and served with notice of the lawsuit.

Litigation Activity	Cases	Base, Penalty and Interest
• Filed Lawsuits	30	\$115,727
• Lawsuits Disposed	30	\$119,000
• Judgments Taken	10	\$58,909
• Tax Warrants	9	\$39,789
• Pending Litigation as of Oct. 22	353	\$1,598,716

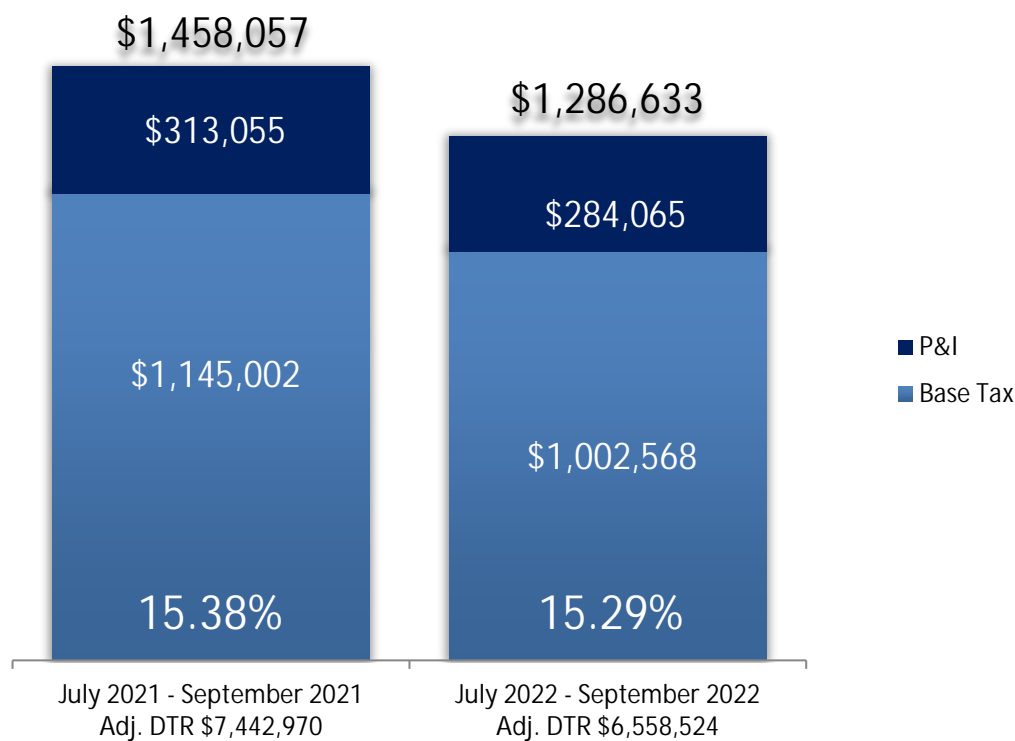
TAX SALES/RESALES

Our Office regularly monitors all judgments we take on behalf of the McAllen Independent School District. During this quarter, two (2) tax sales and one (1) resale were conducted, placing five (5) properties for sale.

Tax Sale Result	Number of Properties	Base, Penalty and Interest
Sold	3	\$10,012
Sold – Resale	1	\$34,389
Pulled – Active Probate	1	\$12,022

COLLECTIONS

1ST QUARTER COLLECTION COMPARISON JULY - SEPTEMBER



Source: Hidalgo County Tax Office Reports

PROPERTY VALUE STUDY APPEALS SERVICES

Our firm has resolved the 2021 Property Value Study Appeal for McAllen Independent School District. The appeal was the result of gathering evidence to correct the Comptroller's estimates of the District's available taxable wealth. The appeal resulted in a value reduction of \$99,619,639. This will result in an estimated \$1,271,000 in additional state aid gain. Our appeals for the 2012 to 2021 studies have resulted in total value reductions of \$739,987,094 and estimated \$9,872,111 in additional state aid.

FUTURE OVERVIEW

Our office is committed to making necessary adjustments to our collection procedures and methods to best advocate for McAllen Independent School District. We will continue to offer firm yet flexible payment options for the McAllen Independent School District taxpayers.

Review of Pending Judgments and the Filing of Additional Lawsuits

During the next quarter we will continue to work pending lawsuits for full payment or payment agreements. We will also continue researching the delinquent tax roll for possible new lawsuits; both real and personal property accounts.

Continued Monitoring of Bankruptcy Accounts

As a continuation of our standard operating practice, we will actively monitor and verify accounts in bankruptcy for the payment of taxes, penalties, and interest owed to the School District.

Mailing Program

We have completed our scheduled mailing on behalf of the School District for the upcoming quarter. In addition to our scheduled mailing, our in-house letter program sends letters to taxpayers who are otherwise non-responsive to phone calls. These letters inform the delinquent taxpayer of options available for payment during this period.

Scheduling of Property Sales

As properties are taken to judgment, they will be reviewed and checked for payment. Those judgments with no taxpayer response will be further reviewed and scheduled for possible tax sale.

Execution of the work plan established for the McAllen Independent School District will include the constant monitoring of collection figures in order to adjust resources and enforce the collection of delinquent taxes. Our collection efforts will also include prosecuting pending suits to conclusion, mailing monthly letters, and filing new suits in order to maximize the collection of taxes. We will continue to work closely with you and your administrative staff to provide assistance and advice on all property tax matters, including changes in the law brought about by amendments to the Texas Property Tax Code.

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: *Cynthia Olivarez*
Cynthia Olivarez (Nov 9, 2022 09:44 CST)

SUPERVISOR: *Rosalba De Hoyos*

Approved for presentation to the Board of Education:


J. X. O'Connell

18 _____
Superintendent of Schools Nov 9, 2022

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: 

SUPERVISOR: 

Approved for presentation to the Board of Education:



19 _____
Superintendent of Schools

**COMPARISON OF BUDGET TO REVENUES, EXPENDITURES AND ENCUMBRANCES
FOR THE MONTH OF AUGUST 31, 2022**

	A	B	C	D	E	F	G	H
	APPROVED BUDGET 2021-22 08/31/21	YTD ACTUAL 07/01/21 TO 08/31/21	APPROVED BUDGET 2022-23 08/31/22	YTD ACTUAL 07/01/22 TO 08/31/22	DIFFERENCE C - D	OUTSTANDING ENCUMBRANCES 09/01/22 06/30/23	YTD REVENUES, EXPENSES AND ENCUMBRANCES D + F	BUDGET LESS EXPENSES AND ENCUMBRANCES C - G
REVENUES:								
LOCAL AND INTERMEDIATE SOURCES	\$3,398,049	\$400,889	\$3,026,801	\$633,936	\$2,392,865		\$633,936	\$2,392,865
PROPERTY TAXES	84,787,994	777,444	84,847,227	715,402	84,131,825		715,402	84,131,825
STATE PROGRAM REVENUES	133,393,577	1,894,558	122,747,887	10,440,153	112,307,734		10,440,153	112,307,734
FEDERAL PROGRAM REVENUES	20,132,664	2,780,421	24,168,809	1,404,815	22,763,994		1,404,815	22,763,994
OTHER RESOURCES/NON-OPERATING REVENUES	0	15,472	35,273	76,847	(41,574)		76,847	(41,574)
SUB TOTAL	\$241,712,284	\$5,868,785	\$234,825,997	\$13,271,152	\$221,554,845		\$13,271,152	\$221,554,845
EXPENDITURES:								
11 INSTRUCTION	\$127,318,043	\$2,490,993	\$112,172,965	\$2,825,550	\$109,347,415	\$103,631,127	\$106,456,677	\$5,716,288
12 INST. RES. & MEDIA SERVICES	3,454,345	106,604	3,452,538	121,149	3,331,389	2,724,219	2,845,369	607,169
13 CURRICULUM DEV. & INST. STAFF DEV.	4,661,218	584,495	4,519,928	614,066	3,905,862	2,352,242	2,966,307	1,553,621
21 INST. LEADERSHIP	3,459,594	404,341	3,291,018	468,524	2,822,494	2,091,752	2,560,277	730,741
23 SCHOOL LEADERSHIP	13,239,903	1,316,694	13,087,325	1,389,576	11,697,749	10,475,971	11,865,547	1,221,778
31 GUID., COUNSELING & EVAL. SER.	9,711,210	452,006	9,878,948	671,672	9,207,276	8,123,981	8,795,654	1,083,294
32 SOCIAL WORK SERVICES	1,941,122	156,317	1,940,262	177,613	1,762,649	1,584,718	1,762,331	177,931
33 HEALTH SERVICES	2,803,666	66,047	3,014,152	103,178	2,910,974	2,535,094	2,638,272	375,880
34 STUDENT (PUPIL) TRANS.	4,517,863	385,118	4,984,764	384,517	4,600,247	1,284,418	1,668,935	3,315,829
35 FOOD SERVICES	17,350,431	1,018,744	19,491,121	1,238,492	18,252,629	10,210,905	11,449,397	8,041,724
36 CURRICULAR/EXTRACURRICULAR ACT.	9,787,312	651,068	11,724,535	751,875	10,972,660	4,588,689	5,340,564	6,383,971
41 GENERAL ADMINISTRATION	8,495,443	1,264,126	8,063,313	1,437,891	6,625,422	4,921,736	6,359,628	1,703,685
51 PLANT MAINT. & OPERATIONS	21,018,298	3,521,112	21,597,063	3,491,125	18,105,938	8,897,982	12,389,107	9,207,956
52 SECURITY AND MONITORING SERV.	5,120,637	703,865	5,760,283	945,164	4,815,119	3,349,881	4,295,045	1,465,238
53 DATA PROCESSING SERVICES	6,139,878	909,362	5,562,095	1,143,320	4,418,775	3,780,814	4,924,134	637,961
61 COMMUNITY SERVICES	37,266	456	111,373	964	110,409	65,488	66,452	44,921
71 DEBT SERVICE	5,914,232	2,316,093	5,912,711	961,672	4,951,039	0	961,672	4,951,039
81 FAC. ACQUISITION & CONST.	1,336,496	5,007	26,418,223	239,506	26,178,717	2,030,185	2,269,691	24,148,532
95 PMT. TO JU.V. JUSTICE ALT. ED. PRG.	40,000	20,000	40,000	0	40,000	0	0	40,000
99 OTHER INTERGOVERNMENTAL CHARGES	939,270	230,195	965,919	234,539	731,380	716,999	951,538	14,381
00 OTHER USES/NON-OPERATING EXPENSES	85,000	0	12,500,000	0	12,500,000	0	0	12,500,000
SUB TOTAL	\$247,371,227	\$16,602,645	\$274,488,536	\$17,200,395	\$257,288,141	\$173,366,202	\$190,566,597	\$83,921,939
REVENUES OVER (UNDER) EXPENDITURES		(\$10,733,860)		(\$3,929,243)				
PRELIMINARY BEGINNING FUND BALANCE		108,891,700		149,968,397				
PRELIMINARY ENDING FUND BALANCE		\$98,157,840		\$146,039,154				
PRELIMINARY OPTIMUM FUND BALANCE FOR UNFORESEEN EVENTS		\$104,174,826		\$143,884,203				

MONTHLY INVESTMENT REPORT
McAllen ISD

AUGUST 31, 2022



MEEDER
PUBLIC FUNDS
PATTERSON GROUP



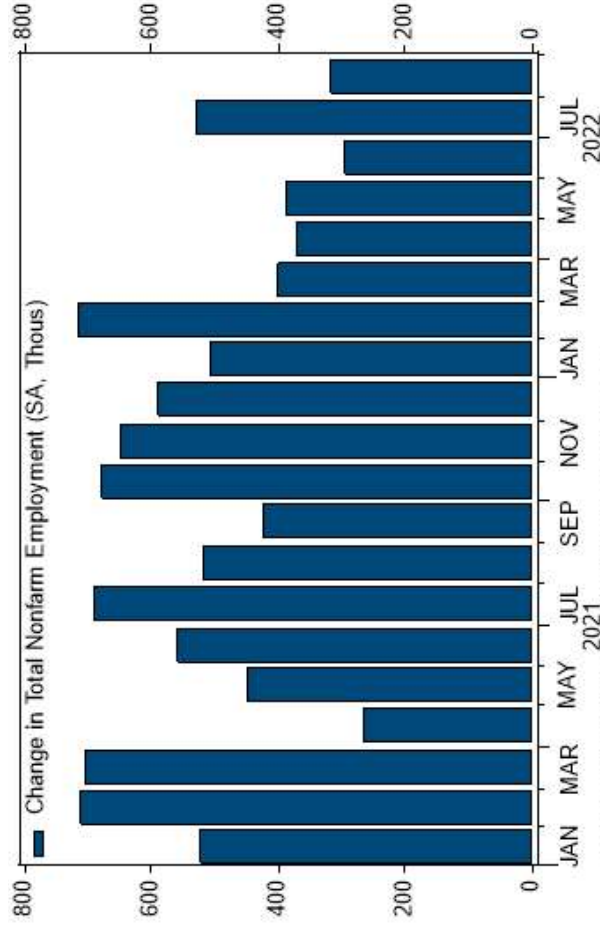
Whatever It Takes...

Taming inflation remains the primary goal of the Federal Reserve and Chair Powell made it very clear at the Jackson Hole symposium this month that the FOMC is committed to price stability. They are going to continue to hike rates and do whatever it takes to tame inflation. He is suggesting that a further reduction in growth and a softening in the labor market are necessary conditions to rein in price pressures and that it is a lesser evil than failing to reinstate stable prices.

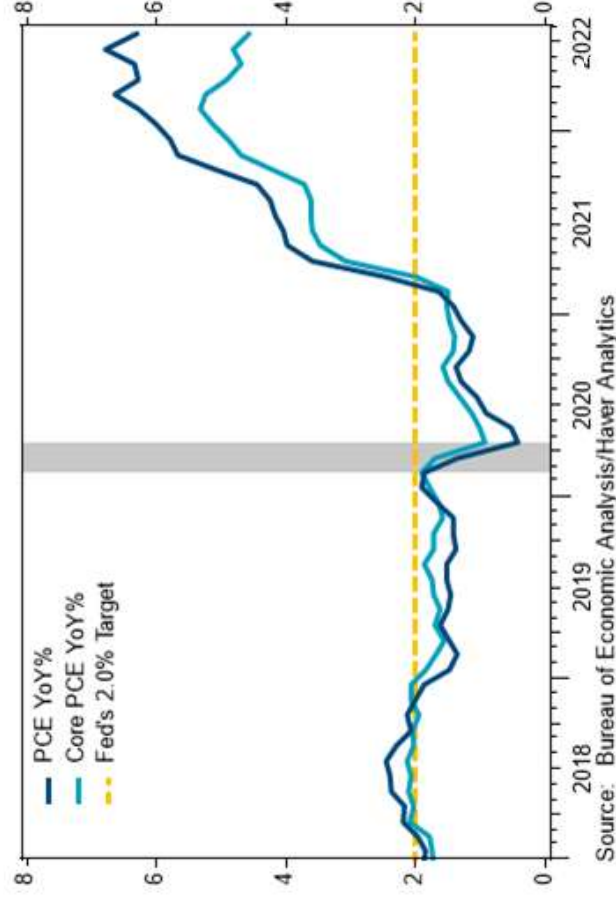
The strong August employment report reinforced the FOMC's assessment of a still-solid labor market, while moving towards the intended "softening" conditions necessary to rein in inflation. The deciding factor will have to be the August inflation reports to be released one week ahead of the September FOMC meeting.

In August, the inflation PCE did unexpectedly fall – the first decline since April 2020 thanks in large part to a decline in energy prices. Lower gas prices have helped boost consumer sentiment, and at least some consumers remain eager to spend the extra cash. However, with income growth still below the level of inflation's grip and consumers increasingly leaning on credit, inflation is going to make it difficult for consumers to maintain even these reduced levels of spending while heading further into the holiday shopping season.

Personal income is rising but so is spending both of which take inflation higher. The net result is that real income is struggling to keep pace. Real income has now fallen for the fifth straight month.



Source: Bureau of Labor Statistics/Haver Analytics



Source: Bureau of Economic Analysis/Haver Analytics

Continuing Supply Chain Blues

Fortunately, geo-politics played a lesser role in the month's market view even with a controversial stop in Taiwan by Nancy Pelosi. China may have larger problems than Ms. Pelosi because of the challenges to its own economy which has slowed.

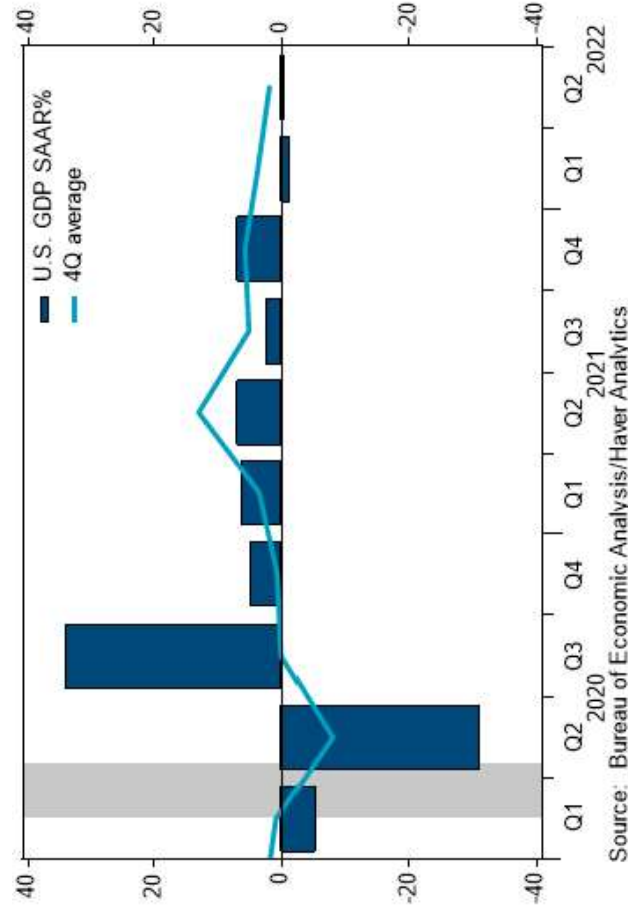
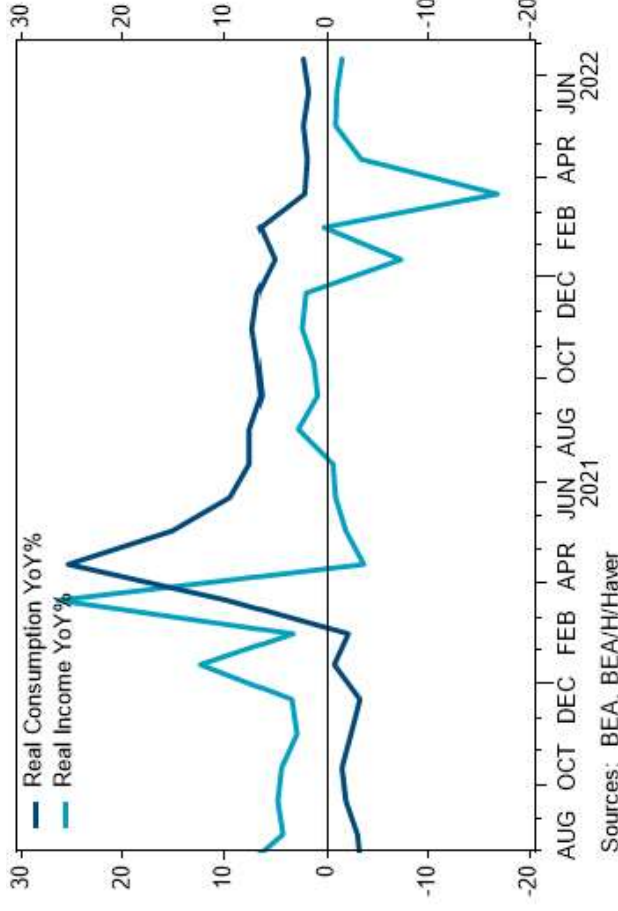
China's Sichuan province, a key manufacturing hub for EV batteries and solar panels, has announced sizable power cuts among other provinces, affecting a myriad of global manufacturers. Reports indicate the region is broadly facing the worst drought conditions since the 1960s. This will surely impact the supply chain tangles which were beginning to open up.

These drought conditions are global. U.S. agricultural forecasters note that U.S. farmers could face severe crop shortages including a 40% reduction in the cotton crop. In addition, reports indicate a plethora of farmland acreage has been left unused this season due to drought, rising input costs and fertilizer costs.

These longer-term impacts will lengthen the inflation woes and the supply chain delays. Besides raising short term rates, the Fed is continuing its plan towards accelerating quantitative tightening (QT) to further drain pandemic-era stimulus from the financial system and increase lending rates for longer term assets all to weaken inflation.

In the US, high supply costs, declining real income growth, and a limited access to labor, particularly skilled labor, are undermining the U.S. housing market. While demand is still positive and supply still limited, keeping prices elevated, momentum in housing and construction activity is clearly slowing.

This sluggish economy framed in elevated prices has produced back-to-back quarters of declining GDP growth. Growth however is not as negative as expected however so a true recession may not be in the cards and a *soft* landing could be a possibility.

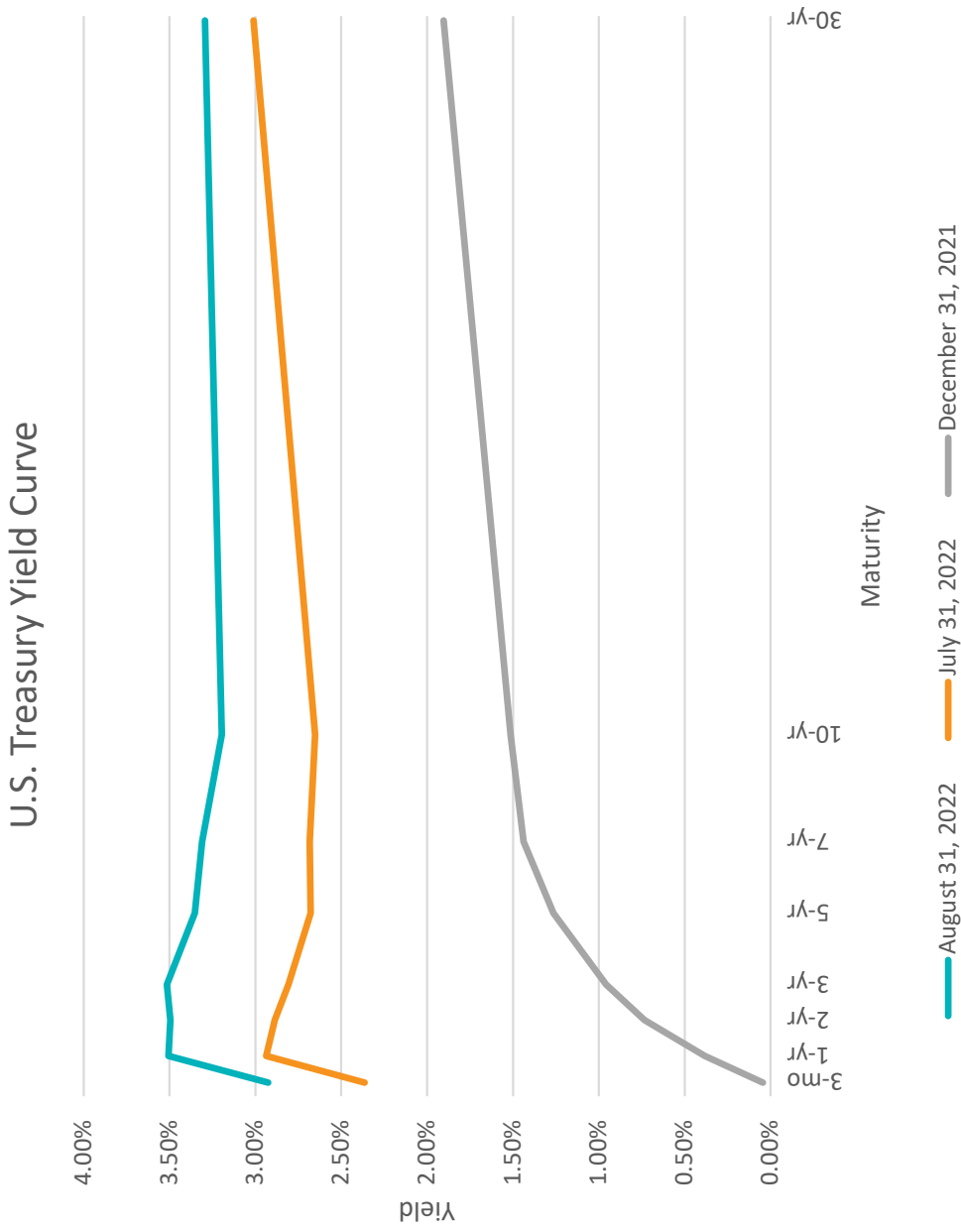


Expectations Drive Rates

The Fed continues to communicate the intent to tame inflation at any cost. The market is 62% convinced at month end that another 75bps hike will be the result of the September FOMC meeting.

The Fed fully concedes that higher rates and a long-term QT will slow growth but is willing to take these actions to tame inflation.

Two quarters of declining GDP is assumed to represent a recession. The goldilocks situation of slowing growth amid high inflation doesn't bode well for a quick solution in 2022.



McAllen Independent School District
 Monthly Investment Report
 August 1, 2022 – August 31, 2022

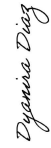
Portfolio Summary Management Report

This report and investment portfolio of the District is in compliance with the District investment strategy as expressed in the District's investment policy and relevant provisions of the Government Code, Chapter 2256, the Public Funds Investment Act.

<p><u>Portfolio as of 07/31/22:</u> Beginning Book Value \$ 176,257,298 Beginning Market Value \$ 175,297,696</p> <p>WAM at Beginning Period Date¹ 118 days <i>(Decrease in market value is due to seasonal cash outflows)</i></p> <p style="text-align: center;">Average Yield to Maturity for period Average Yield 1-year Treasury Bill for period Average Yield 2-year Treasury Note for period</p>	<p><u>Portfolio as of 08/31/22:</u> Ending Book Value \$ 167,773,578 Ending Market Value \$ 166,600,796</p> <p>Unrealized Gain/Loss \$ (1,172,782)</p> <p>WAM at Ending Period Date¹ 115 days Change in Market Value² \$ (8,696,900)</p> <p style="text-align: center;">1.687% 3.280% 3.250%</p>
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Iris Luna, Chief Financial Officer
 McAllen ISD



Dyanira Diaz, Director of Accounting
 McAllen ISD



Adelita Felix, Asst. Superintendent of Business Operations
 McAllen ISD

¹ WAM – weighted average maturity

² “Change in Market Value” is required data, but will primarily reflect the receipt and expenditure of the District’s funds from month to month. *Patterson & Associates* has assisted in the preparation of this consolidated investment report, with additional input provided by McAllen ISD.

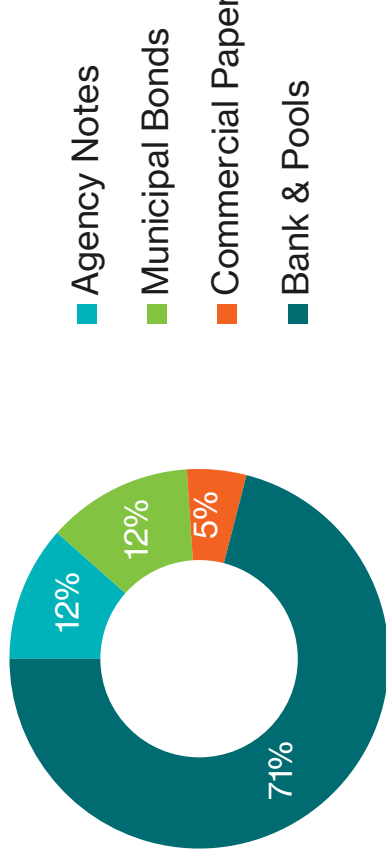
Your Portfolio

As of August 31, 2022

Your Portfolio Statistics

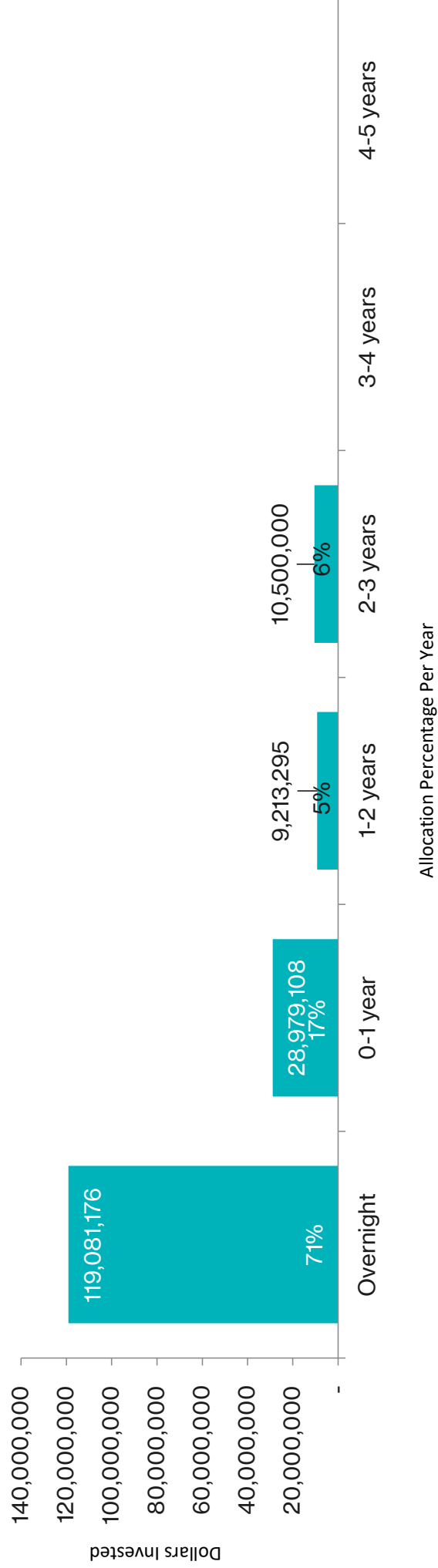
Weighted Average Maturity 0.32 years
 Weighted Average Yield (All Funds) 1.69%

Your Asset Allocation



26

Your Maturity Distribution



McAllen ISD Portfolio Management Portfolio Summary August 31, 2022

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
BNY Mellon	37,457.46	37,457.46	37,457.46	0.02	1	1	0.000
Frost Bank	15,567,000.43	15,567,000.43	15,567,000.43	9.28	1	1	0.010
Commercial Paper Disc.-Amortizing	8,500,000.00	8,454,229.50	8,474,895.69	5.05	221	64	1.494
Federal Agency Coupon Securities	19,400,000.00	18,601,007.35	19,400,000.00	11.56	928	666	0.897
Municipal Bonds	20,735,000.00	20,464,382.75	20,817,506.52	12.41	538	275	0.821
Texpool/Texpool Prime	21,285,634.69	21,285,634.69	21,285,634.69	12.69	1	1	2.233
Lone Star	82,191,083.67	82,191,083.67	82,191,083.67	48.99	1	1	2.290
Investments	167,716,176.25	166,600,795.85	167,773,578.46	100.00%	186	115	1.687

Cash and Accrued Interest

Accrued Interest at Purchase	5,053.89
Subtotal	5,053.89
Total Cash and Investments	167,716,176.25

Total Earnings	August 31	Month Ending	Fiscal Year To Date
Current Year	234,672.42		426,071.67

The following reports are submitted in accordance with the Public Funds Investment Act (Texas Gov't Code 2256). The reports also offer supplemental information not required by the Act in order to fully inform the governing body of McAllen ISD of the position and activity within the District's portfolio of investment. The reports include a management summary overview, a detailed inventory report for the end of the period, a transaction report, as well as graphic representations of the portfolio to provide full disclosure to the governing body.



Adelita Felix, Asst Supt of Business Oper

Nov 7, 2022



McAllen ISD
Summary by Type
August 31, 2022
Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Activity Fund						
Frost Bank	1	1,754,797.51	1,754,797.51	1.05	0.010	1
Subtotal	1	1,754,797.51	1,754,797.51	1.05	0.010	1
Fund: Clearing Fund						
Frost Bank	1	7,722,120.37	7,722,120.37	4.60	0.010	1
Subtotal	1	7,722,120.37	7,722,120.37	4.60	0.010	1
Fund: Capital Projects Fund						
Frost Bank	2	1,956,981.42	1,956,981.42	1.17	0.010	1
Lone Star	4	13,089,112.71	13,089,112.71	7.80	2.306	1
Subtotal	6	15,046,094.13	15,046,094.13	8.97	2.007	1
Fund: Debt Service Fund						
Frost Bank	1	87,917.42	87,917.42	0.05	0.010	1
Lone Star	2	2,526,038.40	2,526,038.40	1.51	2.248	1
Subtotal	3	2,613,955.82	2,613,955.82	1.56	2.173	1
Fund: General Fund						
Frost Bank	1	2,306,542.87	2,306,542.87	1.37	0.010	1
Federal Agency Coupon Securities	5	14,400,000.00	14,400,000.00	8.58	0.905	665
Lone Star	3	59,422,147.70	59,422,147.70	35.42	2.285	1
Commercial Paper Disc. -Amortizing	3	8,500,000.00	8,474,895.69	5.05	1.494	64
Municipal Bonds	7	13,385,000.00	13,437,916.38	8.01	0.752	220
Texpool/Texpool Prime	2	21,285,634.69	21,285,634.69	12.69	2.233	1
Subtotal	21	119,299,325.26	119,327,137.33	71.12	1.836	110
Fund: Plan 457 Fund						
Frost Bank	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0

McAllen ISD
 Summary by Type
 August 31, 2022
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Fund: Proprietary Fund						
Frost Bank	1	1,738,640.84	1,738,640.84	1.04	0.010	1
Lone Star	2	7,153,784.86	7,153,784.86	4.26	2.315	1
Subtotal	3	8,892,425.70	8,892,425.70	5.30	1.865	1
Fund: QSCB - Reserve Fund						
BNY Mellon	1	37,457.46	37,457.46	0.02	0.000	1
Federal Agency Coupon Securities	2	5,000,000.00	5,000,000.00	2.98	0.877	668
Municipal Bonds	4	7,350,000.00	7,379,590.14	4.40	0.948	375
Subtotal	7	12,387,457.46	12,417,047.60	7.40	0.916	492
Fund: QSCB - Debt Service						
BNY Mellon	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
Total and Average	44	167,716,176.25	167,773,578.46	100.00	1.687	115

McAllen ISD
Fund ACT - Activity Fund
Investments by Fund
August 31, 2022

Patterson & Associates
901 S. MoPac
Suite 195
Austin, TX 78746

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity
999915	10020	Frost Bank	07/01/2022	1,754,797.51	1,754,797.51	1,754,797.51	0.010	0.009	0.010	1	1
			Subtotal and Average	1,754,797.51	1,754,797.51	1,754,797.51		0.010	0.010	1	1
			Total Investments and Average	1,754,797.51	1,754,797.51	1,754,797.51		0.010	0.010	1	1

Frost Bank

**Fund CLEAR - Clearing Fund
Investments by Fund
August 31, 2022**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity
Frost Bank											
999914	10019	Frost Bank Public Checking	07/01/2022	7,722,120.37	7,722,120.37	7,722,120.37	0.010	0.009	0.010		1
			Subtotal and Average	7,722,120.37	7,722,120.37	7,722,120.37		0.010	0.010		1
			Total Investments and Average	7,722,120.37	7,722,120.37	7,722,120.37		0.010	0.010		1

Fund CP - Capital Projects Fund
Investments by Fund
August 31, 2022

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Frost Bank											
999922	10103	Frost Bank Public Checking	07/01/2022	1,726,597.58	1,726,597.58	1,726,597.58	0.010	0.009	0.010		1
SYS10109	10109	Frost Bank Public Checking	07/01/2022	230,383.84	230,383.84	230,383.84	0.010	0.009	0.010		1
		Subtotal and Average		1,956,981.42	1,956,981.42	1,956,981.42		0.010	0.010		1
Lone Star											
108906G	10101	Lone Star Corporate Overnight	12/18/2019	926,023.87	926,023.87	926,023.87	2.420	2.386	2.420		1
108906I	10108	Lone Star Corporate Overnight	02/21/2020	6,612,959.45	6,612,959.45	6,612,959.45	2.420	2.386	2.420		1
108906H	10102	Lone Star Government ON	12/18/2019	525,456.74	525,456.74	525,456.74	2.150	2.120	2.150		1
108906J	10113	Lone Star Government ON	03/12/2020	5,024,672.65	5,024,672.65	5,024,672.65	2.150	2.120	2.150		1
		Subtotal and Average		13,089,112.71	13,089,112.71	13,089,112.71		2.274	2.306		1
		Total Investments and Average		15,046,094.13	15,046,094.13	15,046,094.13		1.979	2.007		1

**Fund DS - Debt Service Fund
Investments by Fund
August 31, 2022**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity Date
Frost Bank											
999918	10023	Frost Bank Public Checking	07/01/2022	87,917.42	87,917.42	87,917.42	0.010	0.009	0.010		1
		Subtotal and Average		87,917.42	87,917.42	87,917.42		0.010	0.010		1
Lone Star											
108906B	10032	Lone Star Corporate Overnight	10/22/2015	920,580.36	920,580.36	920,580.36	2.420	2.386	2.420		1
108906C	10089	Lone Star Government ON	08/05/2019	1,605,458.04	1,605,458.04	1,605,458.04	2.150	2.120	2.150		1
		Subtotal and Average		2,526,038.40	2,526,038.40	2,526,038.40		2.218	2.248		1
		Total Investments and Average		2,613,955.82	2,613,955.82	2,613,955.82		2.143	2.173		1

**Fund GEN - General Fund
Investments by Fund
August 31, 2022**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity
Frost Bank											
999917	10022	Frost Bank Public Checking	07/01/2022	2,306,542.87	2,306,542.87	2,306,542.87	0.010	0.009	0.010		1
				Subtotal and Average	2,306,542.87	2,306,542.87		0.010	0.010		1
Commercial Paper Disc.-Amortizing											
22533ULR2	10160	Credit Agricole CP	05/26/2022	2,487,663.19	2,500,000.00	2,482,027.50		2.159	2.189		85
63873KJG3	10155	Natixis NY CP	02/22/2022	2,998,912.50	3,000,000.00	2,996,850.00		0.880	0.892		15
63873KM61	10157	Natixis NY CP	03/14/2022	2,988,320.00	3,000,000.00	2,975,352.00		1.498	1.519		96
				Subtotal and Average	8,474,895.69	8,454,229.50		1.474	1.494		64
Federal Agency Coupon Securities											
3130ANDP2	10143	FHLB Call Note	08/18/2021	2,400,000.00	2,400,000.00	2,318,649.34	0.250	0.246	0.250		351
3130APQM0	10150	FHLB Call Note	11/18/2021	3,000,000.00	3,000,000.00	2,825,351.94	1.000	0.986	1.000		809
3130APQU2	10151	FHLB Call Note	11/22/2021	2,000,000.00	2,000,000.00	1,924,223.58	0.650	0.641	0.650		447
3130AQLR2	10153	FHLB Call Note	02/07/2022	2,500,000.00	2,500,000.00	2,402,467.53	1.000	0.986	1.000		524
3130AQM9	10156	FHLB Step Note	02/28/2022	4,500,000.00	4,500,000.00	4,371,095.25	1.250	1.232	1.250		911
				Subtotal and Average	14,400,000.00	13,841,787.64		0.892	0.905		664
Municipal Bonds											
116083WW2	10154	Brownsburg IN 1999 School Bldg	02/16/2022	5,000,000.00	5,000,000.00	4,987,650.00	1.750	1.027	1.042		153
476637AR4	10158	Jersey City NJ Redev Agy	03/16/2022	2,208,234.42	2,200,000.00	2,177,010.00	2.000	1.282	1.300		196
678720KM4	10145	Oklahoma County OK ISD	09/23/2021	1,102,189.91	1,100,000.00	1,066,274.00	0.500	0.234	0.238		365
678553AP3	10147	Oklahoma City Econ Dev Trust	09/27/2021	1,014,732.68	1,000,000.00	998,960.00	3.204	0.246	0.250		181
73358W4V3	10148	Port Authority of NY & NJ	10/15/2021	1,513,311.70	1,505,000.00	1,472,868.25	1.086	0.414	0.420		303
871702TU4	10141	Syracuse NY	06/30/2021	1,599,447.67	1,580,000.00	1,574,628.00	2.000	0.246	0.249		256
953107AB5	10142	West Hartford CT	07/08/2021	1,000,000.00	1,000,000.00	974,350.00	0.466	0.459	0.465		303
				Subtotal and Average	13,437,916.38	13,251,740.25		0.741	0.752		219
Texpool/Texpool Prime											
999921	10092	Texpool	08/05/2019	10,614,063.98	10,614,063.98	10,614,063.98	2.163	2.133	2.162		1
999920	10034	Texpool Prime	11/03/2015	10,671,570.71	10,671,570.71	10,671,570.71	2.303	2.271	2.302		1
				Subtotal and Average	21,285,634.69	21,285,634.69		2.202	2.233		1

**Fund GEN - General Fund
Investments by Fund
August 31, 2022**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity
Lone Star											
108906F	10099	Lone Star Corporate Overnight+	11/18/2019	0.00	0.00	0.00					1
108906	10003	Lone Star Corporate Overnight	11/01/2014	29,734,180.25	29,734,180.25	29,734,180.25	2.420	2.386	2.420		1
108906D	10090	Lone Star Government ON	08/05/2019	29,687,967.45	29,687,967.45	29,687,967.45	2.150	2.120	2.150		1
		Subtotal and Average		59,422,147.70	59,422,147.70	59,422,147.70		2.254	2.285		1
		Total Investments and Average		119,327,137.33	119,299,325.26	118,562,082.65		1.811	1.836		110

Fund PLAN457 - Plan 457 Fund
Investments by Fund
August 31, 2022

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity
Frost Bank 999916	10021	Frost Bank Public Checking	07/01/2022	0.00	0.00	0.00					1
Subtotal and Average				0.00	0.00	0.00		0.000	0.000		0
Total Investments and Average				0.00	0.00	0.00		0.000	0.000		0

**Fund PROP - Proprietary Fund
Investments by Fund
August 31, 2022**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity
Frost Bank											
999919	10024	Frost Bank Public Checking	07/01/2022	1,738,640.84	1,738,640.84	1,738,640.84	0.010	0.009	0.010		1
		Subtotal and Average		1,738,640.84	1,738,640.84	1,738,640.84	0.010	0.010	0.010		1
Lone Star											
108906A	10025	Lone Star Corporate Overnight	08/05/2015	4,382,184.10	4,382,184.10	4,382,184.10	2.420	2.386	2.420		1
108906E	10091	Lone Star Government ON	08/05/2019	2,771,600.76	2,771,600.76	2,771,600.76	2.150	2.120	2.150		1
		Subtotal and Average		7,153,784.86	7,153,784.86	7,153,784.86	2.284	2.284	2.315		1
		Total Investments and Average		8,892,425.70	8,892,425.70	8,892,425.70	1.839	1.839	1.865		1

Fund QSCB - QSCB - Reserve Fund
Investments by Fund
August 31, 2022

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM	YTM	Maturity Days To
								360	365	Date Maturity
BNY Mellon										
882521	10014	BNY Mellon - Cash	07/01/2022	37,457.46	37,457.46	37,457.46				1
		Subtotal and Average		37,457.46	37,457.46			0.000	0.000	1
Federal Agency Coupon Securities										
3130ANDP2	10144	FHLB Call Note	08/18/2021	2,000,000.00	2,000,000.00	1,932,207.78	0.250	0.246	0.250	08/18/2023
3130AQJM6	10152	FHLB Call Note	01/28/2022	3,000,000.00	3,000,000.00	2,827,011.93	1.250	1.276	1.294	01/28/2025
		Subtotal and Average		5,000,000.00	5,000,000.00	4,759,219.71		0.865	0.877	668
Municipal Bonds										
476637AR4	10159	Jersey City NJ Redeem Agy	03/16/2022	1,254,678.65	1,250,000.00	1,236,937.50	2.000	1.282	1.300	03/16/2023
578060EQ4	10161	Mayes County OK ISD	06/29/2022	1,607,123.01	1,600,000.00	1,590,400.00	3.300	2.351	2.384	06/01/2024
678720KM4	10146	Oklahoma County OK ISD	09/23/2021	2,003,981.66	2,000,000.00	1,938,680.00	0.500	0.234	0.238	09/01/2023
73358WAV3	10149	Port Authority of NY & NJ	10/15/2021	2,513,806.82	2,500,000.00	2,446,625.00	1.086	0.414	0.420	07/01/2023
		Subtotal and Average		7,379,580.14	7,350,000.00	7,212,642.50		0.935	0.948	374
		Total Investments and Average		12,417,047.60	12,387,457.46	12,009,319.67		0.904	0.916	491

Fund QSCBDS - QSCB - Debt Service
Investments by Fund
August 31, 2022

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date	Maturity Date
BNY Mellon											
882520	10040	BNY Mellon - Cash	07/01/2022	0.00	0.00	0.00					1
		Subtotal and Average		0.00	0.00	0.00		0.000	0.000		0
		Total Investments and Average		0.00	0.00	0.00		0.000	0.000		0

McAllen ISD
Cash Reconciliation Report
For the Period August 1, 2022 - August 31, 2022
Grouped by Fund

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
General Fund											
08/07/2022	10153	GEN	Interest	3130AQLR2	2,500,000.00	FHLBC 2.5M 1.00% Mat. 02/07/2024	02/07/2024	0.00	12,500.00	0.00	12,500.00
08/18/2022	10143	GEN	Interest	3130ANDP2	2,400,000.00	FHLBC 2.4M 0.25% Mat. 08/18/2023	08/18/2023	0.00	3,000.00	0.00	3,000.00
08/28/2022	10156	GEN	Interest	3130AQYM9	4,500,000.00	FHLBS 4.5M 1.25% Mat. 02/28/2025	02/28/2025	0.00	28,125.00	0.00	28,125.00
				Subtotal				0.00	43,625.00	0.00	43,625.00
QSCB - Reserve Fund											
08/18/2022	10144	QSCB	Interest	3130ANDP2	2,000,000.00	FHLBC 2.0M 0.25% Mat. 08/18/2023	08/18/2023	0.00	2,500.00	0.00	2,500.00
				Subtotal				0.00	2,500.00	0.00	2,500.00
				Total				0.00	46,125.00	0.00	46,125.00

McAllen ISD
Interest Earnings
Sorted by Fund - Fund
August 1, 2022 - August 31, 2022
Yield on Average Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Interest Earned	Adjusted Interest Earnings	
											Amortization/ Accretion	Adjusted Interest Earnings
Fund: Activity Fund												
999915	10020	ACT	LA2	1,754,797.51	1,767,276.76	1,766,874.86		0.010	0.009	13.49	0.00	13.49
			Subtotal	1,754,797.51	1,767,276.76	1,766,874.86			0.009	13.49	0.00	13.49
Fund: Clearing Fund												
999914	10019	CLEAR	LA2	7,722,120.37	3,438,580.81	3,576,760.15		0.010	0.013	38.41	0.00	38.41
			Subtotal	7,722,120.37	3,438,580.81	3,576,760.15			0.013	38.41	0.00	38.41
Fund: Capital Projects Fund												
108906G	10101	CP	RR2	926,023.87	924,120.73	924,182.12		2.420	2.425	1,903.14	0.00	1,903.14
108906H	10108	CP	RR2	6,612,959.45	6,599,368.69	6,599,807.10		2.420	2.425	13,590.76	0.00	13,590.76
999922	10103	CP	LA2	1,726,597.58	1,750,833.60	1,719,940.57		0.010	0.009	13.15	0.00	13.15
SYS10109	10109	CP	LA2	230,383.84	51,043.58	366,606.71		0.010	0.009	2.80	0.00	2.80
108906J	10113	CP	RR2	5,024,672.65	7,015,072.30	5,273,446.50		2.150	2.144	9,600.35	0.00	9,600.35
108906H	10102	CP	RR2	525,456.74	1,023,619.22	1,007,549.46		2.150	2.147	1,837.52	0.00	1,837.52
			Subtotal	15,046,094.13	17,364,058.12	15,891,532.48			1.997	26,947.72	0.00	26,947.72
Fund: Debt Service Fund												
108906B	10032	DS	RR2	920,580.36	1,699,530.96	1,100,497.13		2.420	2.410	2,252.74	0.00	2,252.74
999918	10023	DS	LA2	87,917.42	7,542.64	69,008.55		0.010	0.009	0.53	0.00	0.53
108906C	10089	DS	RR2	1,605,458.04	1,602,533.81	1,602,628.14		2.150	2.148	2,924.23	0.00	2,924.23
			Subtotal	2,613,955.82	3,309,607.41	2,772,133.82			2.199	5,177.50	0.00	5,177.50
Fund: General Fund												
999921	10092	GEN	RRP	10,614,063.98	10,594,603.47	10,595,231.23		2.163	2.163	19,460.51	0.00	19,460.51
108906	10003	GEN	RR2	29,734,180.25	34,035,885.51	26,058,816.59		2.420	2.417	53,499.65	0.00	53,499.65
999917	10022	GEN	LA2	2,306,542.87	3,292,732.38	3,260,921.71		0.010	0.018	49.87	0.00	49.87
999920	10034	GEN	RRP	10,671,570.71	10,650,742.17	10,651,414.06		2.303	2.302	20,828.54	0.00	20,828.54
3130AQLR2	10153	GEN	FAC	2,500,000.00	2,500,000.00	2,500,000.00	02/07/2024	1.000	0.981	2,083.34	0.00	2,083.34
3130APOMO	10150	GEN	FAC	3,000,000.00	3,000,000.00	3,000,000.00	11/18/2024	1.000	0.981	2,500.00	0.00	2,500.00

McAllen ISD
Interest Earnings
August 1, 2022 - August 31, 2022

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Interest Earned	Adjusted Interest Earnings	
											Amortization/Accretion	Adjusted Interest Earnings
Fund: General Fund												
3130APQU2	10151	GEN	FAC	2,000,000.00	2,000,000.00	2,000,000.00	11/22/2023	0.650	0.638	1,083.33	0.00	1,083.33
3130ANDP2	10143	GEN	FAC	2,400,000.00	2,400,000.00	2,400,000.00	08/18/2023	0.250	0.245	500.00	0.00	500.00
63873KJG3	10155	GEN	ACP	2,996,665.00	2,997,825.00	2,997,825.00	09/16/2022	0.883	0.883	0.00	2,247.50	2,247.50
63873KM61	10157	GEN	ACP	2,984,548.33	2,986,495.00	2,986,495.00	12/06/2022	2.150	1.487	0.00	3,771.67	3,771.67
108906D	10090	GEN	RR2	29,687,967.45	33,632,091.44	30,666,151.96		2.150	2.145	55,876.01	0.00	55,876.01
116083WW2	10154	GEN	MC2	5,000,000.00	5,005,287.31	5,002,558.38	02/01/2023	1.750	0.505	7,431.51	-5,287.31	2,144.20
476637AR4	10158	GEN	MC2	2,200,000.00	2,209,501.25	2,208,826.97	03/16/2023	2.000	1.279	3,666.67	-1,266.83	2,399.84
8717027U4	10141	GEN	MC2	1,580,000.00	1,601,744.64	1,600,522.06	05/15/2023	2.000	0.247	2,633.33	-2,296.97	336.36
953107AB5	10142	GEN	MC2	1,000,000.00	1,000,000.00	1,000,000.00	07/01/2023	0.466	0.457	388.34	0.00	388.34
678720KM4	10145	GEN	MC2	1,100,000.00	1,102,372.41	1,102,275.27	09/01/2023	0.500	0.295	458.33	-182.50	275.83
678553AP3	10147	GEN	MC2	1,000,000.00	1,017,188.13	1,015,881.20	03/01/2023	3.204	0.249	2,670.00	-2,455.45	214.55
73358WAV3	10148	GEN	MC2	1,505,000.00	1,514,142.88	1,513,700.48	07/01/2023	1.086	0.413	1,362.02	-831.18	530.84
3130AQYM9	10156	GEN	FAC	4,500,000.00	4,500,000.00	4,500,000.00	02/28/2025	1.250	1.226	4,687.50	0.00	4,687.50
22533ULR2	10160	GEN	ACP	2,500,000.00	2,483,163.89	2,485,486.11	11/25/2022	2.131	2.131	0.00	4,499.30	4,499.30
Subtotal				119,299,325.26	128,520,668.81	117,546,106.01			1.777	179,178.95	-1,801.77	177,377.18
Fund: Proprietary Fund												
108906A	10025	PROP	RR2	4,382,184.10	4,972,470.56	4,721,171.00		2.420	2.422	9,713.54	0.00	9,713.54
999919	10024	PROP	LA2	1,738,640.84	1,700,763.68	1,701,985.79		0.010	0.005	6.94	0.00	6.94
108906E	10091	PROP	RR2	2,771,600.76	2,766,552.48	2,766,715.33		2.150	2.148	5,048.28	0.00	5,048.28
Subtotal				8,892,425.70	9,439,786.72	9,189,872.12			1.892	14,768.76	0.00	14,768.76
Fund: QSCB - Reserve Fund												
882521	10014	QSCB	LA1	37,457.46	34,957.46	85,147.17				0.00	0.00	0.00
3130AQJM6	10152	QSCB	FAC	3,000,000.00	3,000,000.00	3,000,000.00	01/28/2025	1.250	1.226	3,125.00	0.00	3,125.00
3130ANDP2	10144	QSCB	FAC	2,000,000.00	2,000,000.00	2,000,000.00	08/18/2023	0.250	0.245	416.67	0.00	416.67
476637AR4	10159	QSCB	MC2	1,250,000.00	1,255,398.44	1,255,015.32	03/16/2023	2.000	1.279	2,083.33	-719.79	1,363.54
678720KM4	10146	QSCB	MC2	2,000,000.00	2,004,313.47	2,004,136.86	09/01/2023	0.500	0.295	833.33	-331.81	501.52
73358WAV3	10149	QSCB	MC2	2,500,000.00	2,515,187.50	2,514,452.62	07/01/2023	1.086	0.413	2,262.50	-1,380.68	881.82
578060EQ4	10161	QSCB	MC2	1,600,000.00	1,607,462.20	1,607,281.66	06/01/2024	3.300	2.975	4,400.00	-339.19	4,060.81
Subtotal				12,387,457.46	12,417,319.07	12,466,038.64			0.977	13,120.83	-2,771.47	10,349.36
Total				167,716,176.25	176,257,297.70	163,209,313.07			1.693	239,245.66	-4,573.24	234,672.42

McAllen ISD
Amortization Schedule
August 1, 2022 - August 31, 2022
Sorted By Fund - Fund

Investment # Issuer	Fund	Maturity Date	Beginning Par Value	Current Rate	Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized		Amount Amortized This Period	Amount Unamortized Through 08/31/2022	Amount Unamortized Through 08/31/2022
								As of 08/01/2022	Through 08/31/2022			
General Fund												
10154	GEN	02/01/2023	5,000,000.00		5,033,600.00	33,600.00	5,000,000.00	-28,312.69	-5,287.31	-33,600.00	0.00	0.00
	Brownsburg IN 1999 School Bldg	09/01/2022	1,750					5,287.31				
10160	GEN	11/25/2022	2,500,000.00		2,473,439.58	-26,560.42	2,487,663.19	9,724.31	4,499.30	14,223.61	-12,336.81	-12,336.81
	Credit Agricole CP							-16,836.11				
10158	GEN	03/16/2023	2,200,000.00	2.000	2,215,202.00	15,202.00	2,208,234.42	-5,700.75	-1,266.83	-6,967.58	8,234.42	8,234.42
	Jersey City NJ Redev Agy							9,501.25				
10155	GEN	09/16/2022	3,000,000.00		2,985,065.01	-14,934.99	2,998,912.50	11,599.99	2,247.50	13,847.49	-1,087.50	-1,087.50
	Natixis NY CP							-3,335.00				
10157	GEN	12/06/2022	3,000,000.00		2,967,515.00	-32,485.00	2,988,320.00	17,033.33	3,771.67	20,805.00	-11,680.00	-11,680.00
	Natixis NY CP							-15,451.67				
10145	GEN	09/01/2023	1,100,000.00	0.500	1,104,246.00	4,246.00	1,102,189.91	-1,873.59	-182.50	-2,056.09	2,189.91	2,189.91
	Oklahoma County OK ISD							2,372.41				
10147	GEN	03/01/2023	1,000,000.00	3.204	1,042,070.00	42,070.00	1,014,732.68	-24,881.87	-2,455.45	-27,337.32	14,732.68	14,732.68
	Oklahoma City Econ Dev Trust							17,188.13				
10148	GEN	07/01/2023	1,505,000.00	1.086	1,522,066.70	17,066.70	1,513,311.70	-7,923.82	-831.18	-8,755.00	8,311.70	8,311.70
	Port Authority of NY & NJ							9,142.88				
10141	GEN	05/15/2023	1,580,000.00	2.000	1,631,681.80	51,681.80	1,599,447.67	-29,937.16	-2,296.97	-32,234.13	19,447.67	19,447.67
	Syracuse NY							21,744.64				
			Subtotal		20,974,886.09	89,886.09	20,912,912.07	-60,272.25	-1,801.77	-62,074.02	27,812.07	27,812.07
								29,613.84				
QSCB - Reserve Fund												
10152	QSCB	01/28/2025	3,000,000.00		2,996,100.00	-3,900.00	3,000,000.00	3,900.00	0.00	3,900.00	0.00	0.00
	FHLB Call Note	04/28/2022	1,250					0.00				
10159	QSCB	03/16/2023	1,250,000.00	2.000	1,258,637.50	8,637.50	1,254,678.65	-3,239.06	-719.79	-3,958.85	4,678.65	4,678.65
	Jersey City NJ Redev Agy							5,398.44				
10161	QSCB	06/01/2024	1,600,000.00	3.300	1,607,824.00	7,824.00	1,607,123.01	-361.80	-339.19	-700.99	7,123.01	7,123.01
	Mayes County OK ISD							7,462.20				
10146	QSCB	09/01/2023	2,000,000.00	0.500	2,007,720.00	7,720.00	2,003,981.66	-3,406.53	-331.81	-3,738.34	3,981.66	3,981.66
	Oklahoma County OK ISD							4,313.47				
10149	QSCB	07/01/2023	2,500,000.00	1.086	2,528,350.00	28,350.00	2,513,806.82	-13,162.50	-1,380.68	-14,543.18	13,806.82	13,806.82
	Port Authority of NY & NJ							15,187.50				
			Subtotal		10,398,631.50	48,631.50	10,379,590.14	-16,269.89	-2,771.47	-19,041.36	29,590.14	29,590.14
								32,361.61				

McAllen ISD
Amortization Schedule
August 1, 2022 - August 31, 2022

Investment #	Fund	Maturity Date	Beginning Par Value	Current Rate	Purchase Principal	Original Premium or Discount	Ending Book Value	Amounts Amortized And Unamortized As of 08/01/2022		Amount Amortized This Period	Amt Amortized Through 08/31/2022	Amount Unamortized Through 08/31/2022
								-76,542.14	61,975.45			
			Total		31,373,517.59	138,517.59	31,292,402.21	-76,542.14	61,975.45	-4,573.24	-81,115.38	57,402.21

McAllen ISD
Projected Cashflow Report
Sorted by Monthly
For the Period September 1, 2022 - March 31, 2023

Projected Trans. Date	Investment #	Fund	Security ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
September 2022										
09/01/2022	10147	GEN	678553AP3	Interest	Oklahoma City Econ Dev Trust	0.00	0.00	0.00	16,020.00	16,020.00
09/01/2022	10154	GEN	116083WW2	Call	Brownsburg IN 1999 School Bldg	5,000,000.00	5,033,600.00	5,000,000.00	0.00	5,000,000.00
09/07/2022	10153	GEN	3130AQLR2	Call	FHLB Call Note	2,500,000.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00
09/16/2022	10155	GEN	63873KJG3	Maturity	Natixis NY CP	3,000,000.00	2,985,065.01	3,000,000.00	0.00	3,000,000.00
Total for September 2022						10,500,000.00	10,518,665.01	10,500,000.00	16,020.00	10,516,020.00
October 2022										
10/28/2022	10152	QSCB	3130AQJM6	Call	FHLB Call Note	3,000,000.00	2,996,100.00	3,000,000.00	0.00	3,000,000.00
Total for October 2022						3,000,000.00	2,996,100.00	3,000,000.00	0.00	3,000,000.00
November 2022										
11/15/2022	10141	GEN	871702TU4	Interest	Syracuse NY	0.00	0.00	0.00	15,800.00	15,800.00
11/18/2022	10143	GEN	3130ANDP2	Call	FHLB Call Note	2,400,000.00	2,400,000.00	2,400,000.00	0.00	2,400,000.00
11/18/2022	10144	QSCB	3130ANDP2	Call	FHLB Call Note	2,000,000.00	2,000,000.00	2,000,000.00	0.00	2,000,000.00
11/18/2022	10150	GEN	3130APQM0	Interest	FHLB Call Note	0.00	0.00	0.00	15,000.00	15,000.00
11/18/2022	10150	GEN	3130APQM0	Call	FHLB Call Note	3,000,000.00	3,000,000.00	3,000,000.00	0.00	3,000,000.00
11/22/2022	10151	GEN	3130APQU2	Interest	FHLB Call Note	0.00	0.00	0.00	6,500.00	6,500.00
11/22/2022	10151	GEN	3130APQU2	Call	FHLB Call Note	2,000,000.00	2,000,000.00	2,000,000.00	0.00	2,000,000.00
11/25/2022	10160	GEN	22533ULR2	Maturity	Credit Agricole CP	2,500,000.00	2,473,439.58	2,500,000.00	0.00	2,500,000.00
Total for November 2022						11,900,000.00	11,873,439.58	11,900,000.00	37,300.00	11,937,300.00
December 2022										
12/06/2022	10157	GEN	63873KM61	Maturity	Natixis NY CP	3,000,000.00	2,967,515.00	3,000,000.00	0.00	3,000,000.00
Total for December 2022						3,000,000.00	2,967,515.00	3,000,000.00	0.00	3,000,000.00
January 2023										
01/01/2023	10142	GEN	953107AB5	Interest	West Hartford CT	0.00	0.00	0.00	2,330.00	2,330.00
01/01/2023	10148	GEN	73358W4V3	Interest	Port Authority of NY & NJ	0.00	0.00	0.00	8,172.15	8,172.15
01/01/2023	10149	QSCB	73358W4V3	Interest	Port Authority of NY & NJ	0.00	0.00	0.00	13,575.00	13,575.00
01/28/2023	10152	QSCB	3130AQJM6	Interest	FHLB Call Note	0.00	0.00	0.00	18,750.00	18,750.00
Total for January 2023						0.00	0.00	0.00	42,827.15	42,827.15

McAllen ISD
Projected Cashflow Report
For the Period September 1, 2022 - March 31, 2023

Projected Trans. Date	Investment #	Fund	Security ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
February 2023										
02/01/2023	10154	GEN	116083WW2	Maturity	Brownsburg IN 1999 School Bldg	5,000,000.00	5,033,600.00	5,000,000.00	83,904.11	5,083,904.11
02/07/2023	10153	GEN	3130AQLR2	Interest	FHLB Call Note	0.00	0.00	0.00	12,500.00	12,500.00
02/18/2023	10143	GEN	3130ANDP2	Interest	FHLB Call Note	0.00	0.00	0.00	3,000.00	3,000.00
02/18/2023	10144	QSCB	3130ANDP2	Interest	FHLB Call Note	0.00	0.00	0.00	2,500.00	2,500.00
02/28/2023	10156	GEN	3130AQYM9	Interest	FHLB Step Note	0.00	0.00	0.00	28,125.00	28,125.00
02/28/2023	10156	GEN	3130AQYM9	Call	FHLB Step Note	4,500,000.00	4,500,000.00	4,500,000.00	0.00	4,500,000.00
Total for February 2023						9,500,000.00	9,533,600.00	9,500,000.00	130,029.11	9,630,029.11
March 2023										
03/01/2023	10145	GEN	678720KM4	Interest	Oklahoma County OK ISD	0.00	0.00	0.00	8,250.00	8,250.00
03/01/2023	10146	QSCB	678720KM4	Interest	Oklahoma County OK ISD	0.00	0.00	0.00	15,000.00	15,000.00
03/01/2023	10147	GEN	678553AP3	Maturity	Oklahoma City Econ Dev Trust	1,000,000.00	1,042,070.00	1,000,000.00	16,020.00	1,016,020.00
03/16/2023	10158	GEN	476637AR4	Maturity	Jersey City NJ Redev Agy	2,200,000.00	2,215,202.00	2,200,000.00	44,000.00	2,244,000.00
03/16/2023	10159	QSCB	476637AR4	Maturity	Jersey City NJ Redev Agy	1,250,000.00	1,258,637.50	1,250,000.00	25,000.00	1,275,000.00
Total for March 2023						4,450,000.00	4,515,909.50	4,450,000.00	108,270.00	4,558,270.00
GRAND TOTALS:						42,350,000.00	42,405,229.09	42,350,000.00	334,446.26	42,684,446.26

Disclosures

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Investment advisory services are provided through Meeder Public Funds, Inc. Please contact us if you would like to receive a copy of our current ADV disclosure brochure or privacy policy.

Meeder Public Funds Patterson Group

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901 S. MoPac Expy
Suite 195
Austin, Texas
78746

800.817.2442

Signature: *Natalie Goza*

Email: natalie.goza@mcallenisd.net

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: *Laura Williams*
Laura Williams (Nov 7, 2022 11:04 CST)

SUPERVISOR: *Adelino*

Approved for presentation to the Board of Education:

J. Alexander

49 _____
Superintendent of Schools



Report Regarding Intent to Apply for the 2022-2024 Silent Panic Alert Technology (SPAT) Grant

**Laura Williams, Director for Special Funding
November 14, 2022**

Highlights of the Silent Panic Alert Technology Grant (SPAT):

Key Dates:

- Application posted October 28, 2022
- Application deadline is December 12, 2022
- Pre-award: June 28, 2022
- Grant Start Date: June 28, 2022
- Grant End Date: June 30, 2024
- Allocation: \$57,140

Purpose:

To provide grant funds to local educational agencies (LEAs) to purchase silent panic alert technologies for campuses as a measure of school safety.

Silent panic alert technology is generally defined as a silent system signal generated by the activation of a device, either manually or through software applications, intended to signal a life-threatening or emergency situation (such as an active shooter, intruder, or other emergency situation) requiring a response from law enforcement and/or other first responders.

Thank you.

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: *Laura Williams*
Laura Williams (Nov 8, 2022 08:03 CST)

SUPERVISOR: *Adelino*

Approved for presentation to the Board of Education:

J. Alexander

53 _____
Superintendent of Schools



**Report Regarding Intent to Apply for the
2023-2025 School Safety Standards
Formula Grant**

**Laura Williams, Director for Special Funding
November 14, 2022**

Highlights of the 23-25 School Safety Standards Formula Grant:

Key Dates:

- Application posted TBD
- Application deadline TBD
- Pre-award: June 1, 2022
- Grant Start Date: 2023
- Grant End Date: 2025
- Allocation: \$913,386

Purpose:

To assist school districts in replacing or upgrading doors, windows, fencing, communications, and other safety measures as outlined in the proposed amendment to 19 Texas Administrative Code (TAC) Chapter 61, Subchapter CC, 61.1031, School Safety Requirements.

Eligibility Criteria:

Public School Districts and charter schools with at least one student enrolled from the October 2021 PEIMS fall snapshot submission

Proposed School Safety Standards Rule:

Facility Components – *exterior doors, exterior doors, and portable doors* operate as fully intended and required to remain locked unless actively monitored or within a secured area – *window doors/windows* on the ground level reinforced with entry-resistant film – *panic alert system* – *exterior door numbering* – *radio signal repeaters* – *exterior secure master key lock boxes*

Operating Components – exterior door sweeps conducted weekly

Maintenance Requirements – checks performed twice annually to ensure that the facility components within the rule function properly as intended

Allowable Uses:

- Fencing
- Exterior Doors
- Glass Exterior Doors not within a secured area
- Ground Level Exterior Windows
- Silent Panic Alert Technology
- Other required components:
 - Purchase and installation of equipment that allows emergency responder two-way radios to function within most portions of a building
 - Exterior door numbering
 - Exterior secure master key lock box
- Installation of the Aforementioned Components:
 - Contracted installation and payroll for LEA maintenance or operations staff installation
- Other allowable items after the School Safety Standards Rule is met:
 - Security cameras and/or other security equipment
 - Employing school district peace officers
- School safety and security training/planning:
 - Active Shooter and emergency response training
- Provide programs related to suicide prevention, intervention, and postvention
- Metal Detectors
- Two-way radio systems
- Electronic door-locking systems

Thank you.

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: _____

Rosalba De Hoyos
SUPERVISOR: _____

Approved for presentation to the Board of Education:

J. Adansalby

58 _____
Superintendent of Schools Nov 9, 2022

McAllen Independent School District

STUDENT/TEACHER RATIOS

11/3/2022

MEMBERSHIP RECORDS

2022-2023

Enrollment as of November 3, 2022

CAMPUS	GRADE LEVELS/CLASS SECTIONS OVER RATIOS						TOTAL SECTIONS
	PRE-K	KINDER	FIRST	SECOND	THIRD	FOURTH	
101-ALVAREZ ELEMENTARY	0			2	1		3
106-HOUSTON ELEMENTARY	1	2					3
107-JACKSON ELEMENTARY	1	1	2	1	2	2	9
111-MILAM ELEMENTARY	1			2		1	4
112-WILSON ELEMENTARY		2					2
114-FIELDS ELEMENTARY						1	1
116-SEGUIN ELEMENTARY							0
119-ESCANDON ELEMENTARY						1	1
120-RAYBURN ELEMENTARY	1						1
121-ROOSEVELT ELEMENTARY	1	2			2	3	8
122-GARZA ELEMENTARY				1	1	1	3
123-MCAULIFFE ELEMENTARY		1				2	3
124-GONZALEZ ELEMENTARY				6			6
126-CASTANEDA ELEMENTARY	1	2					3
127-BLANCA E SANCHEZ ELEMENTARY				2	2	2	6
128-DR PABLO PEREZ ELEMENTARY		2				1	3
129-LUCILE M. HENDRICKS ELEMENTARY					1		1
130-THIGPEN / ZAVALA ELEMENTARY	1		1				2
TOTAL SECTIONS OVER	7	12	3	14	9	14	59
TOTAL SECTIONS IN DISTRICT	35	59	67	66	67	67	361
PERCENT OVER	20.00%	20.34%	4.48%	21.21%	13.43%	20.90%	16.34%
SECTIONS AT OR UNDER	28	47	64	52	58	53	302

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: 
Maribelle Elizondo (Nov 9, 2022 18:24 CST)

SUPERVISOR: *Rosalba De Hoyos*

Approved for presentation to the Board of Education:



60 _____
Superintendent of Schools

RFP 2022-1038 Special Education Equipment, Supplies, Services, and Related Products (Round 7)

No.	Responding Supplier	City	State	Recommendation
1	Education My Way (The Unalome Project, LLC)	Austin	TX	Qualified
2	PresenceLearning, Inc.	New York	NY	Qualified

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: _____

SUPERVISOR: *Brian McClenny*
Brian McClenny (Nov 9, 2022 14:04 CST)

Approved for presentation to the Board of Education:

J. A. Douglas

62 _____
Superintendent of Schools


RFP 2022-1031 Athletic Equipment, Supplies, Reconditioning Services, and Related Products (Round 7)

No.	Responding Supplier	City	State	Recommendation
1	Lifting Large Corporation	Corrales	NM	Qualified
2	Medicaleshop Inc.	New Milford	CT	Qualified
3	Spectrum Corporation	Houston	TX	Qualified

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: _____

SUPERVISOR: 
Bridgette Vich (Nov 10, 2022 17:00 CST)

Approved for presentation to the Board of Education:




64 _____
Superintendent of Schools Nov 10, 2022

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: _____

SUPERVISOR: 
Bridgette Vich (Nov 10, 2022 17:00 CST)

Approved for presentation to the Board of Education:




65 _____
Superintendent of Schools Nov 10, 2022

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBMITTED BY: _____

SUPERVISOR: 
Bridgette Vich (Nov 9, 2022 16:06 CST)

Approved for presentation to the Board of Education:



66 _____
Superintendent of Schools Nov 9, 2022



2022-2023
DISTRICT
PERFORMANCE
OBJECTIVES
GOALS

McAllen ISD

Campus	D1: STAAR Performance		D1: CCMR		D1: Graduation Rate		Domain 1 Overall Final Score	D1 Letter Grade	Domain 2A		D2A Letter Grade	Domain 2B		D2B Letter Grade	Domain 3								D3 Letter Grade	Overall Final Score	Overall Letter Grade			
	Academic Growth		Closing the Gaps		Relative Performance				Academic Achievement (50%)			Graduation Status (10%)			ELP (10%)		CCMR (30%)		Overall Raw	Overall Scaled								
	Raw	Scaled	Raw	Scaled	Raw	Scaled			Raw	Scaled		Indicators Met	Indicators Eligible		Indicators Met	Indicators Eligible	Indicators Met	Indicators Eligible			Indicators Met	Indicators Eligible						
																			Indicators Met	Indicators Eligible						Indicators Met	Indicators Eligible	Indicators Met
2018-2019*	54	85	76	94	95.4	85	89	B	72	84	C	65	92	B	24	24	3	6	1	1	8	8	95	95	A	93	A	
2019-2020	NO TESTING DUE TO COVID-19																											
2020-2021**	44	N/A	69	N/A	98	N/A	N/A	N/A	N/A	N/A	N/A	57	N/A	N/A	11	21	4***	6	1	1	8	8	73	N/A	N/A	N/A	N/A	N/A
2021-2022	53	84	70	93	98.9	95	90	A	82	93	A	62	92	A	24	24	7	7	1	1	9	9	100	100	A	95	A	

Test Breakdown									
		ELA	MATH	WRITING	SCIENCE	SOCIAL STUDIES	OVERALL	Raw Score	Scale Score
2018-2019* Actual Results	Approaches	77	85	74	83	83	80	54	85
	Meets	51	57	46	56	60	54		
	Masters	22	31	21	25	31	27		
2020-2021** Actual Results	Approaches	72	63	55	73	81	69	44	N/A
	Meets	49	33	29	45	58	43		
	Masters	19	17	10	19	33	19		
2021-2022 Actual Results	Approaches	80	78	N/A	80	80	79	53	84
	Meets	60	48	N/A	52	54	54		
	Masters	30	25	N/A	23	31	27		
2022-2023 GOALS	Approaches	82	80	N/A	82	82	81	***TO BE DETERMINED	
	Meets	62	50	N/A	54	56	56		
	Masters	32	27	N/A	25	33	29		

TELPAS Standard - 36%

2018-2019 TELPAS SCORE - 39%
 2020-2021 TELPAS SCORE - 47%
 2021-2022 TELPAS SCORE - 44%

* 2018-2019 had 100% Participation

** 2020-2021 had 57% Participation

*** Above 94% and demonstrated improvement of at least 0.1% over Class of 2015 Statewide Baseline Rate

*** A-F cut points to be released January 1, 2023

Name of Campus: McAllen ISD

Campus Performance Objectives

Indicator: Reading
Grade: All Grades

2019-2020 STAAR District Performance		2021 STAAR Tested Campus Participation	2021 STAAR Tested Campus Performance	2022 STAAR Tested Campus Participation	2022 STAAR Tested Campus Performance	2022-2023 STAAR Goal Campus Performance						
Group	Passing Percentage											
2020 Accountability Ratings- NOT RATED: DECLARED STATE OF DISASTER		2021 Accountability Ratings - NOT RATED DECLARED STATE OF DISASTER										
							Percentage	Percentage	Participation Percentage	Performance Percentage	Passing Percentage	
							All Students	60%	72%	99%	80%	100%
							American Indian	67%	67%	100%	71%	100%
							Asian	68%	95%	100%	96%	100%
							African American	51%	76%	98%	86%	100%
							Hispanic	60%	71%	99%	80%	100%
							White	63%	86%	99%	91%	100%
							Pacific Islander	*	*	100%	100%	100%
							Two or More Races	46%	91%	100%	93%	100%
							Male	67%	67%		76%	100%
							Female	76%	76%		84%	100%
							Eco Disadvantage	60%	65%	99%	76%	100%
							Special Education	58%	36%	99%	47%	100%
							At-Risk	55%	55%		70%	100%
							EB/EL (English Learner)	68%	51%	99%	69%	100%
							Migrant	50%	50%		66%	100%
Gifted and Talented	98%	98%		100%	100%							

* 2020-2021 No Accountability - Not Rated: Declared State of Disaster, however, different than 2019-2020. STAAR tests were administered and Fall 2021 HB 4545 came into effect.

Name of Campus: McAllen ISD

Campus Performance Objectives

Indicator: Math

Grade: All Grades

2019-2020 STAAR District Performance		2021 STAAR Tested Campus Participation	2021 STAAR Tested Campus Performance	2022 STAAR Tested Campus Participation	2022 STAAR Tested Campus Performance	2022-2023 STAAR Goal Campus Performance
Group	Passing Percentage					
2020 Accountability Ratings- NOT RATED: DECLARED STATE OF DISASTER		Percentage	Percentage	Participation Percentage	Performance Percentage	Passing Percentage
All Students		55%	65%	99%	78%	100%
American Indian		40%	*	100%	67%	100%
Asian		71%	96%	99%	97%	100%
African American		46%	83%	100%	85%	100%
Hispanic		55%	64%	99%	77%	100%
White		64%	81%	99%	89%	100%
Pacific Islander		*	*	100%	100%	100%
Two or More Races		52%	95%	100%	96%	100%
Male		62%	62%		76%	100%
Female		63%	63%		78%	100%
Eco Disadvantage		53%	57%	99%	73%	100%
Special Education		50%	37%	100%	50%	100%
At-Risk		47%	47%		68%	100%
EB/EL (English Learner)		54%	47%	100%	69%	100%
Migrant		42%	42%		57%	100%
Gifted and Talented		96%	96%		99%	100%

* 2020-2021 No Accountability - Not Rated: Declared State of Disaster, however, different than 2019-2020. STAAR tests were administered and Fall 2021 HB 4545 came into effect.

Name of Campus: McAllen ISD

Campus Performance Objectives

Indicator: Science

Grade: All Grades

2019-2020 STAAR District Performance		2021 STAAR Tested Campus Participation	2021 STAAR Tested Campus Performance	2022 STAAR Tested Campus Participation	2022 STAAR Tested Campus Performance	2022-2023 STAAR Goal Campus Performance
Group	Passing Percentage					
2020 Accountability Ratings- NOT RATED: DECLARED STATE OF DISASTER		Percentage	Percentage	Participation Percentage	Performance Percentage	Passing Percentage
All Students		55%	73%	99%	80%	100%
American Indian		*	*	100%	100%	100%
Asian		70%	95%	95%	100%	100%
African American		45%	78%	100%	83%	100%
Hispanic		55%	72%	99%	79%	100%
White		60%	83%	98%	89%	100%
Pacific Islander		*	*	100%	100%	100%
Two or More Races		40%	100%	96%	91%	100%
Male		72%	72%		78%	100%
Female		73%	73%		80%	100%
Eco Disadvantage		53%	66%	99%	76%	100%
Special Education		54%	43%	99%	45%	100%
At-Risk		56%	56%		71%	100%
EB/EL (English Learner)		52%	48%	99%	69%	100%
Migrant		57%	57%		62%	100%
Gifted and Talented		97%	97%		100%	100%

* 2020-2021 No Accountability - Not Rated: Declared State of Disaster, however, different than 2019-2020. STAAR tests were administered and Fall 2021 HB 4545 came into effect.

Name of Campus: McAllen ISD

Campus Performance Objectives

Indicator: Social Studies

Grade: All Grades

2019-2020 STAAR District Performance		2021 STAAR Tested Campus Participation	2021 STAAR Tested Campus Performance	2022 STAAR Tested Campus Participation	2022 STAAR Tested Campus Performance	2022-2023 STAAR Goal Campus Performance
Group	Passing Percentage					
2020 Accountability Ratings- NOT RATED: DECLARED STATE OF DISASTER		2021 Accountability Ratings - NOT RATED DECLARED STATE OF DISASTER				
Group	Passing Percentage	Percentage	Percentage	Participation Percentage	Performance Percentage	Passing Percentage
All Students		63%	81%	99%	80%	100%
American Indian		*	*	100%	100%	100%
Asian		73%	94%	100%	97%	100%
African American		64%	100%	100%	88%	100%
Hispanic		62%	80%	99%	80%	100%
White		67%	87%	99%	88%	100%
Pacific Islander		*	*	*	*	100%
Two or More Races		65%	100%	100%	100%	100%
Male		81%	81%		80%	100%
Female		79%	79%		79%	100%
Eco Disadvantage		61%	75%	99%	76%	100%
Special Education		58%	54%	98%	52%	100%
At-Risk		67%	67%		71%	100%
EB/EL (English Learner)		55%	55%	99%	65%	100%
Migrant		78%	78%		74%	100%
Gifted and Talented		97%	97%		98%	100%

* 2020-2021 No Accountability - Not Rated: Declared State of Disaster, however, different than 2019-2020. STAAR tests were administered and Fall 2021 HB 4545 came into effect.

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBJECT: Discussion and Possible Action on Agreement No. 2023-117 Medical Plan Administration and Related Services with Blue Cross Blue Shield of Texas through Request for Proposal No. 2023-1005

REFERENCE: Goal 3 - Financial Priorities; Strategy 2: Attract/Retain High Qualified Staff

BACKGROUND INFORMATION/REASON FOR BOARD CONSIDERATION:

On October 3, 2022, the Board of Trustees interviewed the top two vendors for Request for Proposal 2023-1005, and awarded Blue Cross Blue Shield of Texas ("BCBSTX"). Administration requested clarification from BCBSTX regarding a response submitted with their proposal and requested an administrative services agreement to begin negotiations. BCBSTX submitted a clarification response to the District's request and the evaluation matrix was updated accordingly.

ADMINISTRATIVE CONSIDERATIONS/FACTS AND ANALYSIS:

Administration has negotiated and reached a mutual agreement for the Board's consideration.

LEGAL REVIEW:

Agreement has been approved by legal.

BUDGETARY CONSIDERATIONS:

The fixed costs and expenses are budgeted through the employer and employee contributions to the Health Plan Fund.

RECOMMENDED BOARD ACTION:

Administration recommends that the Board of Trustees approve Agreement No. 2023-117 Medical Plan Administration and Related Services with Blue Cross Blue Shield of Texas through Request for Proposal No. 2023-1005, for a term of three (3) years, effective January 1, 2023 through December 31, 2025.

SUBMITTED BY: *Andres Silva*

SUPERVISOR: *J. Douglas*

For further information contact:
Name: Andres Silva
Office: (956) 618-7380
eMail: andres.silva@mcallenisd.net

Approved for presentation to the Board of Education:

J. Douglas



**BlueCross BlueShield
of Texas**

ADMINISTRATIVE SERVICES AGREEMENT

The Effective Date of this Agreement is January 1, 2023.

For Employer Group Number(s): As specified on the most current ASO BPA (as defined below).

Account Number: TX071301

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and consent to all of its terms and conditions as of the date and year specified below.

**BLUE CROSS AND BLUE SHIELD OF TEXAS,
a Division of Health Care Service Corporation,
a Mutual Legal Reserve Company**

**MCALLEN INDEPENDENT SCHOOL DISTRICT
("EMPLOYER")**

By:

By: _____

Title:

Title: Board of Trustees, President

Date:

Date: _____

Approved as to form:

Walsh Gallegos Treviño Kyle & Robinson P.C.

by: Stacy Castillo
Stacy Castillo Nov 11, 2022 11:41 CST

Stacy T. Castillo

**Proprietary and Confidential Information of Claim Administrator
Not for use or disclosure outside Claim Administrator, Employer, their respective affiliated companies and third party
representatives, except with written permission of Claim Administrator.**

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This Agreement made as of the Effective Date, by and between **Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company** (“Claim Administrator”), and Employer, for Employer Group Number(s) set forth on page one (1) of this Agreement (each a “Party” and collectively, the “Parties”), WITNESSETH AS FOLLOWS:

RECITALS

WHEREAS, as part of Employer's benefit plan offered to its employees and their eligible dependents, Employer has established and adopted a Plan as defined herein; and

WHEREAS, Employer on behalf of the Plan has executed an Administrative Services Only Benefit Program Application (“ASO BPA”) and Claim Administrator has accepted such ASO BPA attached hereto as Exhibit 4; and

WHEREAS, Employer on behalf of the Plan desires to retain Claim Administrator to provide certain administrative services with respect to the Plan; and

WHEREAS, the Parties agree that it is desirable to set forth more fully the obligations, duties, rights and liabilities of Claim Administrator and Employer;

NOW, THEREFORE, in consideration of these premises and the mutual promises and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employer and Claim Administrator hereby agree as follows:

SECTION 1: CLAIM ADMINISTRATOR RESPONSIBILITIES

- 1.1 **Appointment.** Employer hereby retains and appoints Claim Administrator to provide the services set forth in Exhibit 1 in connection with the administration of the Plan (“Services”). Employer agrees that it will not perform or engage any other party to perform the Services with respect to any Covered Persons while this Agreement is in effect.
- 1.2 **Claim Administrator Responsibility.** Claim Administrator shall be responsible for and bear the cost of compliance with any federal, state or local laws that may apply to Claim Administrator's performance of its Services except as otherwise provided in this Agreement. Claim Administrator does not have final authority to determine Covered Persons' eligibility or discretion to establish or construe the terms and conditions of the Plan. Claim Administrator shall have no responsibility for or liability with respect to the compliance or non-compliance of the Plan with any applicable federal, state and local rules, laws and regulations; and Employer shall have the sole responsibility for and shall bear the entire cost of compliance with all federal, state and local rules, laws and regulations, including, but not limited to, any licensing, filing, reporting, modification requirements and disclosure requirements that may apply to the Plan, and all costs, expenses and fees relating thereto, including, but not limited to, local, state or federal taxes, penalties, Surcharges or other fees or amounts regardless of whether payable directly by Employer or by or through Claim Administrator.
- 1.3 **Claim Appeals.** Appeals will be reviewed with a new full and fair review. If the denial reason was due to medical necessity or experimental/investigational rationale, the appeal will be reviewed by a qualified Physician who had no involvement in the initial review or any prior reviews. If, pursuant to such review, the clinical decision is upheld, then the Covered Person may have the right to seek Independent External Review. The decision of the independent review organization (“IRO”) will be final and binding.
- 1.4 **External Review Coordination.** If elected by Employer on the most current ASO BPA, Claim Administrator will coordinate, and Employer shall pay for, external reviews by IROs as described in Exhibit 1 and/or the most current ASO BPA, but in no event shall Claim Administrator have any liability or responsibility for any claim determination, act, or omission by an IRO in connection with any Independent External Review.
- 1.5 **Claim Administrator Review of Eligibility Records.** During the term of this Agreement and within one hundred eighty (180) days after its termination, Claim Administrator may, upon at least thirty (30) days' prior written notice to Employer, conduct reasonable reviews of Employer's membership records with respect to eligibility.

- 1.6 **Administrative Services.** In performing the Services, Claim Administrator, at its sole discretion, may contract with or delegate to other entities for performance of any of the Services; provided, however, Claim Administrator shall remain fully responsible and liable for performance of any such Services to be performed by Claim Administrator but contracted or delegated to other entities. Further, any of the Services may be performed by Claim Administrator, any subsidiary or affiliate of Claim Administrator, and any successor entity or entities to Claim Administrator, whether by merger, consolidation, or reorganization, without prior written approval by Employer.

SECTION 2: EMPLOYER RESPONSIBILITIES

- 2.1 **Employer Responsibility.** Employer retains full and final authority and responsibility for the Plan, payment of Claims under the Plan, determinations of eligibility under the Plan, and its operation. Notwithstanding the foregoing, Claim Administrator remains responsible for the performance of its obligations under the terms of this Agreement. Claim Administrator performs Services for Employer in connection with the Plan within the framework, practices, and procedures of Employer and only as expressly stated in this Agreement or as otherwise mutually agreed.

The Parties acknowledge and agree Claim Administrator does not insure or underwrite the liability of Employer under the Plan and has no responsibility for designing the terms of the Plan or the benefits to be provided thereunder.

- 2.2 **Employer's Direction as to Benefit Design.** Employer shall direct Claim Administrator as to the terms and scope of benefits under the Plan and such directions shall be documented in a benefit matrix, highlight sheets, and similar documentation (collectively, "Matrix"), and the ASO BPA. Employer agrees that Claim Administrator shall process Claims in accordance with the Matrix and the ASO BPA. Employer agrees Claim Administrator may rely on the most current version of the Matrix and the ASO BPA as the authorized document that governs administration of Employer's Plan under this Agreement and will prevail in the event of any conflict with any other electronic or paper file.

- 2.3 **Eligibility.** Employer shall determine eligibility for coverage under the Plan. Employer is responsible for any benefits paid for a terminated Covered Person until Employer has notified Claim Administrator of such Covered Person's termination. Any clerical errors with respect to eligibility will not invalidate coverage that would otherwise be validly in force or continue coverage that would otherwise validly terminate. Such errors will be corrected according to Claim Administrator's reasonable administrative practices including, but not limited to, those related to Timely notification of a change in a Covered Person's status.

- 2.4 **Notices to Covered Persons.** Unless otherwise stated in this Agreement, Employer is responsible for all communications to Covered Persons, including as to the terms of the Plan. In addition, if this Agreement is terminated pursuant to Section 6.1, Employer agrees to notify all Covered Persons. Employer shall also communicate the provisions of Exhibit 3 to Covered Persons.

- 2.5 **Required Plan Information.** Employer shall furnish on a Timely basis to Claim Administrator information concerning the Plan and Covered Persons that Claim Administrator may require and request to perform its duties including, but not limited to, the following:

- a. All documents by which the Plan is established and any amendments or changes to the Plan.
- b. All data as may be required by Claim Administrator with respect to any Covered Persons.
- c. Employer shall Timely notify Claim Administrator in a mutually agreeable format of any change in a Covered Person's status under this Agreement.
- d. By providing Covered Persons information that may include a telephone and text number, the Employer agrees that Claim Administrator may use that information to secure the Covered Person's consent to contact them via their preferred method of communication (i.e., phone, text, email, etc.) with the Claim Administrator as long as the initial telephone or text communication is made in accordance with the Telephone Consumer Protection Act.
- e. Employer is responsible for ensuring that the terms of the Plan are consistent with the terms of this Agreement.

- 2.6 **Grandfathered Health Plans (If Applicable).** Employer shall provide Claim Administrator with written notice prior to renewal (and during the plan year, at least sixty (60) days' advance written notice) of any

changes that would cause any benefit package of its Plan(s) to lose its status as a “grandfathered health plan” under the Affordable Care Act and applicable regulations. Any such changes (or failure to provide notice thereof as required) can result in retroactive and/or prospective changes by Claim Administrator to the terms and conditions of this Agreement. In no event shall Claim Administrator be responsible for any legal, tax or other ramifications related to any Plan’s grandfathered health plan status or any representation regarding any Plan’s past, present and future grandfathered status. The grandfathered health plan form (“Form”), if any, shall be incorporated by reference into and become part of this Agreement, and Employer represents and warrants that the information it submits on such Form is true, complete and accurate.

- 2.7 Retiree Only Plans, Excepted Benefits and/or Self-Insured Nonfederal Governmental Plans (If Applicable).** If Claim Administrator provides Services for any retiree only plans, excepted benefits and/or self-insured nonfederal governmental plans (with an exemption election), then Employer represents and warrants that one or more such plans is not subject to some or all of the provisions of Part A (Individual and Group Market Reforms) of Title XXVII of the Public Health Service Act (and/or related provisions in the Internal Revenue Code and Employee Retirement Income Security Act) (an “exempt plan status”). Any determination that a Plan does not have exempt plan status can result in retroactive and/or prospective changes by Claim Administrator to the terms and conditions of this Agreement. In no event shall Claim Administrator be responsible for any legal, tax or other ramifications related to any Plan’s exempt plan status or any representation regarding any Plan’s exempt plan status.
- 2.8 Summary of Benefits and Coverage (“SBC”).** Unless otherwise provided in the applicable ASO BPA and SBC Addendum (if applicable), Employer acknowledges and agrees that Employer will be responsible for the creation and distribution of the SBC as required by Section 2715 of the Public Health Service Act (42 USC 300gg-15) and SBC regulations (45 CFR 147.200), as supplemented and amended from time to time, and that in no event will Claim Administrator have any responsibility or obligation with respect to the SBC and Claim Administrator will not be obligated to respond to or forward misrouted calls, but may, at its option, provide participants and beneficiaries with Employer’s contact information.
- 2.9 Massachusetts Health Care Reform Act.** If elected on the applicable ASO BPA, Claim Administrator will provide required written statements of creditable coverage to individuals residing in Massachusetts and submit applicable electronic reporting to the Massachusetts Department of Revenue, in accordance with the Massachusetts Health Care Reform Act based on information provided to Claim Administrator by Employer and coverage under the Plan(s) during the term of this Agreement. Employer hereby certifies that, to the best of its knowledge, such coverage under the Plan(s) is “creditable coverage” in accordance with the Massachusetts Health Care Reform Act. Employer acknowledges that Claim Administrator is not responsible for verifying nor ensuring compliance with any tax and/or legal requirements related to this Service. Employer or its Covered Persons should seek advice from their legal or tax advisors as necessary. If not elected on the applicable ASO BPA, Employer acknowledges it will provide written statements and electronic reporting to the Massachusetts Department of Revenue as required by the Massachusetts Health Care Reform Act.
- 2.10 Employer Audits Claim Administrator.** During the term of this Agreement and within one hundred eighty (180) days after its termination, Employer or an authorized agent of Employer (subject to Claim Administrator’s reasonable approval) may, upon at least forty-five (45) days’ prior written notice to Claim Administrator, conduct reasonable audits of records related to Claim Payments to verify that Claim Administrator’s administration of the covered health care benefits is performed according to the terms of this Agreement. Contingency fee based audits are not supported by Claim Administrator. Audit samples will be limited to no more than three hundred fifty (350) Claims. If a pattern of errors is identified in an audit sample, Claim Administrator shall also identify Claims with the same errors and will reprocess such identified Claims in accordance with Claim Administrator policies and procedures. Notwithstanding anything in this Agreement to the contrary, in no event will Claim Administrator be obligated to reprocess Claims or reimburse Employer for alleged errors based upon audit sample extrapolation methodologies or inferred errors in a population of Claim Payments. Employer will be responsible for all costs associated with the audit. Employer will reimburse Claim Administrator for all reasonable expenditures necessary to support audits conducted after termination of this Agreement. All such audits shall be subject to Claim Administrator’s then current external audit policy and procedures, a copy of which shall be furnished to Employer upon request to Claim Administrator. The audit period will be limited to the current Agreement year and the immediately preceding Agreement year. No more than one (1) audit shall be conducted during a twelve (12) consecutive-month period, except as required by state or federal government agency or

regulation. Employer and such agent that have access to the information and files maintained by Claim Administrator will agree not to disclose any proprietary information, and to hold harmless and indemnify Claim Administrator in writing of any liability from disclosure of such information by executing an Audit Agreement with Claim Administrator that sets forth the terms and conditions of the audit. Claim Administrator has the right to implement reasonable administrative practices in the administration of Claims.

SECTION 3: CONFIDENTIAL DATA, INFORMATION AND RECORDS

- 3.1 Use and Disclosure of Covered Persons' Information.** The Parties acknowledge and agree that they have entered into a Business Associate Agreement ("BAA") as required by HIPAA. Although the BAA was executed to comply with the requirements of HIPAA, the Parties agree the BAA will govern the use, access, or disclosure of all personally identifiable information ("PII"), including Protected Health Information ("PHI"), Claim Administrator may collect or receive. While Claim Administrator does not anticipate receiving or collecting PII about Covered Persons that is not PHI, Claim Administrator agrees to protect and secure any PII of Covered Persons according to the terms of the BAA and agrees to fulfill any other obligations related to PII as required therein.
- 3.2 Electronic Exchange of Information.** If Employer and Claim Administrator exchange data and information electronically, Employer agrees to transfer on a Timely basis all required data to Claim Administrator via secure electronic transmission on the intranet and/or internet or otherwise, in a format mutually agreed to by the Parties. Further, Employer is responsible for maintaining any enrollment applications and enrollment documentation, including any changes completed by Covered Persons, and to allow Claim Administrator reasonable access to this information as needed for administrative purposes.
Employer authorizes Claim Administrator to submit reports, data and other information to Employer in the electronic format mutually agreed to by the Parties.
- 3.3 Providing Data to Employer's Vendor(s).** If Employer directs Claim Administrator to provide data directly to Employer's third-party consultant and/or vendor ("Employer's Vendor"), and Claim Administrator agrees in its sole discretion, then Employer acknowledges and agrees that it shall require Employer's Vendor(s) to execute Claim Administrator's then-current data exchange agreement as required by Claim Administrator. Employer hereby acknowledges and agrees and Employer's Vendor shall acknowledge and agree:
- a. That the requested documents, records and other information (for purposes of this Section 3, "Confidential Information") are proprietary and confidential in nature and that the release of the Confidential Information may reveal Claim Administrator's Business Confidential Information.
 - b. To maintain the confidentiality of the Confidential Information and any Business Confidential Information (for purposes of this Section 3, collectively, "Information") and to prevent unauthorized use or disclosure by Employer's Vendor(s) or unauthorized third parties, including those of its employees not directly involved in the performance of duties under its contract with Employer, to the same extent that it protects its own confidential information.
 - c. To use and limit the disclosure of the Information strictly for and to the minimum extent necessary to fulfill the purpose for which it is disclosed.
 - d. To maintain the Information at a specific location under its control and take reasonable steps to safeguard the Information.
 - e. To use, and require its employees to use, at least the same degree of care to protect the Information as is used with its own proprietary and confidential information.
 - f. To not duplicate the Information furnished in written, pictorial, magnetic and/or other tangible form except as necessary to fulfill the purposes of this Agreement or as required by law.
 - g. To not sell, re-sell or lease the Information.
 - h. To securely return or securely destroy the Information at the direction of Claim Administrator or within a reasonable time after the termination of this Agreement, not to exceed sixty (60) days thereafter.

Employer shall provide Claim Administrator in writing the names of any Employer's Vendor(s) with whom Claim Administrator is authorized to release, disclose or exchange data and provide written authorization and specific directions with respect to such release, disclosure, or exchange. If Employer's Vendor(s) is

under contract to perform services that involve the use, access or disclosure of PHI as defined by HIPAA, the identity of Employer Vendor(s) shall be documented within the BAA between Claim Administrator and Employer.

- 3.4 Business Confidential Information and Proprietary Marks.** The Parties acknowledge that Claim Administrator has developed, acquired, or owns certain Business Confidential Information (“BCI”). Employer shall not use or disclose such Business Confidential Information, including this Agreement, to any third party without prior written consent of Claim Administrator. Employer agrees to provide written notice to Claim Administrator if Employer believes it is required by law to disclose BCI, including but not limited to this Agreement, to any entity or person, including but not limited to any Covered Person, any Covered Person’s authorized representative, or any governmental entity, so that Claim Administrator has the opportunity to object and ensure appropriate confidentiality protections are in place. Employer will at all times remain responsible for maintaining the confidentiality of this Agreement and shall ensure that any affiliated entities or third-party representatives to whom the Agreement is disclosed are bound in writing not to further disclose this Agreement without the prior written consent of Claim Administrator. Neither Party shall use the name, symbols, copyrights, trademarks or service marks (“Proprietary Marks”) of the other Party or the other Party’s respective clients in advertising or promotional materials without prior written consent of the other Party; provided, however, that Claim Administrator may include Employer in its list of clients. Employer, as a governmental entity, strictly complies with the Texas Public Information Act. Some of the information Claim Administrator may provide may contain information considered confidential or privileged under the Texas Public Information Act. If any part of Claim Administrator’s information provided to Employer is requested as part of a public information request, Employer will use best efforts to notify Claims Administrator of the request so that Claim Administrator may assert any protections or exceptions to the Public Information Act directly to the Attorney General. Employer will not be responsible for asserting any argument on behalf of Claims Administrator.
- 3.5 Claim Administrator/Association Ownership.** Employer acknowledges that certain of Claim Administrator’s Proprietary Marks and Business Confidential Information are utilized under a license from the Blue Cross and Blue Shield Association (“BCBSA” or “the Association”). Employer agrees not to contest (i) the Association’s ownership of, or the license granted by the Association to Claim Administrator for use of, such Proprietary Marks and (ii) Claim Administrator’s ownership of its Proprietary Marks or Business Confidential Information.
- 3.6 Infringement.** Claim Administrator agrees not to infringe upon, dilute or harm Employer’s rights in its Proprietary Marks. Employer agrees not to infringe upon, dilute or harm Claim Administrator’s rights in its Proprietary Marks, including those Proprietary Marks owned by the Association and utilized by Claim Administrator under a license with the Association.
- 3.7 Records.**
- a. Records Retention.** Claim Administrator shall retain all Claim records for the longer of (i) the time period required by applicable law or (ii) the time period required by Claim Administrator’s records retention policy, which policy is subject to change by Claim Administrator. The failure to agree upon a retention period shall not constitute breach of this Agreement.
 - b. Record Requests.** For a period of one (1) year following termination of this Agreement, Claim Administrator shall, upon the request of the Employer for general purposes, provide to Employer, a copy of all Claim determination records, excluding any and all of the Business Confidential Information of Claim Administrator, other Blue Cross and/or Blue Shield companies, or Claim Administrator’s subsidiaries, affiliates, and vendors, in the possession of Claim Administrator. Such copy shall be transmitted in a form as agreed upon by the Parties with the cost of preparing the information for transmittal to be borne by Employer. The time period for general record requests does not impact nor restrict any legal, regulatory or mandated data requests.
- 3.8 Use of Data for Industry Improvement Activities.** Claim Administrator may use or disclose a limited data set or de-identified data (“Data”) as permitted by the executed BAA, HIPAA and other applicable federal and state laws for the purpose of supporting industry improvement activities such as analytic reviews, research studies and other similar projects focused solely on promoting quality health care, managing health care costs, reducing administrative costs or enhancing the Plan’s performance. Any Data used or disclosed will be managed and coordinated by the Claim Administrator or by the Association including any vendors that assist the Claim Administrator and the BCBSA in the industry improvement activities. The Data

shall not be sold, used or disclosed for the financial benefit or profit of the Claim Administrator, BCBSA or vendor.

SECTION 4: LITIGATION, LEGAL PROVISIONS, ERRORS AND DISPUTE RESOLUTION

4.1 **Litigation.** Employer shall, to the extent practical, advise Claim Administrator of any legal actions against one or both Parties that specifically or directly concern (a) the terms of or administration of the Plan, or (b) the obligations of either Party under the Plan and this Agreement. Employer shall undertake the defense of such action and be responsible for the costs of defense, including but not limited to attorneys' fees and costs, external claim reviews, and other expenses. Notwithstanding the foregoing, Claim Administrator shall have the option, at its sole discretion, to select and employ attorneys to defend any such action, in which event the fees and costs of those attorneys shall be the responsibility of Claim Administrator. For such actions, each Party shall reasonably cooperate with the other Party's defense, unless a conflict of interest exists. Some defense support by Claim Administrator, such as external claim review, may require an additional fee, the costs for which shall be Employer's responsibility.

4.2 **Claim Overpayments.** Employer acknowledges that unintentional administrative errors may occur. If Claim Administrator becomes aware of a Claim Overpayment to a Provider or Covered Person, Claim Administrator is authorized to follow its recovery processes, including, but not necessarily limited to, those items described below ("Recovery Process(es)"). Claim Administrator, however, will not be required to enter into litigation to obtain a recovery, unless specifically provided for elsewhere in this Agreement, nor will Claim Administrator be required to reimburse the Plan, except for when gross negligence or intentional misconduct by Claim Administrator caused the Overpayment.

Recovery Process. Claim Administrator, on behalf of Employer, or on behalf of itself as an insurer, has the right to obtain a refund of an Overpayment from a Provider or a Covered Person. Unless otherwise agreed upon between Claim Administrator and the Provider, when a Provider fails to return an Overpayment to Claim Administrator, Claim Administrator has the right to utilize the following mechanisms to recover the Overpayment:

For purposes of Section 4.2(a.-e.) below, "Other Plan(s)" or "Another Plan" means any health benefit plan, including, but not limited to, individual and group plans or policies administered or insured by Claim Administrator.

- a. Reductions from Future Payments to Network Providers.** Claim Administrator has the right to offset future payments owed to the Provider: (i) from the Plan, or, (ii) if the Provider is a Network Provider, from Other Plans, up to an amount equal to the Overpayment (collectively, "Offset").
- b. Cross-Plan Offsets for Network Providers.** Claim Administrator has the right to reduce Another Plan's payment to a Network Provider by the amount necessary to recover the Plan's Overpayment to the same Network Provider and to remit the recovered amount to Employer (net of fees, if any). Likewise, Claim Administrator has the right to reduce the Plan's payment to a Network Provider by the amount necessary to recover Another Plan's Overpayment to the same Network Provider and to remit the recovered amount to the Other Plan (each, a "Cross-Plan Offset").
- c. Division of Recovery for Multiple Plans.** If Claim Administrator has made Overpayments to a Network Provider for more than one (1) Other Plan, Claim Administrator has the right to Offset two (2) or more of the Overpayments collectively, against future payments owed to Another Plan as part of a single transaction, resulting in an Overpayment recovery amount which shall be applied based on the age of the Overpayments, beginning with the oldest outstanding Overpayment, or has the right to Offset as otherwise set forth in this Section 4.
- d. Employer Authorization for Offsets and Cross-Plan Offsets.** Employer authorizes and directs Claim Administrator to perform Offsets and Cross-Plan Offsets. Cross-Plan Offsets will be carried out consistent with the terms of the Provider contract. Notwithstanding the foregoing, Employer acknowledges and agrees that claims processed through Inter-Plan Arrangements with other Blue Cross and/or Blue Shield licensees operate under rules and procedures issued by the Association, and the recovery policies and procedures of each Blue Cross and/or Blue Shield independent licensee may apply.

- e. **No Independent Right of Recovery.** Subject to the exception(s) set forth in this Section 4, Employer agrees that Claim Administrator will recover Overpayments in accordance with its Recovery Process and that Employer has no separate or independent right to recover any Provider Overpayment from Claim Administrator, Providers, or Another Plan.

- 4.3 **Third Party Recovery Vendors and Outside Attorneys.** To assist in the recovery of payments, Claim Administrator may engage a third party to assist in identification or collection of recovery amounts related to Claim Payments made under the Agreement. In such event, the recovered amounts will be applied according to Claim Administrator's refund recovery policies. Claim Administrator may also engage a third party to assist in the review of healthcare Providers' Claim coding or billing to identify discrepancies post Claim Payment. Third parties' fees, as defined in the ASO BPA, associated with such assistance and Claim Administrator's fee for its related administrative expenses to support such third party recovery identification and collection will be paid by Employer and are separate from and in addition to the Reimbursement Fees set forth in the ASO BPA.
- 4.4 **Claim Administrator Indemnifies Employer.** CLAIM ADMINISTRATOR HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS EMPLOYER AND ITS DIRECTORS, OFFICERS AND EMPLOYEES AGAINST ANY AND ALL LOSS, LIABILITY, DAMAGES, PENALTIES AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, OR OTHER COST OR OBLIGATION RESULTING FROM OR ARISING OUT OF CLAIMS, LAWSUITS, DEMANDS, SETTLEMENTS OR JUDGMENTS WITH RESPECT TO THIS AGREEMENT RESULTING FROM OR ARISING OUT OF ANY ACTS OR OMISSIONS OF CLAIM ADMINISTRATOR OR ITS DIRECTORS, OFFICERS OR EMPLOYEES (OTHER THAN ACTS OR OMISSIONS OF CLAIM ADMINISTRATOR DONE AT EMPLOYER'S DIRECTION) WHICH HAVE BEEN ADJUDGED TO BE (I) GROSSLY NEGLIGENT, FRAUDULENT OR CRIMINAL OR (II) IN MATERIAL BREACH OF THE TERMS OF THIS AGREEMENT.
- 4.5 **Employer Indemnifies Claim Administrator.** TO THE EXTENT PERMITTED BY APPLICABLE LAW AND WITHOUT WAIVING DEFENSES, EMPLOYER AGREES TO INDEMNIFY AND HOLD HARMLESS CLAIM ADMINISTRATOR AND ITS DIRECTORS, OFFICERS AND EMPLOYEES AGAINST ANY AND ALL LOSS, LIABILITY, DAMAGES, FINES, PENALTIES, TAXES AND EXPENSES, INCLUDING ATTORNEYS' FEES AND COSTS, OR OTHER COST OR OBLIGATION RESULTING FROM OR ARISING OUT OF CLAIMS, LAWSUITS, DEMANDS, GOVERNMENTAL INQUIRIES OR ACTIONS, SETTLEMENTS OR JUDGMENTS BROUGHT OR ASSERTED AGAINST CLAIM ADMINISTRATOR IN CONNECTION WITH THE DESIGN, OPERATION, OR ADMINISTRATION OF THE PLAN, INCLUDING BUT NOT LIMITED TO (A) THE PLAN'S GRANDFATHERED HEALTH PLAN STATUS, IF APPLICABLE, (B) THE PLAN'S EXEMPT PLAN STATUS, IF APPLICABLE, (C) ANY PROVISION OF INACCURATE INFORMATION TO CLAIM ADMINISTRATOR, (D) ANY DISCLOSURE OF INFORMATION EMPLOYER DIRECTS CLAIM ADMINISTRATOR TO MAKE TO EMPLOYER VENDOR(S) OR (E) SELECTION OF EMPLOYER'S ESSENTIAL HEALTH BENEFITS BENCHMARK FOR THE PURPOSE OF ACA; UNLESS THE LIABILITY THEREFOR WAS THE DIRECT CONSEQUENCE OF THE ACTS OR OMISSIONS OF CLAIM ADMINISTRATOR OR ITS DIRECTORS, OFFICERS OR EMPLOYEES (OTHER THAN ACTS OR OMISSIONS OF CLAIM ADMINISTRATOR DONE AT EMPLOYER'S DIRECTION) AND THE ACTS OR OMISSIONS ARE ADJUDGED TO BE (I) GROSSLY NEGLIGENT, DISHONEST, FRAUDULENT OR CRIMINAL OR (II) IN MATERIAL BREACH OF THE TERMS OF THIS AGREEMENT.
- 4.6 **Adjudication of Preventive Care.** If, either on the applicable ASO BPA or other document, Employer directs Claim Administrator to process and adjudicate Claims at one hundred percent (100%) of the applicable Allowable Amount, regardless of whether the high-deductible health plan's deductible has been met ("First Dollar Coverage"), Employer acknowledges and agrees that such direction is a benefit design decision and the responsibility of the Employer. Notwithstanding any other provision of this Agreement, Employer shall indemnify and hold harmless (and upon request defend) Claim Administrator against claims brought by any employees of Employer, participants in any benefit plan provided by Employer, or any governmental agency, in connection with or arising out of, directly or indirectly of the First Dollar Coverage. Employer acknowledges and agrees that Claim Administrator shall have no fiduciary obligation with respect to the directions to provide First Dollar Coverage.
- 4.7 **Assignment.** Except as otherwise permitted by Section 1 of this Agreement, no part of this Agreement, or any rights, duties or obligations described herein, shall be assigned, transferred, or delegated, directly or indirectly, without the prior express written consent of both Parties. Any such attempted assignment in the

absence of the prior written consent of the Parties shall be null and void. Claim Administrator's contractual arrangements for the acquisition and use of facilities, services, supplies, equipment and personnel shall not constitute an assignment or delegation under this Agreement. This Agreement shall, however, be binding on any permitted assignees, delegates or successors to the Parties.

- 4.8 Applicable Law.** This Agreement shall be governed by and construed in accordance with applicable federal laws and the laws of the state of Texas without regard to any state choice-of-law statutes. All disputes between Employer and Claim Administrator arising out of or related to this Agreement will be resolved at a mutually agreed location and if the Parties cannot agree to a mutual location within a reasonable time, the dispute will be resolved under Hidalgo County, Texas law or federal law. Changes in state or federal law or regulations or interpretations thereof may change the terms and conditions of the Services.
- 4.9 Notice and Satisfaction.** Unless specifically stated otherwise in this Agreement or in any written Exhibit or Addenda thereto, Employer and Claim Administrator agree to give one another written notice (in accordance with this section) of any complaint or concern the other Party may have about the performance of obligations under this Agreement and to allow the notified Party ninety (90) days in which to make necessary adjustments or corrections to satisfy the complaint or concern prior to taking any further action with regard to such, including but not limited to initiation of Dispute Resolution under Section 4.11 below. The written notice shall provide a description of the complaint or concern in such reasonable detail as to allow the notified Party the opportunity to make the necessary modifications within the agreed upon term. All notices given under this Agreement shall be deemed to have been given for all purposes when personally delivered and received or when deposited in the United States mail, first-class postage prepaid, and addressed to the Parties' respective contact names at their respective addresses or when transmitted by facsimile via their respective facsimile numbers as indicated on the most current ASO BPA. Each Party may change such notice mailing and/or transmission information upon Timely prior written notification to the other Party. Claim Administrator may also provide such notices electronically, to the extent permitted by applicable law.
- 4.10 Limitations; Limitation of Liability.** No action or dispute shall be brought to recover under this Agreement after the expiration of three (3) years from the date the cause of action accrued, except to the extent that a later date is permitted under Section 413 of ERISA. As part of the consideration for services provided by Claim Administrator and for the fees paid by Employer under this Agreement, except as otherwise agreed below or otherwise prohibited by Law, Claim Administrator's liability (whether in contract, tort, or any other liability at law or equity) for any errors or omissions by Claim Administrator (or its officers, directors, employees, agents or independent contractors) in connection with this Agreement shall not exceed the maximum benefits which should have been paid under the terms of the Plan had the errors or omissions not occurred (plus Claim Administrator's share of any dispute resolution expenses or court costs incurred), unless any such errors or omissions are adjudged to be the result of gross negligence, fraud or criminal actions by Claim Administrator.
- 4.11 Exclusive Dispute Resolution Procedures.** Parties agree that all disputes arising out of or relating to this Agreement shall be addressed in accordance with the procedures specified in this Section, which shall be the sole and exclusive procedures for the resolution of any such disputes.
- a. Initial Negotiation.** The parties agree that before proceeding to any of the other dispute resolution procedures stated in this Section, the Parties will attempt in good faith to negotiate a resolution of any potential disputes arising out of or relating to the Parties' obligations under this Agreement. If a party determines that initial discussions of a potential dispute between their representatives have not resolved the potential dispute, each party shall designate a representative to discuss that party's position regarding the dispute and such designated representatives shall meet to resolve the dispute ("Escalation Meeting"). If the Escalation Meeting does not result in a resolution of the dispute, the parties agree that no later than thirty (30) days after the Escalation Meeting, each party shall designate a more senior representative to discuss that party's position regarding the dispute and such designated senior representatives shall meet to resolve the dispute ("Senior Escalation Meeting"). Unless and until the Senior Escalation Meeting is held, neither party may institute any of the additional dispute resolution provisions in this Section. Neither the Escalation Meeting nor the Senior Escalation Meeting is required to be held in person and may be conducted by telephone. All communications and negotiations pursuant to this Section are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

- b. Mediation.** If a dispute remains after the initial negotiation process described above, the parties shall participate in good faith in mediation. The parties agree to mediate within a time period that is reasonable under the facts and circumstances of the dispute. The parties shall mutually agree to a mediator who is based in Hidalgo County, Texas or another location mutually agreeable to the parties. The cost of the mediator shall be divided evenly by the parties whether or not the mediation results in resolution of the matters in controversy. Representatives of each Party with resolution authority will participate in good faith in any such mediation.
- c. Optional Arbitration.** If the negotiation process described in Sections a. and b. does not resolve a dispute, the parties may submit the dispute to confidential, binding arbitration before the American Arbitration Association (“AAA”), subject to the following:
- i. For matters in which the amount in controversy is \$10,000 or less, Claim Administrator shall select an arbitrator. For matters in which the amount in controversy exceeds \$10,000, the arbitration shall be conducted by a single arbitrator selected by the Parties from a list furnished by the AAA. If the Parties are unable to agree on an arbitrator from the list, AAA shall appoint an arbitrator.
 - ii. Arbitration shall be held in Hidalgo County, Texas or another location mutually agreeable to the parties.
 - iii. Arbitration proceedings will be governed by the AAA Commercial Rules.
 - iv. The arbitrator shall be required to issue a written opinion resolving all disputes in any matter in which the controversy exceeds \$10,000 and designating one party as the prevailing party.
 - v. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction over the dispute.
 - vi. The arbitrator’s fees and any costs imposed by the arbitrator will be shared equally by the Parties. All costs and expenses, including but not limited to reasonable attorney and witness fees shall be borne by the non-prevailing Party or as apportioned by the arbitrator.
 - vii. This provision precludes Employer from filing an action at law or in equity and from having any dispute covered by this Agreement heard by a judge or jury.
 - viii. Except as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration pursuant to this section without the prior written consent of both Parties.
 - ix. This optional arbitration provision is at the parties’ discretion. Both parties must agree to arbitrate. Either party may decline arbitration for any or no reason.
- d.** Nothing in this Section shall prevent a party from electing to file litigation with respect to the dispute in a court of competent jurisdiction in Texas, if a dispute remains after the completion of the dispute resolution procedures described herein. If a party elects to pursue litigation in court rather than the arbitration process stated in this Section, that party shall provide the other party notice at least five (5) business days before the litigation is filed.
- e.** Except as provided otherwise in this Agreement, each party is required to continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement.

4.12 Services Related to Federal Regulatory Requirements. Unless another effective date is stated for a specific service, for plan years on or after January 1, 2022, Claim Administrator agrees to provide Employer the services and processes described in this section in connection with requirements imposed on group benefit plans by federal laws and regulations, including the Consolidated Appropriations Act of 2020 (“CAA”) and the No Surprises Act (“NSA”).

- a. Transparency Requirements under the Consolidated Appropriations Act.** Services that Claim Administrator will provide to Employer related to certain Transparency Requirements under the CAA are:
1. **Contracted Provider Data Verification.** Claim Administrator will maintain a central database of Contracted Providers’ demographic information, which shall include name, address, phone number, specialty, and web address (“Data Elements”). Claim Administrator will implement commercially reasonable procedures to track data updates for Contracted Providers or confirm Provider data accuracy related to the Data Elements. Claim Administrator will initiate an outreach to Contracted Providers to verify the accuracy of the Data Elements up to ninety (90) days following the last recorded update or

verification. Claim Administrator will implement commercially reasonable procedures to track the receipt of updated data from a Contracted Provider and update the central database within appropriate timeframes.

2. **Directory of Verified Contracted Providers.** Claim Administrator will provide an online Provider directory representing the Contracted Providers who render services which may be billed to plans and policies administered by Claim Administrator. This directory shall include Providers contracted with Claim Administrator as well as Providers contracted with any Blue Cross and Blue Shield Plan as well as Claim Administrator and another entity performing services on behalf of Claim Administrator. The directory shall not reflect services administered by external claims administrators or other Providers not directly contracted through Claim Administrator.

Providers who fail to confirm the accuracy of the Data Elements may be subject to removal from the Provider directory until they confirm the accuracy of their information.

To the extent information for the Provider directory is provided by a third-party, Claim Administrator shall not be responsible for delays in updates to Provider data directories, or misinformation due to such delays in receiving information from third parties.

3. **Provider Network Status Verification.** Covered Persons in plans or policies administered by Claim Administrator may seek clarification of a Provider's Network status through Claim Administrator. Notwithstanding any terms in this Agreement, Employer authorizes Claim Administrator to communicate with Covered Persons as reasonably necessary to provide information to or responses in connection with this section. When this clarification is sought via phone, Claim Administrator will use commercially reasonable efforts to provide an electronic confirmation of the Provider's Network status in writing within twenty-four (24) hours of the call. This verification shall be based on the information available to Claim Administrator at the time of the request and does not represent future guarantee of Network status.

Employer acknowledges that Claim Administrator will not issue a written confirmation of Provider Network status when request is sought through a third-party service center.

4. **ID Cards.** Claim Administrator will include up to four (4) tiers of deductible limits and out-of-pocket maximum limits for major medical coverage on the member ID card. The limits will reflect both family and individual limits when applicable to policy, together with in- and out-of-network limits.

For policies that include prescription drug coverage through Prime with an independent out-of-pocket or Copayment/Deductible, up to two (2) tiers of coverage limits will be included on the ID card.

Claim Administrator will include a phone number and a website URL for consumer assistance information on ID cards issued by Claim Administrator.

Claim Administrator will issue physical ID cards in accordance with its standard processes and will not re-issue physical ID cards unless requested by Employer, in which case additional charges may apply. All newly issued physical ID cards will contain the information reflected in this section.

5. **Machine Readable Files.** Claim Administrator will publish and host machine readable files populated with the negotiated rates with providers, and an aggregated out-of-network allowable amount file, as contemplated by CMS standards, for services administered by Claim Administrator on behalf of the Plan. The files will be updated monthly and hosted on a publicly available website. The Plan may choose to download and/or link to the files from their own website. Claim Administrator will supply an implementation guide that provides additional information on how to obtain a link to the website that will contain the machine-readable files. To the extent Employer or the Plan engages a third-party Vendor to administer or host the Machine Readable Files, Employer hereby acknowledges and agrees that neither Claim Administrator nor any of Claim Administrator's affiliates, delegates, subcontractors or assigns shall have any responsibility for any act, error, or omission of such Vendor or with respect to the performance of such Vendor. Employer

shall remain fully responsible and liable for the performance, acts or omissions of any of Employer's Vendors.

6. **Cost Sharing Estimator Tool.** Claim Administrator will make available a Cost Sharing Estimator Tool (CSET) to enable Plans to provide enrollees personalized cost-sharing estimates for items covered by the Plan administered by Claim Administrator. The CSET will be made available through a secure member portal and via a mobile application, for active policies, and include services in accordance with the following schedule:

Effective with the plan year beginning on or after January 1, 2023, enrollees will be able to search for the cost of five hundred (500) services, as defined by CMS, covered by the Plan administered by Claim Administrator, to identify the estimated cost for the procedure, illustrate how the member's benefits will apply to the procedure, and disclose if there may be any prerequisites to care, such as requiring a prior authorization for a service or procedure.

For each plan year beginning on or after January 1, 2024, the services that can be estimated through the CSET will be expanded to support all services and procedures covered by the Plans that are administered by Claim Administrator.

To the extent Employer or the Plan engages a third-party Vendor to administer a substantially similar CSET for the same or similar services, Employer hereby acknowledges and agrees that neither Claims Administrator nor any of Claim Administrator's affiliates, delegates, subcontractors or assigns shall have any responsibility for any act, error, or omission of such Vendor or with respect to the performance of such Vendor. Employer shall remain fully responsible and liable for the acts or omissions of any of Employer's Vendors.

7. **Drug Cost Reporting.** Claim Administrator will provide on behalf of Employer, based on the type of pharmacy coverage and data Claim Administrator administers and maintains for Employer, drug cost reporting to the extent within the possession of Claim Administrator as contemplated by Section 204 of the CAA according to Claim Administrator's standard processes and procedures, unless otherwise mutually agreed.

b. **Surprise Billing Requirements of the No Surprises Act.**

1. **Qualifying Payment Amount.** As it pertains to Employer's self-funded plans, Employer acknowledges that NSA requires, among other things, that member cost-share for certain items and services the Plan covers are calculated based on the lesser of the Provider's billed charge or the NSA's "Qualifying Payment Amount" ("QPA"). With respect to the calculation of QPA, Employer elects to use and adopts the QPA calculated by Claim Administrator based on Claim Administrator's self-funded business and not a QPA customized for Employer's Plan(s).
2. **Negotiation and Independent Resolution Process.** Employer acknowledges that Claim Administrator will make on the Plan's behalf an initial payment amount on Claims consistent with Employer's direction as established by Employer's Plan and this Agreement. For non-participating Claims subject to the NSA, a Provider may seek additional payment through a dispute process the NSA and related regulations establish. This process may include informal negotiations with the Provider and an independent dispute resolution ("IDR") process as described in the NSA.

Employer authorizes Claim Administrator, or for Claims for service rendered outside of Claim Administrator's service area another Blue Cross and Blue Shield licensee, to represent the Plan with respect to any Claim with services for which a Provider seeks to negotiate as provided by the NSA, or for which a Provider institutes IDR.

With respect to any negotiations where Claim Administrator represents the Plan to resolve any disputed Claim, Employer expressly authorizes Claim Administrator in such negotiations to resolve any disputed Claim for an amount which Claim Administrator determines is reasonable under the circumstances but in no event will a disputed claim be resolved for more than QPA plus ten percent (10%) of the QPA, without approval of Employer.

Claim Administrator will maintain a summary description of its currently applicable approach to negotiation of services or Claims subject to the dispute resolution process of the NSA. The approach will be generally the same or similar for Claims under Employer's Plan as for similarly-situated Claims under Claim Administrator's fully insured health insurance policies.

The negotiation approach is subject to change from time to time by Claim Administrator. Information about the approach then in effect will be made available to Employer upon reasonable request. Employer acknowledges and agrees that Claim Administrator shall follow its then-current negotiation approach, such negotiations may not be successful, and may result in institution of IDR without exhaustion of the full settlement authority Employer granted to Claim Administrator, which in turn will result in additional administrative fees, as well as IDR entity fees in the event of settlement after institution of an IDR or an IDR loss. Notwithstanding the additional administrative fee and other possible expenses, Employer expressly authorizes Claim Administrator not to exhaust its settlement authority (up to QPA plus ten percent (10%) of the QPA) if Provider's last offer is outside the parameters of the then-effective negotiation approach. Employer acknowledges that settling these Claims within the settlement authority range stated here and the scope of Claim Administrator's then current negotiation approach is in the Plan's interest.

Negotiation services Claim Administrator provides shall include communicating with Provider, supplying requested documentation as appropriate, and proposing and documenting resolution of disputed Claims. Services in connection with an IDR shall also include handling interactions with the IDR entity and Provider, supplying requested information in connection with the IDR, and analyzing circumstances of disputed Claims to determine position on disputed Claims. On a quarterly basis, Claim Administrator shall provide Employer with information regarding the status of negotiations and IDR decisions.

Employer acknowledges that Claim Administrator undertakes negotiations at the direction of the Employer, undertakes such negotiations because they are necessary to the operation of the Plan, that the compensation to be paid to Claim Administrator for such negotiations is reasonable, and that, notwithstanding any other section of this Agreement, Claim Administrator does not act as a fiduciary, including under ERISA in connection with the negotiation or IDR of any disputed Claim. Employer is solely responsible for payment of any amounts determined to be payable as a result of such negotiations or awards entered through IDR on NSA-eligible items and services. Employer indemnifies and will hold Claim Administrator harmless with respect to any award entered in IDR and any subsequent payment made thereon and/or any judgment entered thereon. Employer acknowledges that other terms, conditions, or fees may apply with respect to any negotiations or IDR processes performed by another Blue Cross and Blue Shield licensee.

- c. **Effect of Future Changes In Law And Regulations.** The laws and regulations that are the subject of this Section 4.12 are subject to additional rulemaking and interpretation. The terms and conditions stated herein, including any associated costs/fees, may change as additional requirements and regulatory guidance are released or as additional information becomes known. In the event of a change because additional requirements and regulatory guidance are released or as additional information becomes known, Claim Administrator shall provide notice to Employer and such change shall be effective ninety (90) days after such notice.

Employer acknowledges that Employer, and not Claim Administrator, shall be responsible for making the necessary adjustments to its ERISA Plan Document(s) and Summary Plan Description(s) to be consistent with Employer's election, including any amendments to governing Plan documents.

SECTION 5: NON-ERISA GOVERNMENT REGULATIONS

- 5.1 **In Relation to the Plan.** Although Employer has advised Claim Administrator that Employer's Plan is currently not covered by ERISA, Employer hereby acknowledges (i) its employee benefit plan is established

and maintained through a plan document, and (ii) its employee benefit plan document may provide for the allocation and delegation of responsibilities thereunder. However, notwithstanding anything contained in the Plan or any other employee benefit plan document of Employer, Employer agrees that Claim Administrator does not and will not accept any allocation or delegation of any responsibilities under the Plan or any other plan document of Employer and no such allocation or delegation is effective with respect to or accepted by Claim Administrator except as set forth in this Agreement. Employer will promptly notify Claim Administrator in the event Employer's Plan is no longer exempt from ERISA.

5.2 In Relation to the Plan Administrator/Named Fiduciary(ies). Claim Administrator is not the plan administrator of Employer's employee benefit plan and is not a fiduciary of Employer, the plan administrator or of the Plan except as set forth in this Agreement.

5.3 Claim Administrator's Limited Fiduciary Responsibility. Although Employer is exempt from ERISA, Employer hereby delegates to Claim Administrator the discretionary authority to administer claims in accordance with the terms of Employer's self-funded health care benefit plan and to make initial claim determinations concerning the availability of Plan benefits and final internal review and benefit determinations for appealed Claims. Claim Administrator hereby acknowledges and agrees that it shall act as a limited fiduciary to the Plan solely with respect to its performance of such claims processing and payment services and Employer acknowledges and agrees that Claim Administrator shall not have any other fiduciary duties or responsibilities under the Plan. In particular, but not in limitation of the foregoing, Employer acknowledges and agrees that Claim Administrator shall have no discretionary authority under its agreement with Employer except as otherwise set forth in this Agreement, and no fiduciary duty to the Plan, with respect to services performed by Employer, Employer's other vendors and Claim Administrator's separate financial arrangements with providers, pharmacy benefit managers, vendors, independent contractors and subcontractors of any type. Employer further agrees and acknowledges that Claim Administrator shall have no authority or obligation to act on behalf of the Plan or Plan participants or beneficiaries as a fiduciary, except with respect to claims processing and payment services, as set forth herein. In addition, Employer agrees and acknowledges that Claim Administrator shall have no authority or obligation to act on behalf of the Plan or Plan Participants or beneficiaries with respect to any litigation, whether as a fiduciary or otherwise, including litigation by participants or beneficiaries or benefits under the Plan, except as may be required under Claim Administrator's indemnification obligations under this Agreement.

SECTION 6: OTHER PROVISIONS

6.1 Term and Termination. This Agreement will continue in full force and effect from the effective date and continue from year to year unless terminated as provided herein. This Agreement may be terminated as follows:

- a. By either Party at the end of any month after the end of the Fee Schedule Period indicated in the Fee Schedule specifications of the most current ASO BPA with ninety (90) days' prior written notice to the other party; or
- b. By both Parties on any date mutually agreed to in writing; or
- c. By either Party, in the event of conduct by the other Party constituting fraud, misrepresentation of material fact or material breach of the terms of this Agreement, upon written notice and following expiration of the cure period as provided under Section 4.9 above; or
- d. By Claim Administrator, if Employer fails to pay Timely all amounts due under this Agreement including, but not limited to, all amounts pursuant to and in accordance with the specifications of the Fee Schedule of the most current ASO BPA, upon Employer's failure to cure the non-payment within ten (10) days of written notice of the nonpayment to Employer as provided in Section 7.1 of Exhibit 2 of this Agreement.

6.2 Relationship of the Parties and Non-Parties. Claim Administrator is an independent contractor with respect to Employer. Neither Party shall be construed, represented or held to be an agent, partner, associate, joint venturer nor employee of the other. Nothing in this Agreement shall create or be construed to create the relationship of employer and employee between Claim Administrator and Employer; nor shall Employer's agents, officers or employees be considered or construed to be employees of Claim

Administrator for any purpose whatsoever. Nothing contained in this Agreement shall confer or be construed to confer any benefit on persons who are not parties to this Agreement including, but not limited to, employees of Employer and their dependents. Claim Administrator or its subsidiaries or affiliates may also have ownership interests in certain Providers who provide Covered Services to Covered Persons, and/or in vendors or other third parties who provide services related to this Agreement or provide services to certain Providers. Upon Employer request (not more than once per calendar year), Claim Administrator will provide a list of such entities to Employer.

6.3 Entire Agreement. This Agreement, including all Exhibits and Addenda of this Agreement, represents the entire agreement and understandings of the Parties with respect to the subject matter of this Agreement. All prior or contemporaneous agreements, understandings, representations, promises, or warranties, whether written or oral, in regard to the subject matter of this Agreement, including any and all proposal documents submitted by Claim Administrator to Employer (collectively, the "Prior Communications") are superseded, except as otherwise expressly incorporated into this Agreement. The provisions of this Agreement shall prevail in the event of a conflict with any Prior Communications that either Party or a third party asserts to be a component of the Agreement between the Parties.

The Exhibits and Addenda of this Agreement are:

- a. Exhibit 1 – Claim Administrator Services
- b. Exhibit 2 – Fee Schedule and Financial Terms
- c. Exhibit 3 – Notices/Required Disclosures
- d. Exhibit 4 – ASO BPA
- e. Exhibit 5 – Blue Cross and Blue Shield Association Disclosures and Provisions
- f. Exhibit 6 – Recovery Litigation Authorization
- g. Exhibit 7 – Cobra Health Benefits Continuation Coverage Services

6.4 Amending. This Agreement may be amended only by mutual written agreement of the Parties. Notwithstanding the foregoing, any amendments required by law, regulation or order ("Law") or by Claim Administrator or the Association may be implemented by Claim Administrator upon sixty (60) calendar days' prior notice to Employer or such time period as may be required by law. Amendments required by Law shall be effective retroactively, if applicable, as of the date required by such Law. If Employer objects to such amendment within thirty (30) days of receipt of notice of such amendment, the Parties shall then engage in good faith negotiations to amend the amendment. If the Parties cannot agree on terms of the amendment in a satisfactory manner, either Party shall be allowed to proceed to dispute resolution, as set forth in Section 4.

6.5 Severability; Enforcement; Force Majeure; Survival. Should any provision(s) contained in this Agreement be held to be invalid, illegal, or otherwise unenforceable, the remaining provisions of the Agreement shall be construed in their entirety as if separate and apart from the invalid, illegal or unenforceable provision(s) unless such construction were to materially change the terms and conditions of this Agreement.

Any delay or inconsistency by either Party in the enforcement of any part of this Agreement shall not constitute a waiver by that Party of any rights with respect to the enforcement of any part of this Agreement at any future date nor shall it limit any remedies which may be sought in any action to enforce any provision of this Agreement.

Neither Party shall be liable for any failure to Timely perform its obligations under this Agreement if prevented from doing so by a cause or causes beyond its commercially reasonable control including, but not limited to, acts of God or nature, fires, floods, storms, earthquakes, riots, strikes, wars, terrorism, cybersecurity crimes or restraints of government. This Section 6.5 does not excuse either Party's obligation, to follow its Crisis Management ("CM"), Business Continuity/Disaster Recovery ("BC/DR") processes, plans and programs.

Certain provisions of this Agreement survive expiration or termination of the Agreement, whether expressly or by their nature. These include, but are not limited to, the following: Section 1 "Claim Administrator Responsibilities"; Section 2 "Employer Responsibilities"; Section 3 "Confidential Data, Information and Records"; Section 4 "Litigation, Legal Provisions, Errors and Dispute Resolution" (for acts or omissions

occurring during the term of the Agreement or under Section 8 of Exhibit 2); and Section 8 of Exhibit 2 "Financial Obligations Upon Agreement Termination."

6.6 Notice of Annual Meeting. Employer is hereby notified that it is a member of Health Care Service Corporation ("HCSC"), a Mutual Legal Reserve Company, and is entitled to vote either in person, by its designated representative, or by proxy at all meetings of members of said Company, consistent with HCSC bylaws. The annual meeting is scheduled to be held at its principal office at 300 East Randolph Street, Chicago, Illinois, each year on the last Tuesday in October at 12:30 P.M. For purposes of this section, the term "member" means the group, trust, association or other entity with which this Agreement has been entered. It does not include Covered Employees or Covered Persons under the Plan. Employer is also hereby notified that, from time to time, Claim Administrator pays indemnification or advances expenses to a director, officer, employee or agent consistent with HCSC's bylaws then in force and as otherwise required by applicable law.

SECTION 7: DEFINITIONS

Capitalized terms used in this Agreement shall have the meanings set forth in this Section 7, unless otherwise provided in the Agreement.

7.1 "Administrative Charge" means the monthly service charge that is required by Claim Administrator for the administrative services performed under this Agreement. The Administrative Charge(s) is set forth in the Fee Schedule.

7.2 "Allowable Amount" means the maximum amount determined by Claim Administrator to be eligible for consideration of payment for a Covered Service in accordance with the type of medical and dental benefits coverage(s) elected on the most current ASO BPA.

a. For Medical Covered Services. The Allowable Amount means:

i. For Network Providers. For a Provider who has a written agreement with Claim Administrator or another Blue Cross and/or Blue Shield Plan to provide care to a Covered Person at the time Covered Services for medical benefits are rendered ("Network Provider"), the contracting Allowable Amount is based on the terms of the Network Provider's contract and the payment methodology in effect on the date of the Covered Service. The payment methodology used may include diagnosis-related groups (DRG), fee schedule, package pricing, global pricing, per diems, case-rates, discounts, or other payment methodologies.

ii. For Non-Network Providers. For a Provider who does not have a written agreement with Claim Administrator or another Blue Cross and/or Blue Shield Plan to provide care to a Covered Person at the time Covered Services for medical benefits are rendered ("Non-Network Provider"), the Allowable Amount will be the lesser of:

1. the Non-Network Provider's Claim Charge, or;
2. Claim Administrator's non-contracting Allowable Amount. Except as otherwise provided in this Section ii, the non-contracting Allowable Amount is developed from base Medicare reimbursements adjusted by a predetermined factor established by Claim Administrator. Such factor shall be not less than seventy-five percent (75%) and will exclude any Medicare adjustment(s) which is/are based on information on the Claim.

When a Medicare reimbursement rate is not available or is unable to be determined based on the information submitted on a Claim, the non-contracting Allowable Amount for Non-Network Providers will represent an average contract rate in aggregate for Network Providers adjusted by a predetermined factor established by Claim Administrator. Such factor shall be not less than seventy-five percent (75%) and shall be updated not less than every two years.

Claim Administrator will utilize the same Claim processing rules and/or edits that it utilizes in processing Network Provider Claims for processing Claims submitted by Non-Network

Providers which may also alter the Allowable Amount for a particular Covered Service. In the event Claim Administrator does not have any Claim edits or rules, Claim Administrator may utilize the Medicare claim rules or edits that are used by Medicare in processing the Claims. The Allowable Amount will not include any additional payments that may be permitted under the Medicare laws or regulations which are not directly attributable to a specific Claim, including, but not limited to, disproportionate share and graduate medical education payments.

Any change to the Medicare reimbursement amount will be implemented by Claim Administrator within ninety (90) days after the effective date that such change is implemented by the Centers for Medicaid and Medicare Services, or its successor.

The non-contracting Allowable Amount does not equate to the Provider's Claim Charge and Covered Persons receiving Covered Services from a Non-Network Provider will be responsible for the difference between the non-contracting Allowable Amount and the Non-Network Provider's Claim Charge, and this difference may be considerable. To find out Claim Administrator's non-contracting Allowable Amount for a particular Covered Service, Covered Persons may call Customer Service at the number on the back of Claim Administrator-issued identification card.

- iii. ***For multiple surgeries.*** The Allowable Amount for Covered Services for all surgical procedures performed on the same Covered Person on the same day will be the amount for the single procedure with the highest Allowable Amount plus a determined percentage of the Allowable Amount for each of the other Covered Service procedures performed.
 - iv. ***For procedures, services, or supplies provided to Medicare recipients.*** The Allowable Amount will not exceed Medicare's limiting charge.
- b. ***For Dental Covered Services.*** If dental benefits coverage is elected on the most current ASO BPA, the Allowable Amount means the maximum amount for dental benefits coverage, determined by the Claim Administrator to be eligible for consideration of payment for a particular service, supply, or procedure.
- i. ***For Dentists contracting with the Claim Administrator*** – The Allowable Amount is based on the terms of the Dentist's contract and the Claim Administrator's methodology in effect on the date of service.
 - ii. ***For Dentists not contracting with the Claim Administrator*** – The Allowable Amount is based on the amount the Claim Administrator would have paid for the same covered service, supply, or procedure if performed or provided by a Contracting Dentist.
- Unless otherwise stipulated by a contract between the Dentist and the Claim Administrator:
- i. ***For services performed in Texas*** – The Allowable Amount is based upon the applicable methodology for Dentists with similar experience and/or skills.
 - ii. ***For services performed outside of Texas*** – The Allowable Amount will be established by identifying Dentists with similar experience or skills in order to establish the applicable amount for the procedure, services, or supplies.
 - iii. ***For multiple surgical procedures performed in the same operative area*** – The Allowable Amount for all surgical procedures performed on the same patient on the same day will be the amount for the single procedure with the highest Allowable Amount plus an additional Allowable Amount for covered supplies or services.

7.3 “Business Confidential Information” means, but is not limited to, intellectual property, trade secrets, inventions, applications, tools, methodologies, software, operating manuals, technology, technical documentation, techniques, product or services specifications or strategies, operational plans and methods, automated claims processing systems, payment systems, membership systems, privacy and security measures, cost or pricing information (including but not limited to provider discounts and rates), business plans and strategies, company financial planning and financial data, prospect and customer lists, contracts, vendor and supplier lists and information, symbols, trademarks, service marks, designs, copyrights, know-how, data, databases, processes, plans, procedures, and any other information developed, acquired or owned by Claim Administrator, its subsidiaries and affiliates, and its contracted vendors, including information acquired from other Blue Cross and/or Blue Shield licensees through Inter-Plan Arrangements, that reasonably should be understood to be confidential, whether developed or acquired before or after the

Effective Date of this Agreement. Business Confidential Information also includes modifications, enhancements, derivatives and improvements of the Business Confidential Information described in the preceding sentence.

- 7.4 **“Claim”** means a properly completed notification in a form acceptable to Claim Administrator, including but not limited to, form and content required by applicable law, that service has been rendered or furnished to a Covered Person. This notification must set forth in full the details of such service including, but not limited to, the Covered Person’s name, age, sex and identification number, the name and address of the Provider, a specific itemized statement of the service rendered or furnished (including appropriate codes), the date of service, applicable diagnosis (including appropriate codes), the Claim Charge, and any other information which Claim Administrator may request in connection for such service.
- 7.5 **“Claim Charge”** means the amount which appears on a Claim as the Provider’s regular charge for service rendered to a patient, without further adjustment or reduction.
- 7.6 **“Claim Payment”** means the benefit calculated by Claim Administrator, plus any related Surcharges, upon submission of a Claim, in accordance with the benefits specified in the Plan for which Claim Administrator has agreed to provide administrative services. All Claim Payments shall be calculated on the basis of the Provider’s Allowable Amount, in accordance with the benefit coverage(s) elected on the most current ASO BPA, for Covered Services rendered to the Covered Person. The term “Claim Payment” also includes Employer’s share of Alternative Provider Compensation Arrangement Payments, whether billed to Employer as part of a Claim or billed separately, as described in the definition of “Alternative Provider Compensation Arrangement Payments.”
- 7.7 **“Coinsurance”** means a percentage of an eligible expense that a Covered Person is required to pay toward a Covered Service.
- 7.8 **“Contracting Dentist”** means a Dentist who has entered into a written agreement with the Claim Administrator to participate as a dental Provider.
- 7.9 **“Copayment”** means a specified dollar amount that a Covered Person is required to pay toward a Covered Service.
- 7.10 **“Covered Employee”** shall have the same meaning as defined in Employer’s Plan to the extent consistent with the applicable ASO BPA.
- 7.11 **“Covered Person”** shall have the same meaning as defined in Employer’s Plan to the extent consistent with the applicable ASO BPA.
- 7.12 **“Covered Service”** means a service or supply specified in the Plan for which benefits will be provided and for which Claim Administrator has agreed to provide administrative services under this Agreement.
- 7.13 **“Dentist”** means a person, when acting within the scope of their license, who is a Doctor of Dentistry (D.D.S. or D.M.D. degree) and shall also include a person who is a Doctor of Medicine or a Doctor of Osteopathy.
- 7.14 **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.
- 7.15 **“Fee Schedule”** means the fees and charges specified in the initial ASO BPA, including but not limited to, the Administrative Charge and other service charges; or subsequent fees and charges set forth in a subsequent ASO BPA as replacement or supplement to the initial ASO BPA. The Fee Schedule shall be applicable to the Fee Schedule Period therein, except that any item of the Fee Schedule may be changed in accordance with Exhibit 2.
- 7.16 **“Fee Schedule Period”** means the period of time indicated in the Fee Schedule and, if applicable, the PBM Fee Schedule Addendum of the most current ASO BPA.
- 7.17 **“HIPAA”** means the Health Insurance Portability and Accountability Act and its implementing regulations (45 C.F.R. Parts 160-164) and the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and its implementing regulations, each as amended, and their respective implementing regulations, as issued and amended by the Secretary of Health and Human Services (all the foregoing, collectively “HIPAA”).
- 7.18 **“Home Health Agency”** means a business that provides Home Health Care and is licensed, approved, or certified by the appropriate agency of the state in which it is located or is certified by Medicare as a supplier of Home Health Care.

- 7.19** “**Home Health Care**” means the health care services for which benefits are provided under the Plan when such services are provided during a visit by a Home Health Agency to patients confined at home due to a sickness or injury requiring skilled health services on an intermittent, part-time basis.
- 7.20** “**Hospital**” means a duly licensed institution for the care of the sick which provides service under the care of a Physician including the regular provision of bedside nursing by registered nurses. It does not mean health resorts, rest homes, nursing homes, skilled nursing facilities, convalescent homes, custodial homes of the aged or similar institutions.
- 7.21** “**Inpatient**” means the Covered Person is a registered room and board patient and treated as such in a health care facility.
- 7.22** “**Network**” means identified Providers, including Physicians, other professional health care Providers, Hospitals, ancillary Providers, and other health care facilities, that have entered into agreements with Claim Administrator (and, in some instances, with other participating Blue Cross and/or Blue Shield Plans) for participation in a participating provider option and/or point-of-service managed care health benefits coverage program(s), if applicable to the Plan under this Agreement.
- 7.23** “**Non-Contracting Dentist**” means a Dentist who is not a Contracting Dentist as defined herein.
- 7.24** “**Outpatient**” means a Covered Person’s receiving of treatment while not an Inpatient. Services considered Outpatient include, but are not limited to, services in an emergency room regardless of whether the Covered Person is subsequently registered as an Inpatient in a health care facility.
- 7.25** “**Overpayment**” means a payment to a Provider or a Covered Person that was more than it should have been, or a payment that was made in error.
- 7.26** “**Physician**” means a physician duly licensed to practice medicine in any of its branches recognized by applicable state law.
- 7.27** “**Plan**” means, as applied to this Agreement, the separate self-insured group health plan as defined by Section 160.103 of HIPAA.
- 7.28** “**Primary Care Physician**” means a Physician who is a Network Provider at the time Covered Services are rendered who is selected by or assigned to a Covered Person to coordinate and arrange for the Covered Person’s medical care and who provides medical care within the scope of a license permitting him/her to legally practice medicine in one of the recognized areas of pediatrics, obstetrics and gynecology (if applicable), internal medicine and family practice.
- 7.29** “**Provider**” means any Hospital, health care facility, laboratory, person or entity duly licensed to render Covered Services to a Covered Person or any other provider of medical or dental services, products or supplies which are Covered Services.
- 7.30** “**Reminder Notice**” means a notice sent when claims have not been paid within 10 (ten) days.
- 7.31** “**Supplemental Charge**” means a fee or charge payable to Claim Administrator by Employer in addition to the fees and charges set forth in the Fee Schedule. A Supplemental Charge may be applied for any customized reports, forms or other materials or for any additional services or supplies not documented in the applicable Fee Schedule. Such services and/or supplies and any applicable Supplemental Charge(s) are to be agreed upon by the parties in advance.
- 7.32** “**Surcharges**” means local, state or federal taxes, surcharges or other fees or amounts, including, but not limited to, Blue Cross Blue Shield Global® Core Access Vendor Fees, paid by Claim Administrator which are imposed upon or resulting from this Agreement, or are otherwise payable by or through Claim Administrator. Upon request, Employer shall furnish to Claim Administrator in a Timely manner all information necessary for the calculation or administration of any Surcharges. Surcharges may or may not be related to a particular claim for benefits.
- 7.33** “**Timely**” means the following:
- a. With respect to all payments due Claim Administrator by Employer under this Agreement, weekly claim invoices are due within forty-eight (48) hours of notification to Employer by Claim Administrator, monthly fees (e.g., Administrative Charges) are due within thirty (30) calendar days of notification to Employer by Claim Administrator; or
 - b. With respect to all information due Claim Administrator by Employer concerning Covered Persons, within thirty-one (31) calendar days of a Covered Person’s effective date of coverage or change in coverage status under the Plan; or

- c. With respect to all Plan information due Claim Administrator by Employer, upon the effective date of this Agreement and at least ninety (90) calendar days prior to the effective date of change or amendment to the Plan thereafter.

EXHIBIT 1
CLAIM ADMINISTRATOR SERVICES

- **ALTERNATIVE PROVIDER COMPENSATION ARRANGEMENTS**
Employer agrees to participate in Alternative Provider Compensation Arrangements as applicable based on Covered Person criteria established by Claim Administrator.
- **CLAIMS ADJUDICATION**
Determination of payment levels of Claims according to Employer's directions on applicable benefit plan terms and design, including determination of pre-service or prior authorization of services. Employer agrees that Claim Administrator will apply Claim Administrator's standard medical and utilization management criteria and policies and Coordination of Benefits (COB) processes for self-funded customers, unless otherwise provided on the ASO BPA.
- **EXPLANATION OF BENEFITS ("EOB")**
Preparation of EOBs.
- **CLAIMS/MEMBERSHIP INQUIRIES**
Providing responses to inquiries — written, phone or in-person – related to membership, benefits, and Claim Payment or Claim denial.
- **ENROLLMENT SERVICE**
Upon Employer request, assist Employer, in accordance with Claim Administrator's standard procedures, when scheduled in advance based on staffing availability, in initial enrollment activities, including education of Covered Persons about benefits, the enrollment process, selection of health care Providers and how to file a Claim for benefits; issue Claim submission instructions on behalf of Employer to health care Providers who render services to Covered Persons.
- **DISABLED DEPENDENT CERTIFICATION**
Certify the disabled status of any dependent children of Covered Persons, based on Claim Administrator's review of information provided by Employer, the Covered Person, or the dependent's medical Provider(s), following either the Standard or Custom Rules as indicated on the most current ASO BPA, for purposes of administering the Employer's age limit for eligibility.
- **CLIENT SERVICES AND MATERIALS**
Provision of those items as elected by Employer from listing below:
 - a. **Enrollment Materials.** Claim Administrator's Marketing Administration Division will provide implementation materials during the enrollment process; any custom designed materials may be subject to Supplemental Charge.
 - b. **Standard Identification Cards.** Prepare identification cards appropriate to health benefit Plan coverage(s) selected.
 - c. **Standard Provider Directories.** Access to Network Provider directories and periodic updates to such, if applicable to the health benefit plan coverage(s) under the Agreement.
 - d. **Customer Service.** Access to a toll-free Customer Service telephone number.
 - e. **Medical Prior-Authorization Service Telephone Number.** For those services determined by Employer and provided in writing to Claim Administrator that require prior authorization, advance Claim Administrator review of medical necessity, based on Claim Administrator's standard medical and utilization management criteria and policies, of such services covered under the Plan; access to toll-free medical prior-authorization service telephone number for Covered Persons and their health care Providers to call for assistance.
- **INTERNAL APPEALS**
Determination of properly filed internal appeal requests received by Claim Administrator from a Covered Person or a Covered Person's authorized representative.

- **MEMBERSHIP**
Using membership information provided to Claim Administrator by Employer to make Claim and appeal determinations and for other purposes as described in the Agreement.
- **STANDARD REPORTS**
Make available Claim data, Claim settlements (as outlined in Exhibit 2, Section 6) and periodic reports in Claim Administrator's standard format(s) in accordance with Claim Administrator's standard reporting processes at no additional charge. Any additional reports required by Employer must be mutually agreed upon by the Parties in writing prior to their development and may be subject to a Supplemental Charge.
- **STOP LOSS COORDINATION**
Coordinate all necessary reporting, tracking, notification and other similar financial and/or administrative services pursuant to settlements under stop loss policy(ies) purchased (or proposed to be purchased) from Claim Administrator in conjunction with the Agreement. For stop loss coverage purchased from entity(ies) other than Claim Administrator, such coordination is limited to this Exhibit's STANDARD REPORTS to be made available to Employer subject to the Agreement's disclosure requirements.
- **REPORTING SERVICES**
Preparation and filing of annual Internal Revenue Service ("IRS") 1099 forms for the reporting of payments to health care Providers who render services to Covered Persons and who are reimbursed under the Plan for those services.
- **ACTUARIAL AND UNDERWRITING**
Provide Claims projections and pricing of administrative services and stop-loss coverage.
- **FRAUD DETECTION AND PREVENTION**
Identify and investigate suspected fraudulent activity by Providers and/or Covered Persons and inform Employer of findings and proof of fraud applying Claim Administrator's standard processes; address any related recovery litigation as set forth in Exhibit 6.
- **EMPLOYER PORTAL (currently called "BLUE ACCESS FOR EMPLOYERSSM")**
Provide Employer with an on-line resource that allows Employer the ability to perform a variety of plan administrative functions, currently managing membership and enrollment, inquiring about Claims status, generating reports, and receiving billing information. Functions may be changed or added as they become available.
- **MEMBER PORTAL (currently called "BLUE ACCESS FOR MEMBERSSM")**
Provide Member with an on-line resource that allows individuals access to information about their health care coverage and benefits, currently verifying the status of finalized Claims, receiving email notifications, accessing health and wellness information, verifying dependents coverage, and taking a health risk assessment. Information may be changed or added as it becomes available.
- **PROVIDER NETWORK(S)**
If applicable to the health benefit plan coverage(s) under the Agreement, establish, arrange and maintain a Network(s) through contractual arrangements with Providers.
- **MEDICARE SECONDARY PAYER ("MSP") INFORMATION REPORTING**
Pursuant to Exhibit 3, Section 6 entitled "Medicare Secondary Payer Information Reporting", reporting preparation and filing as required of Claim Administrator as Responsible Reporting Entity ("RRE") for the Plan as that term is defined in Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007.
- **UNCASHED FUNDS**
Regarding outstanding funds that are or become "stale" (over three hundred and sixty-five (365) days old), Claim Administrator will issue notification letters to payees and upon completion of notification process, reissue such funds to payees based upon payee response, if any. When fund reissuance is not possible and unless stated otherwise in the Agreement, Claim Administrator will remit such funds to Employer, less any amount(s) owed to Claim Administrator from such funds, in accordance with Claim Administrator's established procedures, for disposition by Employer as may be required under applicable law. If requested by Employer via prior written notice as required by Claim Administrator, Claim Administrator will escheat such funds on behalf of Employer, less any amount(s) owed by payees to Claim Administrator from such

funds, to the state of payee's last known address in accordance with Claim Administrator's established procedures and/or the applicable state's unclaimed property law.

- **ADDITIONAL SERVICES NOT SPECIFIED**

Claim Administrator may provide additional services not specified in the Agreement; such services will be mutually agreed upon between the Parties in writing prior to their performance and may be subject to Supplemental Charge.

- **ACTIVITIES THAT ARE NOT CONSIDERED SERVICES**

Claim Administrator does not provide Employer with software, facilities, phone systems, computers, database or information management, quality or security services, and the term "Services" does not include backroom operations such as support functions.

THE FOLLOWING IF ELECTED ON THE MOST CURRENT BPA

- **ADVANCED PAYMENT REVIEW ("APR")**

Provide a program that may include post-service, prospective, and retrospective Claim coding or billing reviews to identify discrepancies, errors, or billing inconsistencies of Claim Payments as determined by Employer and agreed to by Claim Administrator.

- **EXTERNAL REVIEW COORDINATION**

Claim Administrator will coordinate external reviews of certain adverse benefit determinations for Employer as described and for the fee set forth in the most current ASO BPA and/or this Agreement. If elected on the ASO BPA, Claim Administrator's coordination includes reviewing external review requests to assess whether they meet eligibility requirements, referring requests to IROs, and reversing the Plan's determinations if so indicated by the IRO. External reviews shall be performed by an IRO and not Claim Administrator. Amounts received by Claim Administrator and IROs may be revised from time to time and may be paid each time an external review is undertaken.

- **WELLBEING MANAGEMENT**

Provide a program that may include holistic health care management, including behavioral health care management, utilization management, maternity management, and 24/7 nurseline, and access to Well on Target digital tools and resources as determined by Employer and agreed to by Claim Administrator.

- **MASSACHUSETTS STATEMENTS OF CREDITABLE COVERAGE AND ELECTRONIC REPORTING**

At the written direction of Employer, issuance of written statements of creditable coverage and related electronic reporting to the Massachusetts Department of Revenue with respect to Covered Persons subject to the Massachusetts Health Care Reform Act.

- **REFERENCE BASED PRICING ("RBP")**

Assist Employer with establishing a maximum coverage amount for specified imaging, Inpatient, and Outpatient procedures derived from a pricing method based on either the Employee's or Provider's location, as elected by Employer in the most current ASO BPA.

- **VIRTUAL VISITS PROGRAM MANAGEMENT**

Provide or arrange for a program that allows Covered Persons to access benefits for certain Covered Services remotely from virtual visit participating Providers via i) interactive audio communication (via telephone or similar technology) and/or ii) interactive audio/video examination and communication (via online portal, mobile app or similar technology), where available.

- **SUMMARY OF BENEFITS AND COVERAGE ("SBC")**

Create SBCs for benefits Claim Administrator administers under this Agreement and provide SBCs to Employer and Covered Persons as described in the ASO BPA.

- **HEALTH ADVOCACY SOLUTIONS**

Provide a program that may include utilization management, concierge customer service for Covered Persons from Health Advocates behavioral health care management, incentives for Covered Persons, maternity benefit management, access by Covered Persons to digital tools and resources, or such other or alternative features as determined by Employer and agreed to by Claim Administrator.

**EXHIBIT 2
FEE SCHEDULE AND FINANCIAL TERMS**

SECTION 1: FEE SCHEDULE

Service charges and other service specifications applicable to the Agreement are set forth in the Fee Schedule section of the most current ASO BPA and the PBM Fee Schedule Addendum, if applicable. They are to apply for the period(s) of time indicated therein and shall continue in full force and effect until the earlier of: i) the end of the Fee Schedule Period noted on such ASO BPA and the PBM Fee Schedule Addendum, if applicable; ii) the date a Fee Schedule is amended or replaced in its entirety by the execution of a subsequent ASO BPA or PBM Fee Schedule Addendum, if applicable; or iii) the date the Agreement is terminated (or, if applicable, in the case of the PBM Fee Schedule Addendum, the date such PBM Exhibit is terminated).

Inter-Plan Arrangement Fees:

- i. **BlueCard® Program/Network Access Fees* (as applicable):** Additional information is available upon request; included in the Claim Charge, if applicable;
- ii. **Negotiated Arrangement/Custom Fees (as applicable):** Additional information is available upon request; included in the medical Administrative Charge(s) noted in the ASO BPA and in any Termination Administrative Charge(s) noted in the ASO BPA calculated on the basis of such medical Administrative Charge(s);
- iii. **For Non-Participating Healthcare Providers Outside Claim Administrator's Service Area/processing fees (as applicable):** Additional information is available upon request; included in the medical Administrative Charge(s) noted in the ASO BPA and in any Termination Administrative Charge(s) noted in the ASO BPA calculated on the basis of such medical Administrative Charge(s).

**If applicable, such fees may not exceed the lesser of the applicable annual percentage of the discount (dependent upon group size) permitted under the BlueCard Program or \$2,000 per Claim.*

SECTION 2: EXHIBIT DEFINITIONS

Other definitions applicable to this Exhibit are contained in Section 7 DEFINITIONS of the Agreement.

- 2.1 **"Employer Payment"** means the amount owed or payable to Claim Administrator by Employer for a given Employer Payment Period in accordance with Section 5 of this Exhibit which is the sum of Claim Payments made plus applicable service charges incurred during that Employer Payment Period.
- 2.2 **"Employer Payment Method"** means the method elected in the Fee Schedule specifications of the most current ASO BPA by which Employer Payments will be made.
- 2.3 **"Employer Payment Period"** means the time period indicated in the Fee Schedule specifications of the most current ASO BPA.
- 2.4 **"Medicare Secondary Payer ("MSP")"** means those provisions of the Social Security Act set forth in 42 U.S.C. §1395 y (b), and the implementing regulations set forth in 42 C.F.R. Part 411, as amended, which regulate the manner in which certain employers may offer group health care coverage to Medicare-eligible employees, their spouses and, in some cases, dependent children. (See Exhibit 3 Section 6 titled "Medicare Secondary Payer Information Reporting.")
- 2.5 **"Run-Off Claim"** means a Claim incurred prior to the termination of the Agreement that is submitted for payment during the Run-Off Period.
- 2.6 **"Run-Off Period"** means the time period immediately following termination of the Agreement, indicated in the Fee Schedule specifications of the most current ASO BPA, during which Claim Administrator will accept Run-Off Claims submitted for payment.
- 2.7 **"Termination Administrative Charge"** means the consideration indicated in the Fee Schedule specifications of the most current ASO BPA that is required by Claim Administrator upon termination of the

Agreement, or the termination of Covered Employees but not the Agreement, including any services that may be performed by Claim Administrator during the Run-Off Period indicated on such ASO BPA.

SECTION 3: COMPENSATION TO CLAIM ADMINISTRATOR

- 3.1 *Intent of Service Charges.*** Employer will pay service charges to Claim Administrator in accordance with the Fee Schedule specifications of the most current ASO BPA and PBM Fee Schedule Addendum, if applicable, as compensation for the processing of Claims and administrative and other services provided to Employer.
- 3.2 *Determining Service Charges.*** The service charges, which are for the Fee Schedule Period indicated in the Fee Schedule specifications of the most current ASO BPA and PBM Fee Schedule Addendum, if applicable, have been determined in accordance with Claim Administrator's current regulatory status and Employer's existing benefit program.
- 3.3 *Changing Service Charges.*** Such service charges shall be subject to change by Claim Administrator as follows:
- a. At the end of the Fee Schedule Period indicated in the Fee Schedule specifications of the most current ASO BPA, provided that sixty (60) days' prior written notice is given by Claim Administrator;
 - b. On the effective date of any changes or benefit variances in the Plan, its administration by Employer, or the level of benefit valuation which would increase Claim Administrator's cost of administration;
 - c. On any date changes imposed by governmental entities increase expenses incurred by Claim Administrator, provided that such increases shall be limited to an amount sufficient to recover such increase in expenses;
 - d. On any date that the actual number of Covered Employees (in total, by product or by benefit plan), the single/family mix, or the Medicare/Non-Medicare mix varies +/- 10% from Claim Administrator's projections;
 - e. The information upon which Claim Administrator's projections were based (benefit levels, census/demographics, producer/broker fees, etc.) becomes outdated or inaccurate; or
 - f. On any date an affiliate, subsidiary, or other business entity is added or dropped by Employer.
- 3.4 *Service Charges upon Termination.*** In the event the Agreement is terminated in accordance with the "Term and Termination" provisions of the Agreement, Employer will Timely pay Claim Administrator the Termination Administrative Charge indicated in the Fee Schedule specifications of the most current ASO BPA. Termination Administrative Charges assume the continuation of the Plan benefit program(s) and the administrative services in effect prior to termination. Should such Plan benefit program(s) and/or administrative services change, or in the event the average Plan enrollment during the three (3) months immediately preceding termination varies by ten percent (10%) or more from the enrollment used to determine the service charges in effect at the time of termination, Claim Administrator reserves the right to adjust the fees for service charges (including, but not limited to, access fees) to be used to compute the Termination Administrative Charge. In the event of a partial termination of Covered Employees by Employer, Employer will pay the Termination Administrative Charge as specified in the current ASO BPA for such terminated Covered Employees.
- 3.5 *Additional Service Charges.*** In addition to the amounts due and payable each month in accordance with the Fee Schedule specifications of the most current ASO BPA, Claim Administrator may charge Employer for:
- a. Any applicable Supplemental Charge(s); and/or
 - b. Reasonable fees for the reproduction or return of Claim records requested by Employer, a governmental agency or pursuant to a court order; and/or
 - c. Any other fees that may be assessed by third parties for services rendered to Employer, a portion of which may be retained by Claim Administrator as compensation for Claim Administrator's support of such services; and/or
 - d. Any other fees for services mutually agreed upon by the Parties in writing.

- 3.6 **Effect of Plan Enrollment.** Administrative Charges will be paid based upon information Claim Administrator receives regarding current Plan enrollment as of the first day of each month. Appropriate adjustments will be made for enrollment variances or corrections.
- 3.7 **Timely Payment.** Performance of all duties and obligations of Claim Administrator under the Agreement are contingent upon the Timely payment of any amount owed Claim Administrator by Employer.

SECTION 4: CLAIM PAYMENTS

- 4.1 **Claim Administrator's Payment.** Upon receipt of a Claim, Claim Administrator will make a Claim Payment provided that all payments due Claim Administrator under the terms of the Agreement are paid when due.
- 4.2 **Employer's Liability.** Any reasonable determination by Claim Administrator in adjudicating a Claim under the Agreement that a Covered Person is entitled to a Claim Payment is conclusive evidence of the liability of Employer to Claim Administrator for such Claim Payment pursuant to Section 6 below titled "Claim Settlements."
- 4.3 **Covered Person's Certain Liability.** Under certain circumstances, if Claim Administrator pays the health care Provider amounts that are the responsibility of the Covered Person under this Agreement, Claim Administrator may collect such amounts from the Covered Person.
- 4.4 **Cessation of Claim Payments.** If Employer has failed to pay when due any amount owed Claim Administrator, Claim Administrator shall be under no obligation to make any further Claim Payments until such default is cured.

SECTION 5: EMPLOYER PAYMENT

- 5.1 **Intent.** In consideration of Claim Administrator's obligations as set forth in the Agreement and at the end of each Employer Payment Period, Employer shall pay to Claim Administrator or shall provide access for Claim Administrator to obtain, Employer Payment amount due for that Employer Payment Period.
- 5.2 **Confirmation or Notification of Amount Due and Payment Due Date.** Employer shall confirm with Claim Administrator or Claim Administrator shall notify Employer's financial division, of Employer Payment for each Employer Payment Period and when such payment is due. Confirmation or notification shall be in accordance with Employer Payment Method elected in the Fee Schedule specifications of the most current ASO BPA and the following:
- a. **If Employer Payment Method is by Check,** Claim Administrator shall issue Employer a settlement statement which will include Claim Administrator's mailing address for check remittance and the date payment is due.
 - b. **If Employer Payment Method is other than Check,** Employer shall confirm on-line the amount due by accessing Claim Administrator's "Blue Access for Employers" (as provided in Exhibit 1); or Claim Administrator shall advise Employer by email or facsimile (at an email address or facsimile number to be furnished by Employer prior to the effective date of the Agreement) or by such other method mutually agreed to by the Parties, of the amount due. Employer Payment must be made or obtained within forty-eight (48) hours of confirmation by Employer or Employer's notification by Claim Administrator. If any day on which an Employer payment is due is a holiday, such payment will be made or obtained on the next business day.
- 5.3 **Late Payments.** Late payments are subject to the penalties outlined in Section 7.3 of this Exhibit.

SECTION 6: CLAIM SETTLEMENTS

- 6.1 **Determining What Employer Owes.** A Claim settlement shall be determined for each Claim Settlement Period indicated in the Fee Schedule specifications of the most current ASO BPA. The Claim settlement shall reflect the sum of the following:
- a. Claim Payments paid by Claim Administrator in the particular Claim Settlement Period.

- b. Claim Payments paid by Claim Administrator in prior Claim Settlement Periods that have not been included in a prior Claim settlement.
- c. The Administrative Charges and credits, Surcharges, and other applicable service charges as indicated in the Fee Schedule specifications of the most current ASO BPA of the Agreement and any applicable Supplemental Charge(s).

The sum of a., b., and c. above shall be referred to as the "Claim Settlement Total."

6.2 *Employer Underpayment.* If, within the Claim Settlement Period, the Claim Settlement Total exceeds Employer Payments, Employer will pay the difference to Claim Administrator. The Claim settlement will be determined within ninety (90) days from the last day of the Claim Settlement Period. Claim Administrator will notify Employer in writing of the results of the Claim settlement. Any sums due Claim Administrator will be paid Timely by Employer.

6.3 *Employer Overpayment.* If, within the Claim Settlement Period, Employer Payments exceed the Claim Settlement Total, Claim Administrator may, at its option, pay such difference to Employer, apply the difference against amounts then owed Claim Administrator by Employer or authorize a reduction equal to such difference from the next Claim Settlement Total due Claim Administrator from Employer.

SECTION 7: LATE PAYMENTS AND REMEDIES

7.1 *When Employer Fails to Pay.* If Employer fails to pay when due any amount required to be paid to Claim Administrator under the Agreement, and such default is not cured within ten (10) days of the due date, a Reminder Notice will be sent to the Employer via email. If payment is not received within ten (10) days of the date the Reminder Notice is sent, Claim Administrator reserves the right to consider the Employer delinquent. If defaults are not cured following notice via email to Employer, Claim Administrator may, at its option:

- a. Suspend Claim Payments; or
- b. Terminate the Agreement as of the effective date specified in such notice.

7.2 *When Claim Administrator Fails to Timely Notify.* Pursuant to Section 6.5 "Severability; Enforcement; Force Majeure; Survival" of the Agreement, Claim Administrator's failure to provide Employer with Timely notice of any amount due hereunder shall not be considered a waiver of payment of any amount which may otherwise be due hereunder from Employer.

7.3 *Late Charge.* If Employer fails to make any payment required by the Agreement on a Timely basis, Claim Administrator, at its option, may assess a daily charge for the late remittance from the due date of any amount(s) payable to Claim Administrator by Employer. This daily charge shall be an amount equal to the amount resulting from multiplying the amount due times the lesser of:

- a. The rate of .0329% per day which equates to an amount of twelve percent (12%) per annum; or
- b. The maximum rate permitted by state law.

7.4 *Insolvency.* In addition, if Employer becomes insolvent, however evidenced, or is in default of its obligation to make any Employer Payment as provided hereunder, or if any other default hereunder has occurred and is continuing, then any indebtedness of Claim Administrator to Employer (including any and all contractual obligations of Claim Administrator to Employer) may be offset and/or recouped and applied toward the payment of Employer's obligations hereunder, whether or not such obligations, or any part thereof, shall then be due Employer.

SECTION 8: FINANCIAL OBLIGATIONS UPON AGREEMENT TERMINATION

8.1 *Run-Off Claims.* Employer hereby acknowledges that on the date of termination of the Agreement in accordance with the provisions of either Section 7 of this Exhibit or Section 6 of the Agreement, or on the date which Employer terminates a part of the population of Covered Employees, there may be an undetermined but substantial number of Claims for services rendered or furnished prior to that date which have not been submitted to Claim Administrator for reimbursement and also an undetermined but substantial number of Claims submitted for reimbursement which have not been paid by Claim

Administrator ("Run-Off Claims"). Employer shall be responsible for the reimbursement of all Run-Off Claims, whether or not such Claims have been submitted, or whether or not Claim Payments for such Claims have been made by Claim Administrator, as of the date of termination or termination of Covered Employees but not the Agreement, including, but not limited to, Claim Payments made in accordance with MSP laws, and for the payment of the Termination Administrative Charge and any other applicable service charges indicated in the Fee Schedule specifications of the most current ASO BPA and any applicable Supplemental Charge(s) pursuant to the processing of such Claims after the Agreement's termination date or date of termination of Covered Employees but not the Agreement.

- 8.2 Corresponding Employer Payments.** In consideration of Claim Administrator's continuing to make Claim Payments in accordance with Section 4 of this Exhibit for Run-Off Claims, Employer shall continue to make Employer Payments for all such Claims paid by Claim Administrator up to the final settlement outlined below.
- 8.3 Final Settlement.** A final settlement shall be made within ninety (90) days after the last day of the Run-Off Period. This final settlement shall compare Employer Payments against the Claim Settlement Totals for all Run-Off Claims paid up to the date of the final settlement. The difference shall be paid or applied as set forth in Section 6 of this Exhibit. However, if Employer Payments exceed the Claim Settlement Totals for all Run-Off Claims paid up to the final settlement, Claim Administrator shall pay such difference to Employer after applying the difference against amounts, if any, then owed to Claim Administrator by Employer. After the final settlement, Claim Administrator shall be released from any further liability for Claim Payments and Claim adjustments under this Agreement, and as of the date Employer shall assume full liability and responsibility for all further administration of Claim Payments. Further, after the final settlement, any refunds resulting from Claim adjustments for Overpayments, regardless of when such adjustments occurred shall be retained by Claim Administrator and Employer shall have no liability for any charges associated with any adjustments.
- 8.4 Uncashed Funds.** As of the date of termination of the Agreement and during the Run-Off Period, any outstanding funds that are or become "stale" (over 365 days old), less any amount(s) owed by payees to Claim Administrator from such funds, will be escheated by Claim Administrator on Employer's behalf to the state of payee's last known address in accordance with Claim Administrator's established procedures and/or the applicable state's unclaimed property law.

**EXHIBIT 3
NOTICES/REQUIRED DISCLOSURES**

SECTION 1: PAYMENT OF CLAIMS AND ASSIGNMENT OF BENEFITS

- 1.1 Claim Payment.** All payments by Claim Administrator for the benefit of any Covered Person may be made directly to any Provider furnishing Covered Services for which such payments are due, and Claim Administrator is authorized by such Covered Person to make such payments directly to such Providers. However, Claim Administrator reserves the right to pay any benefits that are payable under the terms of the Plan directly to the Covered Person or to the Provider furnishing Covered Services at Claim Administrator's option and in its sole discretion. Claim Administrator's decision to pay a Provider directly is not intended to waive and shall not constitute a waiver of the prohibition on assignment described in Section 1.3, below. All benefits payable to the Covered Person that remain unpaid at the time of the death of the Covered Person will be paid to the estate of the Covered Person.
- 1.2 Claim Dispute.** Once Covered Services are rendered by a Provider, the Covered Person has no right to request Claim Administrator not to pay the Claim submitted by such Provider and no such request by a Covered Person or his agent will be given effect. Furthermore, Claim Administrator will have no liability to the Covered Person or any other person because of its rejection of such request.
- 1.3 Invalidity of Assignments.** Neither coverage under the Plan nor a Covered Person's claims or rights under the Plan, including but not limited to claims for payment of benefits, are assignable in whole or in part to any person or entity at any time, and any such assignments shall be considered void. Coverage under the Plan is expressly non-assignable and non-transferable and will be forfeited if a Covered Person attempts to assign or transfer coverage or aids or attempts to aid any other person in fraudulently obtaining coverage under the Plan. If Claim Administrator makes payment because of a person's wrongful use of the identification card of a Covered Person, such payment will be considered a proper payment and Claim Administrator will have no obligation to pursue recovery of such payment; however, once the invalid assignment or transfer has been identified and Claim Administrator has acknowledged the situation, Claim Administrator will pursue recoveries as described in Section 4.2 "Claim Overpayments."

SECTION 2: COVERED PERSON/PROVIDER RELATIONSHIP

- 2.1 Relationship to a Provider.** The choice of a Provider is solely the choice of the Covered Person and Claim Administrator will not interfere with the Covered Person's relationship with any Provider. Each Provider provides Covered Services only to Covered Persons and does not otherwise interact with or provide any services to Employer (except to the extent Employer is a Covered Person) or the Plan.
- 2.2 Claim Administrator's Role.** It is expressly understood that Claim Administrator does not itself undertake to furnish Hospital, medical or dental service, but acts solely to make Claim Payments to a Provider for the Covered Services received by Covered Persons. Claim Administrator is not in any event liable for any act or omission of any Provider or the agent or employee of such Provider, including, but not limited to, the failure or refusal to render services to a Covered Person. Professional services that can only be legally performed by a Provider are not provided by Claim Administrator. Any contractual relationship between a Provider and Claim Administrator shall not be construed to mean that Claim Administrator is providing professional service nor that any Provider is a subcontractor of Claim Administrator with respect to any aspect of this Agreement. Any reference or statement by Claim Administrator to a Provider shall in no way be construed as a representation, recommendation, referral, inference, or other statement by Claim Administrator as to the ability or quality, positive or negative, of such Provider.

SECTION 3: LIMITED BENEFITS FOR NON-NETWORK PROVIDERS

Regarding any comprehensive major medical coverage with access to Network Providers elected on the most current ASO BPA. Employer acknowledges that when Covered Persons elect to utilize the services of a non-Network Provider for a Covered Service in non-emergency situations, benefit payments to such

non–Network Provider are not based upon the amount billed. Non–Network Providers may bill the Plan’s Covered Person for any amount up to the billed charge after Claim Administrator has paid the Plan’s portion of the bill. For more detailed information regarding benefit payments for Network and Non–Network Providers, please see the definition of Allowable Amount in Section 7 Definitions of this Agreement. A Covered Person may obtain further information about the Network status of Providers and information on out–of–pocket expenses by calling the toll–free number on their identification card or by accessing online tools and services such as Blue Access for Members or Provider Finder.

SECTION 4: CLAIM ADMINISTRATOR’S SEPARATE FINANCIAL ARRANGEMENTS WITH PRESCRIPTION DRUG PROVIDERS

THIS SECTION 4 SHALL APPLY ONLY WITH RESPECT TO PRESCRIPTION DRUGS OBTAINED UNDER EMPLOYER’S MEDICAL BENEFIT

- 4.1** Claim Administrator hereby informs Employer and all Covered Persons that it has contracts, either directly or indirectly, with Providers for the provision of, and payment for, prescription drug services to all persons entitled to prescription drug benefits under individual certificates, group health insurance policies and contracts to which Claim Administrator is a party, including the Covered Persons under the Agreement, and that pursuant to Claim Administrator’s contracts with such Providers, under certain circumstances described therein, Claim Administrator may receive payments, discounts and/or other allowances for prescription drugs dispensed to Covered Persons under the Agreement. Some rates are currently based on benchmark prices including, but not limited to, Wholesale Acquisition Cost (“WAC”), Average Sales Price (“ASP”) and Average Wholesale Price (“AWP”), which are determined by third parties and are subject to change.
- 4.2** Employer understands that Claim Administrator may receive such payments, discounts and/or other allowances during the term of the Agreement. Neither Employer nor Covered Persons hereunder are entitled to receive any portion of any such payments, discounts and/or allowances except as such items may be indirectly or directly reflected in the service charges specified in the Agreement. To the extent that Prime Therapeutics LLC (“Prime”) provides administrative services as part of the specialty pharmacy program, Prime may keep as its fee a portion of the discounts and/or other allowances that it has negotiated with the specialty pharmacy.
- 4.3** The amounts received by Prime from Claim Administrator, pharmacies, manufacturers or other third parties may be revised from time to time. Some of the amounts received by Prime may be charged each time a claim is processed (or, in some instances, requested to be processed) through Prime and/or each time a prescription is filled, and include, but are not limited to, administrative fees charged by Prime to Claim Administrator (as described above), administrative fees charged by Prime to pharmacies, and administrative fees charged by Prime to pharmaceutical manufacturers. Currently, none of these fees will be passed on to Employer as expenses, or accrue to the benefit of Employer, unless otherwise specifically set forth in the Agreement.

SECTION 5: CLAIM ADMINISTRATOR’S SEPARATE FINANCIAL ARRANGEMENTS WITH PHARMACY BENEFIT MANAGERS

THIS SECTION 5 SHALL APPLY ONLY WITH RESPECT TO PRESCRIPTION DRUGS OBTAINED UNDER EMPLOYER’S MEDICAL BENEFIT

- 5.1** Claim Administrator hereby informs Employer and all Covered Persons that it owns a significant portion of the equity of Prime and that Claim Administrator has entered into one or more agreements with Prime or other entities (collectively referred to as “Pharmacy Benefit Managers”), for the provision of, and payment for, prescription drug benefits to all persons entitled to prescription drug benefits under individual certificates, group health insurance policies and contracts to which Claim Administrator is a party, including the Covered Persons under the Agreement. Pharmacy Benefit Managers have agreements with pharmaceutical manufacturers to receive rebates for using their products. In addition, the mail-order pharmacy and specialty pharmacy shall be operated through a third party, which may be an affiliate of or partially owned by Prime Therapeutics, LLC.

- 5.2 The Pharmacy Benefit Manager(s) (“PBM”) negotiates rebate contracts with pharmaceutical manufacturers on behalf of the Claim Administrator, but does not retain any rebates (although Prime may retain any interest or late fees earned on rebates received from manufacturers to cover the administrative costs of processing late payments). PBM may contract with pharmaceutical manufacturers through a group purchasing organization and, in such case, rebates collected by PBM and paid to Claim Administrator will be net of any fee the group purchasing organization may retain for its role in securing rebates. Employer understands that Claim Administrator may receive such rebates during the term of the Agreement. Neither Employer nor Covered Persons hereunder are entitled to receive any portion of any such rebates except as such items may be indirectly or directly reflected in the service charges specified in the Agreement or as otherwise set forth in the ASO BPA.
- 5.3 As of the Effective Date, the maximum that a PBM has disclosed to Claim Administrator that the PBM will receive from any pharmaceutical manufacturer for manufacturer administrative fees is five and a half percent (5.5%) of the Wholesale Acquisition Cost (“WAC”) for all products of such manufacturer dispensed during any given calendar year to members of Claim Administrator and to members of the other Blue Cross and/or Blue Shield operating divisions of Health Care Service Corporation or for which Claims are submitted to PBM at Claim Administrator’s Request; provided, however, that Claim Administrator will advise Employer if such maximum has changed.

SECTION 6: MEDICARE SECONDARY PAYER INFORMATION REPORTING

- 6.1 For the purposes of mandatory reporting requirements for group health plan (“GHP”) arrangements under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) (P.L.110-173), Claim Administrator shall serve as the RRE and shall report information to the Centers for Medicare & Medicaid Services (“CMS”) about individuals enrolled in the GHP who are also covered by Medicare so that CMS and Claim Administrator can effectively coordinate health care payments consistent with the MSP rules. Employer hereby authorizes and directs Claim Administrator to disclose to CMS, periodically, information pertaining to Medicare-eligible Covered Persons under the Plan so that Claim Administrator may make accurate primary/secondary MSP determinations. Employer agrees to Timely and accurately respond to Claim Administrator’s requests for information.
- 6.2 It shall be Employer’s responsibility to notify Claim Administrator promptly as may be required for such continuing accuracy, of any change in the number of individuals employed by Employer or status of its employees that might affect the order of payment under the MSP statute, such as information regarding working-aged persons who retire and changes in the number of individuals employed by Employer that place it in, or take it out of, the scope of the MSP statute.
- 6.3 **Disclosure Statement:** Employer acknowledges that Claim Administrator has furnished it with a copy of a pamphlet entitled “Information Regarding the Medicare Secondary Payer Statute” (also referred to as the “Disclosure Statement”), prepared by the Association and reviewed by CMS, which administers Medicare.
- 6.4 Notwithstanding any other provision herein, in instances where the Employer has carved out prescription drug coverage administration to an entity other than Claim Administrator, Claim Administrator shall not serve as the RRE for prescription drug coverage under the Plan.

SECTION 7: REIMBURSEMENT PROVISION

Applicable only if this service is elected in the Fee Schedule specifications of the most current Exhibit 4 - ASO BPA

- 7.1 If a Covered Person incurs expenses for sickness or injury that occurred due to the negligence of a third party and benefits are provided for Covered Services described in the Plan, the following provisions will apply:
- a. Claim Administrator on behalf of Employer has the right to reimbursement for all benefits Claim Administrator provided from any and all damages collected from the third party for those same expenses whether by action at law, settlement, or compromise, by the Covered Person, the Covered Person’s parents or guardians if the Covered Person is a minor, or the Covered Person’s

legal representative, as a result of that sickness or injury, in the amount of the Provider's Allowable Amount for Covered Services for which Claim Administrator has provided benefits to the Covered Person.

- b. Claim Administrator is assigned the right to recover from the third party, or the third party's insurer, to the extent of the benefits Claim Administrator provided for that sickness or injury.

7.2 Claim Administrator shall have the right to first reimbursement out of all funds the Covered Person, the Covered Person's parents or guardians if the Covered Person is a minor, or the Covered Person's legal representative, is or was able to exercise for the same expenses for which Claim Administrator has provided benefits as a result of that sickness or injury. The Covered Person is required to furnish any information or assistance or provide any documents that Claim Administrator may reasonably require in order to obtain its rights under this provision. This provision applies whether or not the third party admits liability.

SECTION 8: REPLACEMENT COVERAGE

A Covered Person may, under certain circumstances, as specified below, apply for and obtain replacement coverage, subject to the replacement coverage's applicable terms and conditions. The replacement coverage will be that which is offered by Claim Administrator, or, if Covered Person does not reside in Claim Administrator's service area, by the Host Blue(s) whose service area covers the geographic area in which the Covered Person resides. The circumstances mentioned above may arise from involuntary termination of Covered Person's health coverage sponsored by Employer but solely as a result of a reduction in force, plan/office closing(s) or group health plan termination (in whole or in part), or when a Covered Person approaches the age of Medicare eligibility. If the Covered Person does not reside in Claim Administrator's service area, Claim Administrator may facilitate a Covered Person's right to apply for and obtain such replacement coverage, subject to applicable eligibility requirements, from the Host Blue in which the Covered Person resides. To do this, Claim Administrator or the Host Blue may communicate directly with the Covered Persons to provide resources and replacement coverage options available to them. Claim Administrator's provision of information about replacement coverage is not part of the Services provided to Employer under the Agreement, and neither Employer nor the Plan has any responsibility for replacement coverage information provided by Claim Administrator in accordance with this Section 8.

**EXHIBIT 4
ASO BPA**

EXHIBIT 5
BLUE CROSS AND BLUE SHIELD ASSOCIATION DISCLOSURES AND PROVISIONS

SECTION 1: INTER-PLAN ARRANGEMENT DEFINITIONS

Other definitions applicable to this Exhibit are contained in Section 7 DEFINITIONS of the Agreement.

- 1.1 “Accountable Care Organization”** means a group of health care Providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability to manage the total cost of care for their member populations.
- 1.2 “Alternative Provider Compensation Arrangements”** means the arrangements described in the definition of “Alternative Provider Compensation Arrangement Payments.”
- 1.3 “Alternative Provider Compensation Arrangement Payments”** means a payment Claim Administrator makes to Network Providers for any services, including but not limited to, any capitation payments, performance-based payments, Care Coordination payments, Value-Based Program payments, Accountable Care Organization payments, Global Payments/Total Cost of Care payments, Patient-Centered Medical Home payments, Provider Incentives or other incentives or bonus payments, Shared Savings payments and any other alternative funding arrangement payments as described in Claim Administrator’s arrangement with the Network Provider, all as further described in Section 4.4 of this Exhibit. If the actual amount of an Alternative Provider Compensation Arrangement Payment (for purposes of this Section 1.3, a “Payment”) is not known at the time Claim Administrator bills Employer under this Agreement, then Claim Administrator may bill Employer in advance for expected Payments to Network Providers (the “Expected Payments”). Such Expected Payments will be calculated for each member in each specific Alternative Provider Compensation Arrangement on a per member per month (“PMPM”) basis or on another agreed upon compensation mechanism between Participating Healthcare Provider and Claim Administrator, in the same manner as methodologies described in Section 4.4 of this Exhibit. Where such Alternative Provider Compensation Arrangements include a PMPM Payment structure, the calculation of the Expected Payments will be made using (i) the estimated number of members involved in a particular Arrangement (as of the end of the month preceding the calculation), and (ii) the estimated Payments for all such Covered Persons, unless an alternate calculation method is used (in the same manner as described in Section 4.4 of this Exhibit). Expected Payment may vary from Member to Member. For the purposes of this Section 1.3, a “Member” means all of the members in a health benefit plan insured or administered by Claim Administrator, including but not limited to Employer’s Covered Persons. Employer will be billed for its share of the Expected Payment, calculated based on (i) the number of Employer’s Covered Persons participating (or expected to participate) in an Alternative Provider Compensation Arrangement per month and/or (ii) the number and/or cost of the Covered Services received (or expected to be received) by Employer’s Covered Persons per month. Any difference (surplus or deficit) between the Expected Payments and actual Payments will be factored into Claim Administrator’s calculation of future Expected Payments. Interest on such difference (surplus or deficit) will be credited (or charged) to Employer and included in the calculation of future Expected Payments. Claim Administrator may recalculate the PMPM amounts and any other applicable expected Payments or charges from time to time in a manner consistent with this Agreement. In the case of any modification to the PMPM or Expected Payments, Claim Administrator shall inform Employer of such modifications. Thereafter, Employer will be deemed to have approved the modifications, which will become part of this Agreement.
- 1.4 “Blue Cross Blue Shield Global Core Access Vendor Fees”** means the charges to Claim Administrator for the transaction fees through Blue Cross Blue Shield Global Core which are payable to the medical assistance vendor for assisting Covered Persons traveling or living outside of the United States, Puerto Rico, and U.S. Virgin Islands to obtain medical services.
- 1.5 “Care Coordination”** means organized, information-driven patient care activities intended to facilitate the appropriate responses to Covered Person’s health care needs across the continuum of care.
- 1.6 “Care Coordinator”** means an individual within a Provider organization who facilitates Care Coordination for patients.
- 1.7 “Care Coordinator Fee”** means a fixed amount paid by a Blue Cross and/or Blue Shield Plan to Providers periodically for Care Coordination under a Value-Based Program.

- 1.8 **“Global Payment/Total Cost of Care”** means a payment methodology that is defined at the patient level and accounts for either all patient care or for a specific group of services delivered to the patient such as Outpatient, Physician, ancillary, Hospital services, and prescription drugs.
- 1.9 **“Host Blue”** means a local Blue Cross and/or Blue Shield licensee outside the geographic area that Claim Administrator serves.
- 1.10 **“Negotiated Arrangement”** means an agreement negotiated between one or more Blue Cross and/or Blue Shield Plans for any national account that is not delivered through the BlueCard Program.
- 1.11 **“Non-Participating Healthcare Provider”** means a health care Provider that does not have a contractual agreement with a Host Blue.
- 1.12 **“Participating Healthcare Provider”** means a health care Provider that has a contractual agreement with a Host Blue.
- 1.13 **“Patient-Centered Medical Home”** means a model of care in which each patient has an ongoing relationship with a Primary Care Physician who coordinates a team to take collective responsibility for patient care and, when appropriate, arranges for care with other qualified Physicians.
- 1.14 **“Provider Incentive”** means an additional amount of compensation paid to a health care Provider by a Blue Cross and/or Blue Shield Plan, based on the Provider’s compliance with, or participation in, agreed-upon procedural and/or outcome measures, joint-initiatives, including but not limited to any measures or initiatives related to a particular population of Covered Persons.
- 1.15 **“Shared Savings”** means a payment mechanism in which the Provider and the Blue Cross and/or Blue Shield Plan share cost savings achieved against a target cost budget based upon agreed-upon terms and may include downside risk.
- 1.16 **“Value-Based Program”** means a payment arrangement and/or a Care Coordination model facilitated through one or more Providers that may utilize one (1) or more of the following metrics: (i) Covered Person health outcomes; (ii) Covered Person Care Coordination; (iii) quality of Covered Services; (iv) cost of Covered Services; (v) Covered Person access; (vi) Covered Person experience with a Provider; or (vii) joint initiatives to increase collaboration in the provision of Covered Services to Covered Persons, and which payment arrangement is reflected in one (1) or more Provider payments, including but not limited to Alternative Provider Compensation Arrangement Payments.

SECTION 2: ADMINISTRATIVE SERVICES ONLY, NETWORK ONLY

Claim Administrator must disclose that it does not underwrite or assume any financial risk with respect to claims liability; and disclose the nature of the services and/or network access Claim Administrator is providing. Such disclosures must be made to Employer, Employer’s Covered Persons, and Providers and must include, at a minimum, disclosure on identification cards, benefit booklets, Employer contracts and explanation of benefits documentation.

SECTION 3: DISCLOSURES IN ACCOUNT CONTRACTS

Employer, on behalf of itself and its Covered Persons, hereby expressly acknowledges its understanding that this Agreement constitutes a contract solely between Employer and Claim Administrator, which is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the “Association”), permitting Claim Administrator to use the Blue Cross and/or Blue Shield Service Mark in the State of Texas, and that Claim Administrator is not contracting as the agent of the Association. Employer on behalf of itself and its Covered Persons further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than Claim Administrator and that no person, entity, or organization other than Claim Administrator shall be held accountable or liable to Employer for any of Claim Administrator’s obligations to Employer created under this Agreement. This subsection shall not create any additional obligations whatsoever on the part of Claim Administrator other than those obligations created under other provisions of this Agreement.

SECTION 4: INTER-PLAN ARRANGEMENTS

4.1 *Out-of-Area Services*

Claim Administrator has a variety of relationships with other Blue Cross and/or Blue Shield licensees referred to generally as “Inter-Plan Arrangements.” These Inter-Plan Arrangements operate under rules and procedures issued by the Association. Whenever Covered Persons access health care services outside the geographic area Claim Administrator serves, the Claim for those services may be processed through one of these Inter-Plan Arrangements. The Inter-Plan Arrangements are described generally below. Claim Administrator’s services under this Agreement are governed by and subject to the Inter-Plan Arrangements rules in effect during the term of this Agreement, and a Host Blue is neither the agent nor the subcontractor of Claim Administrator. Typically, when accessing care outside the geographic area Claim Administrator serves, Covered Persons obtain care from Participating Healthcare Providers. In some instances, Covered Persons may obtain care from Non-Participating Healthcare Providers. Claim Administrator remains responsible for fulfilling its contractual obligations to Employer. Claim Administrator’s payment practices in both instances are described below. This disclosure describes how Claims are administered for Inter-Plan Arrangements and the fees that are charged in connection with the Inter-Plan Arrangements. Dental care benefits, when paid as stand-alone benefits, and prescription drug benefits or vision care benefits that may be administered by a third party contracted by Claim Administrator to provide the specific service or services, are not processed through Inter-Plan Arrangements.

4.2 *BlueCard Program*

The BlueCard Program is an Inter-Plan Arrangement. Under this Arrangement, when Covered Persons access Covered Services within the geographic area served by a Host Blue, the Host Blue will be responsible for contracting and handling all interactions with its Participating Healthcare Providers. The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, Claim Administrator’s action will be consistent with the spirit of this description.

a. *Liability Calculation Method – In General*

(1) Covered Person Liability Calculation.

Unless subject to a fixed dollar Copayment, the calculation of the Covered Person’s liability on Claims for Covered Services will be based on the lower of the Participating Healthcare Provider’s billed charges for Covered Services or the negotiated price made available to Claim Administrator by the Host Blue.

(2) Employer’s Liability Calculation.

The calculation of Employer’s liability on Claims for Covered Services processed through the BlueCard Program will be based on the negotiated price made available to Claim Administrator by the Host Blue. Sometimes, this negotiated price may, for a particular service or services, exceed the billed charge in accordance with how the Host Blue has negotiated with its Participating Healthcare Provider(s) for specific health care services. In cases where the negotiated price exceeds the billed charge, Employer may be liable for the excess amount even when the Covered Person’s deductible has not been satisfied. This excess amount reflects an amount that may be necessary to secure (a) the Provider’s participation in the Network and/or (b) the overall discount negotiated by the Host Blue. In such a case, the entire contracted price is paid to the Provider, even when the contracted price is greater than the billed charge.

b. *Claims Pricing*

Host Blues determine a negotiated price, which is reflected in the terms of each Host Blue’s Provider contracts. The negotiated price made available to Claim Administrator by the Host Blue may be represented by one of the following:

(1) An actual price. An actual price is a negotiated rate of payment in effect at the time a Claim is processed without any other increases or decreases; or

(2) An estimated price. An estimated price is a negotiated rate of payment in effect at the time a Claim is processed, reduced or increased by a percentage to take into account certain

payments negotiated with the Provider and other Claim- and non-Claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, Provider refunds not applied on a Claim-specific basis, retrospective settlements, and performance-related bonuses or incentives; or

- (3) An average price. An average price is a percentage of billed charges for Covered Services in effect at the time a Claim is processed representing the aggregate payments negotiated by the Host Blue with all of its health care Providers or a similar classification of its Providers and other Claim- and non-Claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

The Host Blue determines whether it will use an actual, estimated or an average price. The use of estimated or average pricing may result in a difference (positive or negative) between the price Employer pays on a specific Claim and the actual amount the Host Blue pays to the Provider. However, the BlueCard Program requires that the amount paid by the Covered Person and Employer is a final price; no future price adjustment will result in increases or decreases to the pricing of past Claims. Any positive or negative differences in estimated or average pricing are accounted for through variance accounts maintained by the Host Blue and are incorporated into future Claim prices. As a result, the amounts charged to Employer will be adjusted in a following year, as necessary, to account for over- or under-estimation of the past years' prices. The Host Blue will not receive compensation from how the estimated price or average price methods, described above, are calculated. Because all amounts paid are final, neither positive variance account amounts (funds available to be paid in the following year), nor negative variance amounts (the funds needed to be received in the following year), are due to or from Employer. If Employer terminates, Employer will not receive a refund or charge from the variance account. Variance account balances are small amounts relative to the overall paid Claims amounts and will be liquidated/drawn down over time. The timeframe for the liquidation depends on variables, including, but not limited to, overall volume/number of Claims processed and variance account balance. Variance account balances may earn interest at the federal funds or similar rate. Host Blues may retain interest earned on funds held in variance accounts.

c. BlueCard Program Fees and Compensation

Employer understands and agrees to reimburse Claim Administrator for certain fees and compensation which Claim Administrator is obligated under the BlueCard Program to pay to the Host Blues, to the Association, and/or to vendors of the BlueCard Program-related services. The specific BlueCard Program fees and compensation that are charged to Employer are set forth in the most current ASO BPA. The specific BlueCard Program fees and compensation may be revised from time to time as described in Section 4.9 below.

Claim Administrator will charge these fees as follows:

- (1) **BlueCard Program Access Fees**

The access fee is charged by the Host Blue to Claim Administrator for making its applicable Provider Network available to Employer. A BlueCard Program access fee may be charged only if the Host Blue's arrangement with its health care provider prohibits billing Covered Persons for amounts in excess of the negotiated payment. However, a health care provider may bill for non-covered health care services and for Covered Person cost sharing (for example, deductibles, Copayments, and/or Coinsurance) related to a particular Claim.
- (2) **How the BlueCard Program Access Fee Affects Employer**

When Claim Administrator is charged a BlueCard Program access fee, Claim Administrator may pass the charge along to Employer as a Claim expense or as a separate amount. The access fee will not exceed \$2,000 for any Claim. If Claim Administrator receives an access fee credit, Claim Administrator will give Employer a Claim expense credit or a separate credit. Instances may occur in which the Claim payment is zero or Claim Administrator pays only a small amount because the amounts eligible for payment were applied to patient cost sharing (such as a deductible or coinsurance). In these instances, Claim Administrator will pay the Host Blue's access fee and pass it along to Employer as stated above even though Employer paid little or had no Claim liability.

4.3 **Negotiated Arrangements**

With respect to one or more Host Plans, instead of using the BlueCard Program, Claim Administrator may process Employer's Covered Persons' Claims for Covered Services through a Negotiated Arrangement. Pursuant to such a Negotiated Arrangements, the Host Blue(s) has/have agreed to provide, on Claim Administrator's behalf, Claim Payments and certain administrative services for those Covered Persons of Employer receiving Covered Services in the state and/or service area of the Host Blue(s). Pursuant to the agreement between Claim Administrator and the Host Blue(s), Claim Administrator has agreed to reimburse each Host Blue for all Claim Payments made on Claim Administrator's behalf for those Covered Persons of Employer receiving Covered Services in the state and/or service area of such Host Blue. In addition, if Claim Administrator and Employer have agreed that (a) Host Blue(s) shall make available (a) custom health care Provider Network(s) in connection with this Agreement, then the terms and conditions set forth in Claim Administrator's Negotiated Arrangement(s) for national accounts with such Host Blue(s) shall apply. These include the provisions governing the processing and payment of claims when Covered Persons access such networks. In negotiating such arrangement(s), Claim Administrator is not acting on behalf of or as an agent for Employer, Employer's Plan or Employer's Covered Persons.

a. Covered Person and Employer Liability Calculation

Covered Person liability calculation will be based on the lower of either billed charges for Covered Services or negotiated price (refer to the description of negotiated price under Section 4.2.a., BlueCard Program) that the Host Blue makes available to Claim Administrator and that allows Employer's Covered Persons access to negotiated participation agreement Networks of specified Participating Healthcare Providers outside of Claim Administrator's service area. Employer's liability calculation will be based on the negotiated price (refer to the description of negotiated price under Section 4.2.a, BlueCard Program).

Employer acknowledges that pursuant to the Host Blue's contracts with Host Blues' Participating Healthcare Providers, under certain circumstances described therein, the Host Blue (i) may receive substantial payment from Host Blues' Participating Healthcare Providers with respect to services rendered to such Covered Persons for which the Host Blue was initially obligated to pay the Host Blues' Participating Healthcare Providers, (ii) may pay Host Blues' Participating Healthcare Providers more or less than their billed charges for services, by discounts or otherwise, or (iii) may receive from Host Blues' Participating Healthcare Providers other allowances under the Host Blue's contracts with them. One example of this is quality improvement programs/payments. If charged by the Host Blue to Claim Administrator, Employer shall reimburse Claim Administrator for any payments made to the Host Blue, unless otherwise set forth in the Agreement's Fee Schedule, including "Claim-like" charges, which are those charges for payments to Host Blues' Participating Healthcare Providers on other than a fee for services basis which include, but are not limited to, incentive payments. Employer acknowledges that, in negotiating the Administrative Charge set forth in the Agreement's Fee Schedule, it has taken into consideration that, among other things, the Host Blue may receive such payments, discounts and/or other allowances during the term of its agreement with Claim Administrator. Further, all amounts payable by Covered Person and Employer shall be calculated on the basis described in this subsection, irrespective of any separate financial arrangement between the Host Blue's Participating Healthcare Provider that rendered the applicable Covered Service and the Host Blue other than the negotiated price as described in this subsection.

b. Fees and Compensation

Employer understands and agrees to reimburse Claim Administrator for certain fees and compensation which Claim Administrator is obligated under applicable Inter-Plan Arrangement requirements to pay to the Host Blues, to the Association, and/or to vendors of Inter-Plan Arrangement-related services. Fees and compensation under applicable Inter-Plan Arrangements may be revised from time to time as described in Section 4.9 below. In addition, the participation agreement with the Host Blue may provide that Claim Administrator must pay an administrative and/or a network access fee to the Host Blue, and Employer further agrees to reimburse Claim Administrator for any such applicable administrative and/or network access fees. The specific fees and compensation that are charged to Employer under Negotiated Arrangements are set forth in the most current ASO BPA.

4.4 **Special Cases: Value-Based Programs**

a. **Value-Based Programs Overview**

Employer's Covered Persons may access Covered Services from Providers that participate in a Host Blue's Value-Based Program. Value-Based Programs may be delivered either through the BlueCard Program or a Negotiated Arrangement. These Value-Based Programs may include, but are not limited to, Accountable Care Organizations, Global Payment/Total Cost of Care arrangements, Patient Centered Medical Home and Shared Savings arrangements.

b. **Value-Based Programs under The BlueCard Program**

(1) **Value-Based Programs Administration**

Under Value-Based Programs, a Host Blue may pay Providers for reaching agreed-upon cost/quality goals in the following ways: retrospective settlements, Provider Incentives, a share of target savings, Care Coordinator Fees and/or other allowed amounts. The Host Blue may pass these Provider payments to Claim Administrator, which Claim Administrator will pass on to Employer in the form of either an amount included in the price of the Claim or an amount charged separately in addition to the Claim.

When such amounts are included in the price of the Claim, the Claim may be billed using one of the following pricing methods, as determined by a Host Blue:

- a) **Actual Pricing:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is part of the Claim. These charges are passed to Employer via an enhanced Provider fee schedule.
- b) **Supplemental Factor:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is a supplemental amount that is included in the Claim as an amount based on a specified supplemental factor (e.g., a small percentage increase in the claim amount). The supplemental factor may be adjusted from time to time. This pricing method may be used only for non-attributed Value-Based Programs.

When such amounts are billed separately from the price of the Claim, they may be billed as Per Member Per Month ("PMPM") billings for Value-Based Programs incentives/Shared Savings settlements to accounts outside of the Claim system. Claim Administrator will pass these Host Blue charges directly through to Employer as a separately identified amount on the group billings. The amounts used to calculate either the supplemental factors for estimated pricing or PMPM billings are fixed amounts that are estimated to be necessary to finance the cost of a particular Value-Based Program. Because amounts are estimates, there may be positive or negative differences based on actual experience, and such differences will be accounted for in a variance account maintained by the Host Blue (in the same manner as described in the BlueCard Claim pricing section above) until the end of the applicable Value-Based Program payment and/or reconciliation measurement period. The amounts needed to fund a Value-Based Program may be changed before the end of the measurement period if it is determined that amounts being collected are projected to exceed the amount necessary to fund the program or if they are projected to be insufficient to fund the program. At the end of the Value-Based Program payment and/or reconciliation measurement period for these arrangements, Host Blues will take one of the following actions:

- a) Use any surplus in funds in the variance account to fund Value-Based Program payments or reconciliation amounts in the next measurement period.
- b) Address any deficit in funds in the variance account through an adjustment to the PMPM billing amount or the reconciliation billing amount for the next measurement period.

The Host Blue will not receive compensation resulting from how estimated average or PMPM price methods, described above, are calculated. If Employer terminates, Employer will not receive a refund or charge from the variance account. This is because any resulting surpluses or deficits would be eventually exhausted through prospective adjustment to the settlement billings in the case of Value-Based Programs. The measurement period for

determining these surpluses or deficits may differ from the term of this Agreement. Variance account balances are small amounts relative to the overall paid Claims amounts and will be liquidated/drawn down over time. The timeframe for the liquidation depends on variables, including, but not limited to, overall volume/number of Claims processed and variance account balance. Variance account balances may earn interest, and interest is earned at the federal funds or similar rate. Host Blues may retain interest earned on funds in variance accounts. Note: Covered Persons will not bear any portion of the cost of Value-Based Programs except when a Host Blue uses either average pricing or actual pricing to pay Providers under Value-Based Programs.

(2) Care Coordinator Fees

Host Blues may also bill Claim Administrator for Care Coordinator Fees for Provider services which Claim Administrator will pass onto Employer as follows:

- a) PMPM billings; or
- b) Individual Claim billings through applicable Care Coordination codes from the most current editions of either *Current Procedural Terminology* (“CPT”) published by the American Medical Association (“AMA”) or *Healthcare Common Procedure Coding System* (“HCPCS”) published by the US Centers for Medicare and Medicaid Services (“CMS”).

As part of this Agreement, Claim Administrator and Employer will not impose Covered Person cost sharing for Care Coordinator Fees.

c. Value-Based Programs under Negotiated Arrangements

If Claim Administrator has entered into a Negotiated Arrangement with a Host Blue to provide Value-Based Programs to Employer’s Covered Persons, Claim Administrator will follow the same procedures for Value-Based Programs administration and Care Coordinator Fees as noted in BlueCard Program section.

4.5 Return of Overpayments

Recoveries from a Host Blue or its Participating Healthcare Providers and Non-Participating Healthcare Providers can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, health care Provider/Hospital bill audits, credit balance audits, utilization review refunds, and unsolicited refunds. Recoveries will be applied, in general, on either a claim-by-claim or prospective basis. In some cases, the Host Blue will engage a third party to assist in identification or collection of recovery amounts. The fees of such a third party may be charged to Employer. Unless otherwise agreed to by the Host Blue, for retroactive cancellations of membership, Claim Administrator may request the Host Blue to provide full refunds from Participating Healthcare Providers for a period of only one year after the date of the Inter-Plan financial settlement process for the original Claim. For Care Coordinator Fees associated with Value-Based Programs, Claim Administrator may request such refunds for a period of only up to ninety (90) days from the termination notice transaction on the payment innovations delivery platform. In some cases, recovery of Claim Payments associated with a retroactive cancellation may not be possible if, as an example, the recovery (a) conflicts with the Host Blue's state law or health care Provider contracts, (b) would result from Shared Savings and/or Provider Incentive arrangements, or (c) would jeopardize the Host Blue's relationship with its Participating Healthcare Providers, notwithstanding to the contrary any other provision of this Agreement.

4.6 Inter-Plan Arrangements: Federal/State Taxes/Surcharges/Fees

In some instances federal or state laws or regulations may impose a surcharge, tax or other fee that applies to self-funded accounts. If applicable, Claim Administrator will charge any such surcharge, tax or other fee to Employer, which will be Employer’s liability.

4.7 Non-Participating Healthcare Providers outside Claim Administrator’s Service Area

a. Covered Person Liability Calculation

(1) General

When Covered Services are provided outside of Claim Administrator’s service area by Non-Participating Healthcare Providers, the amount(s) a Covered Person pays for such services will be calculated using the methodology described in the Agreement for Non-

Network Providers located inside our service area. The Covered Person may be responsible for the difference between the amount that the Non-Participating Healthcare Provider bills and the payment Claim Administrator will make for the Covered Services as set forth in this paragraph.

(2) Exceptions

In some exception cases, Claim Administrator may, but is not required to, negotiate a payment with such Non-Participating Healthcare Provider on an exception basis. If a negotiated payment is not available, then Claim Administrator may make a payment based on the lesser of:

- a. the amount calculated using the methodology described in Section 4.7(a)(1) above; or
- b. the following:
 - i. for professional Providers, an amount equal to the greater of the minimum amount required in the methodology described in the Agreement for Non-Network Providers located inside our service area; or an amount based on publicly available provider reimbursement data for the same or similar professional services, adjusted for geographical differences where applicable, or
 - ii. for Hospital or facility Providers, an amount equal to the greater of the minimum amount required in the methodology described in the Agreement for Non-Network Providers located inside our service area; or an amount based on publicly available data reflecting the approximate costs that Hospitals or facilities have incurred historically to provide the same or similar service, adjusted for geographical differences where applicable, plus a margin factor for the Hospital or facility.

In these situations, a Covered Person may be liable for the difference between the amount that the Non-Participating Healthcare Provider bills and the payment Claim Administrator will make for the Covered Services as set forth in this paragraph.

b. Fees and Compensation

Employer understands and agrees to reimburse Claim Administrator for certain fees and compensation which Claim Administrator is obligated under applicable Inter-Plan Arrangements requirements to pay to the Host Blues, to the Association, and/or to vendors of Inter-Plan Arrangements related services. Fees and compensation under applicable Inter-Plan Arrangements may be revised from time to time as provided in Section 4.9 below.

4.8 Blue Cross Blue Shield Global Core

a. General Information

If Covered Persons are outside the United States, the Commonwealth of Puerto Rico and the U.S. Virgin Islands (hereinafter: "BlueCard Service Area"), the Covered Persons may be able to take advantage of Blue Cross Blue Shield Global Core when accessing Covered Services. Blue Cross Blue Shield Global Core is unlike the BlueCard Program available in the BlueCard Service Area in certain ways. For instance, although Blue Cross Blue Shield Global Core assists Covered Persons with accessing a network of Inpatient, Outpatient and professional Providers, the network is not served by a Host Blue. As such, when Covered Persons receive care from Providers outside the BlueCard Service Area, the Covered Persons will typically have to pay the Providers and submit the Claims themselves to obtain reimbursement for these services.

(1) Inpatient Services

In most cases, if Covered Persons contact the service center for assistance, Hospitals will not require Covered Persons to pay for covered Inpatient services, except for their cost-share amounts/deductibles, Coinsurance, etc. In such cases, the Hospital will submit the Covered Person's Claims to the service center to initiate Claims processing. However, if the Covered Person paid in full at the time of service, the Covered Person must submit a Claim to obtain reimbursement for Covered Services. Covered Persons must contact Claim

Administrator to obtain preauthorization/precertification for non-emergency Inpatient services, if Employer's Plan requires preauthorization or precertification for such services.

(2) Outpatient Services

Physicians, urgent care centers and other Outpatient Providers located outside the BlueCard Service Area will typically require Covered Persons to pay in full at the time of service. Covered Persons must submit a Claim to obtain reimbursement for Covered Services.

(3) Submitting a Blue Cross Blue Shield Global Core Claim

When Covered Persons pay for Covered Services outside the BlueCard Service Area, they must submit a Claim to obtain reimbursement. For institutional and professional Claims, Covered Persons should complete a Blue Cross Blue Shield Global Core International Claim form and send the Claim form with the Provider's itemized bill(s) to the service center address on the form to initiate Claims processing. The Claim form is available from Claim Administrator, the service center or online at bcbsglobalcore.com. If Covered Persons need assistance with their Claim submissions, they should call the service center at 800-810-BLUE (2583) or call collect at 804-673-1177, 24 hours a day/seven days a week.

b. Blue Cross Blue Shield Global Core Program-Related Fees

Employer understands and agrees to reimburse Claim Administrator for certain fees and compensation which Claim Administrator is obligated under applicable Inter-Plan Arrangement requirements to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Arrangement-related services. Fees and compensation under applicable Inter-Plan Arrangements may be revised from time to time as provided for in Section 4.9 below.

4.9 Modifications or Changes to Inter-Plan Arrangement Fees or Compensation

Modifications or changes to Inter-Plan Arrangement fees are generally made effective Jan. 1 of the calendar year, but they may occur at any time during the year. In the case of any such modifications or changes, Claim Administrator shall provide Employer with at least thirty (30) days' advance written notice of any modification or change to such Inter-Plan Arrangement fees or compensation describing the change and the effective date thereof and Employer's right to terminate this Agreement without penalty by giving written notice of termination before the effective date of the change, which notice will be effective in accordance with Section 6.1(a) of the Agreement. If Employer fails to respond to the notice and does not terminate this Agreement during the notice period, Employer will be deemed to have approved the proposed changes, and Claim Administrator will then allow such modifications to become part of this Agreement.

EXHIBIT 6
RECOVERY LITIGATION AUTHORIZATION

Employer hereby acknowledges and agrees that Claim Administrator may, at its election, pursue claims of Employer and/or the Plan, which are related to claims that Claim Administrator pursues on its own behalf, subject to the following terms and conditions:

1. Claim Administrator shall have the right to select and retain legal counsel.
2. Any lawsuit filed or arbitration initiated by Claim Administrator will be done in the name of Claim Administrator for its own benefit, as well as on behalf of Employer and possibly other parties. Claim Administrator will not cause any litigation to be filed or arbitration to be initiated in the name of Employer and/or the Plan without Employer's express advance consent. With such permission, any such litigation can be filed or arbitration initiated in the name of Employer and/or the Plan with attorneys identified as counsel for Employer or in the name of two or more parties, including Employer and Claim Administrator, with attorneys identified as counsel for Employer, Claim Administrator and possibly other parties.
3. The Parties agree to cooperate with each other in pursuit of recovery efforts pursuant to the provisions of this Exhibit.
4. Claim Administrator shall control any recovery strategy and decisions, including decisions to mediate, arbitrate or litigate.
5. Claim Administrator shall have the exclusive right to approve any and all settlements of any claims being mediated, arbitrated or litigated.
6. Claim Administrator shall have the right to assign claims belonging to Employer and/or the Plan to a third party for the purpose of allowing the third party to pursue the claims on Employer's behalf via mediation, arbitration, or litigation. If such an assignment is made, the rights and obligations of Claim Administrator in this Exhibit 6 shall become the rights and obligations of the third party for purposes of the assigned claims only.
7. Any and all recoveries, net of all investigative and other expenses relating to the recovery made through any means pursuant to the provisions of this Exhibit, including any costs of settlement, mediation, arbitration, litigation or trial including attorney's fees, will be prorated based upon each party's percentage interest in the recoverable compensatory monetary damages, which allocation shall be done by Claim Administrator on any reasonable basis it deems appropriate.
8. Any and all information, documents, communications or correspondence provided to or obtained by attorneys from either party, as well as communications, correspondence, conclusions and reports by or between attorneys and either party, shall be and are intended to remain privileged and confidential. Each party intends that the attorney-client and work product privileges shall apply to all information, documents, communications, correspondence, conclusions and reports to the full extent allowed by state or federal law. Claim Administrator shall be permitted to make such disclosures of such privileged and confidential information to law enforcement authorities as it deems necessary or appropriate in its sole discretion. Employer shall not waive the attorney-client privilege or otherwise disclose privileged or confidential information received in connection with the provisions of this Exhibit or cooperative efforts pursuant to the provisions of this Exhibit without the express written consent of Claim Administrator.
9. The discharge of attorneys by one party shall not disqualify or otherwise ethically prohibit the attorneys from continuing to represent the other party pursuant to the provisions of this Exhibit.
10. Nothing in the provisions of this Exhibit shall require Claim Administrator to assert any claims on behalf of Employer and/or the Plan.
11. Nothing in the provisions of this Exhibit and nothing in attorneys' statements to either party and/or the Plan will be construed as a promise or guarantee about the outcome of any particular litigation, mediation, arbitration or settlement negotiation; therefore, Employer acknowledges that the efforts of Claim Administrator may not result in recovery or in full recovery in any particular case.
12. The terms and conditions described herein shall survive the expiration or termination of the Agreement; however, nothing herein shall require Claim Administrator to assert any claims on Employer's and/or the Plan's behalf following the termination of the Agreement. If the Agreement is terminated after Claim

Administrator has asserted a claim on behalf of Employer and/or the Plan but before any recovery, Claim Administrator may in its sole discretion continue to pursue the claim or discontinue the claim.

13. If Employer should desire to participate in a class or multi-district settlement rather than defer to Claim Administrator, Employer may revoke the grant of authority established herein for that specific matter by affirmatively opting into a class settlement and by notifying Claim Administrator of its decision in writing, immediately upon making such determination as provided for under Section 4.9 Notice and Satisfaction of the Agreement.
14. Employer further acknowledges and agrees that, unless it notifies Claim Administrator to the contrary in writing as provided for under Section 4.9 Notice and Satisfaction of the Agreement, it consents to the terms and conditions of this Exhibit and authorizes Claim Administrator, on behalf of Employer and/or the Plan, consistent with Section 2 above, to:
 - a. Pursue, without advance notice to Employer, claims that Claim Administrator pursues on its own behalf in class action litigation, federal multi-district litigation, private lien resolution programs, or otherwise, including, but not limited to, antitrust, fraud, unfair and deceptive business or trade practice claims pursuant to and in accordance with the provisions of this Exhibit effective immediately;
 - b. Opt out of any class action settlement or keep Employer and/or the Plan in the class, if Claim Administrator reasonably determines that it should do so;
 - c. Investigate and pursue recovery of monies unlawfully, illegally or wrongfully obtained from the Plan.
15. Employer further acknowledges and agrees that Claim Administrator's decision to pursue recovery in connection with particular claims shall be in Claim Administrator's sole discretion and Claim Administrator does not enter into this undertaking as a fiduciary of the Plan or its Covered Persons, but only in connection with its undertaking to pursue recovery of claims of Employer and/or the Plan when, as, and if, Claim Administrator determines that such claims may be pursued in the common interest of the parties.
16. Employer is responsible for ensuring that the terms of its health benefit plan are consistent with the terms of this Exhibit.
17. The Parties agree in the event that the language in the Agreement shall be in conflict with this Exhibit, the provisions of this Exhibit shall prevail with respect to the subject matter hereof.

EXHIBIT 7
COBRA HEALTH BENEFITS CONTINUATION COVERAGE SERVICES

1. DEFINITIONS

In the event that there is a conflict between the definitions set forth below and those found under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") or under the Internal Revenue Code of 1986, and the regulations thereunder, as may be amended, the statutory definitions shall control.

- 1.1 "Applicable Premium"** shall mean the amount a Plan will require a Qualified Beneficiary to pay, for any period of COBRA continuation coverage, that does not exceed one hundred and two percent (102%) of the applicable premium for that period or does not exceed one hundred and fifty percent (150%) of the applicable premium after the 18th month of coverage for Qualified Beneficiaries eligible for extended coverage due to disability. The applicable premium is defined in Section 4980B(f)(4) of the Internal Revenue Code of 1986.
- 1.2 "COBRA"** shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as may be amended.
- 1.3 "Continuation of Coverage Provisions"** shall mean continuation of group health care coverage provisions mandated by COBRA.
- 1.4 "Covered Employee"** shall mean an individual who is (or was) provided coverage under the Plan by virtue of the individual's employment or previous employment with an employer.
- 1.5 "Employer"** shall mean the individual proprietor, partnership or corporation identified in the Plan and any predecessor thereto, and any corporation with which the Employer shall be merged or consolidated, or any corporation resulting in any manner from a reorganization of the Employer or any individual, firm or corporation which shall assume the Health Benefits Continuation Coverage obligations of the Employer.
- 1.6 "Health Benefits Continuation Coverage"** shall mean the health benefits continuation coverage as provided under the Consolidated Omnibus Budget Reconciliation Act of 1985.
- 1.7 "Health Benefits Continuation Coverage Services"** shall mean the administrative services described in Schedule I, which are provided by Claim Administrator in connection with the Employer's obligations to provide Health Benefits Continuation Coverage.
- 1.8 "Plan Administrator"** shall have the meaning given the term "**administrator**" by Section 3(16)(a) of the Employee Retirement Income Security Act of 1974.
- 1.9 "Qualified Beneficiary"** shall mean:
- A.** In general, the term "**Qualified Beneficiary**" shall mean, with respect to a Covered Employee under the Plan, any individual who, on the day before the qualifying event for that employee, is a beneficiary under the Plan:
 - 1. as the spouse of the Covered Employee, or
 - 2. as the dependent child of the Covered Employee.
 - B.** In the case of a qualifying event which is caused by termination (other than by reason for such employee's gross misconduct), or reduction of hours, of the Covered Employee's employment, the term "**Qualified Beneficiary**" includes the Covered Employee.
- 1.10 "Qualifying Event"** shall mean, with respect to any Covered Employee, any of the following events which, but for the continuation coverage required, would result in the loss of coverage of a Qualified Beneficiary:
- A.** The death of the Covered Employee;
 - B.** The termination (other than by reason of such employee's gross misconduct) or reduction of hours, of the Covered Employee's employment;
 - C.** The divorce or legal separation of the Covered Employee from the employee's spouse;

- D. The Covered Employee becoming entitled to benefits under Title XVIII of the Social Security Act;
- E. A dependent child ceasing to be a dependent child under the generally applicable requirements of the Plan; or
- F. A determination made under the Social Security Act that the Covered Employee is disabled.

2. SERVICES TO BE PROVIDED BY CLAIM ADMINISTRATOR

During the term of this Agreement, Claim Administrator will perform such services as are set forth in Schedule I attached hereto and made a part hereof.

3. RESPONSIBILITIES OF THE EMPLOYER

- 3.1** The Employer retains full and final authority and responsibility with respect to compliance with COBRA Continuation of Coverage Provisions and except as provided in Article IV of this Exhibit, the Employer shall have the sole responsibility for and shall bear the entire cost of compliance with all federal, state and local rules and laws including, but not limited to: any licensing; filing; reporting and disclosure requirements as they may apply to its Health Benefits Continuation Coverage or COBRA Continuation Provisions; and all costs, expenses and fees relating thereto.
- 3.2** Subject to the terms of 5.3 of the Agreement, the Employer shall undertake the defense of any action against it and/or Claim Administrator and shall be responsible for the costs of defense; provided, however, that Claim Administrator shall have the option, at its sole discretion, to employ attorneys selected by it to defend any such action, the costs and expenses of which shall be the responsibility of the Employer.
- 3.3** It is understood by the Employer that COBRA imposes penalties on an employer or Plan Administrator who fails to accurately comply with the COBRA Continuation of Coverage Provisions. Subject to the terms of 5.3 of the Agreement it is further understood by the Employer that Claim Administrator shall in no way be responsible for any said penalties nor does Claim Administrator agree to be liable for damages resulting from any said penalties which may be imposed on the Employer or Plan Administrator for non-compliance of COBRA Continuation of Coverage Provisions. The penalties may include, but are not limited to: loss of federal tax deduction for expenses paid or incurred for any Plan maintained by the Employer; failure to notify the employee of continuation rights, either initially or upon a Qualifying Event resulting in a penalty payment of up to \$100.00/ per Qualified Beneficiary per day of delay; and highly compensated individuals who participate in a Plan for which the Employer fails to follow the COBRA requirements may not be permitted to exclude from income the amount contributed by the Employer in his or her behalf for such coverage.
- 3.4** The Employer hereby agrees to identify the employee who shall act as the sole contact between the Employer and Claim Administrator in regard to COBRA Health Benefits Continuation Coverage Services provided under this Agreement.
- 3.5** The Employer hereby agrees to be solely responsible for providing the initial notice regarding Health Benefits Continuation Coverage under COBRA and for providing and updating their Summary Plan Descriptions regarding COBRA.
- 3.6** Unless an insurance policy issued by Claim Administrator is in force, the Employer understands that Claim Administrator does not insure or underwrite the liability of the Employer for the Health Benefits Continuation Coverage it offers pursuant to COBRA. The Employer retains the ultimate responsibility for claims made under the Health Benefits Continuation Coverage and all expenses incident to the Health Benefits Continuation Coverage, except as specifically assumed in this Agreement by Claim Administrator.
- 3.7** The Employer shall furnish on a timely basis to Claim Administrator certain information concerning the Employer's Plan descriptions and employees and dependents covered under the Health Benefits Continuation Coverage including Qualified Beneficiaries entitled to the Health Benefits Continuation Coverage as may from time to time be required by Claim Administrator for the performance of its duties including, but not limited to, the following:

All documents by which the Health Benefits Continuation Coverage is established and any amendments or changes to the Health Benefits Continuation Coverage as may from time to time be adopted including thirty (30) days prior written notification to Claim Administrator when the Employer plans a reduction in force, lay-off, strike, or shutdown or filing for bankruptcy, or makes changes to any of the following: its Health Benefits Continuation Coverage; benefit pricing; or benefit carriers.

All data as may be required by Claim Administrator regarding the Qualified Beneficiaries who are to be covered under this Agreement.

- A. Such data may include, without limitation, a list of Qualified Beneficiaries who are to be covered under this Agreement, and completed Health Benefits Continuation Coverage applications.

Further, the Employer will notify Claim Administrator of the effective date of coverage for all Qualified Beneficiaries who are to be covered under this Agreement. Clerical errors or delays in keeping or reporting data relative to coverage under this Agreement will not invalidate coverage which would otherwise be validly in force or continue coverage which would otherwise validly terminate. However, the Employer is liable for any benefits paid for a terminated Qualified Beneficiary if the Employer had not timely notified Claim Administrator as required by COBRA of such Qualified Beneficiary's termination or ineligibility under COBRA.

- B. All such notification by the Employer to Claim Administrator must be furnished on forms or in a format approved by Claim Administrator and must include all information reasonably required by Claim Administrator to effect such changes.

Such information as to Health Benefit Continuation Coverage benefits as will enable Claim Administrator to accurately prepare any reports required under this Agreement. The Employer, furthermore, shall use its best efforts to cooperate with and assist Claim Administrator as applicable, in the performance of its duties hereunder.

4. RESPONSIBILITIES OF CLAIM ADMINISTRATOR

- 4.1 Claim Administrator is empowered to act on behalf of the Employer in connection with the Health Benefits Continuation Coverage Services only as expressly stated in this Agreement or as mutually agreed to in writing by the parties hereto.
- 4.2 Claim Administrator shall have no responsibility for the compliance of the Health Benefits Continuation Coverage Services with any applicable federal, state or local rule or law.
- 4.3 Claim Administrator shall be responsible for expenses arising out of its performance of the services described in Schedule I.
- 4.4 Claim Administrator hereby agrees to assume full responsibility for timely and complete notice to Qualified Beneficiaries of their respective rights under COBRA provided that the Plan Administrator has given timely and complete notice of the Qualifying Event to Claim Administrator. Notification shall be made in accordance with the notice and time requirements specified in the Consolidated Omnibus Budget Reconciliation Act of 1985. Upon notice of a Qualifying Event from the Plan Administrator, Claim Administrator will provide a notification package to the Qualified Beneficiary.

5. TERM AND TERMINATION OF COBRA SERVICES

- 5.1 This Exhibit shall run concurrent with the Agreement and shall terminate when the Agreement terminates, subject to Run-Out provisions. In the event of such termination Claim Administrator agrees to use its best efforts to assist the Employer in notifying Qualified Beneficiaries, transferring data, files, and all other relevant information to the Employer or its delegate. Unless agreed otherwise in writing by the parties, in the event of such termination, the Employer shall have responsibility for current and future COBRA Qualified Beneficiaries Applicable Premium billing and collection services and all other responsibilities contained in this Exhibit.
- 5.2 In the event that the Employer ceases to have an obligation under COBRA to provide Health Benefit Continued Coverage to all covered employees and all Qualified Beneficiaries, the Employer will

provide Claim Administrator with at least ten (10) days advance written notice of the cessation of its obligations. Upon receipt of such notice, Claim Administrator at its sole option, has the right to terminate this Agreement upon ten (10) days written notice to the Employer. In the event of such termination by Claim Administrator, the Employer shall immediately have complete responsibility for current and future COBRA Qualified Beneficiaries Applicable Premium billing and collection services and all other responsibilities contained in this Agreement. Further, in the event of such termination, the Employer agrees to notify all Qualified Beneficiaries.

5.3 Termination of COBRA services by either the Employer or Claim Administrator shall not terminate any other terms and/or conditions of this Agreement unless provided in this Agreement.

6. NOTICES

All notices, directions or requests under this Exhibit shall be in writing and shall either be delivered or mailed to the parties as follows.

If to the Claim Administrator:

**Health Care Service Corporation
PO Box 655082
Dallas, TX 75265-5082**

or if to the Employer:

The Employer address indicated on Exhibit 4, the Benefit Program Application (“BPA”).

SCHEDULE I

Claim Administrator will perform the following Health Benefits Continuation Coverage Services:

1. Claim Administrator will provide notice to Qualified Beneficiaries of their COBRA rights.
2. Claim Administrator will, within the time frames required by COBRA, produce and mail monthly COBRA premium bills for the Qualified Beneficiaries.
3. Claim Administrator will post premium payments received.
4. Claim Administrator will produce and mail late and/or insufficient premium notices within the time frames required by COBRA, when appropriate, that advise Qualified Beneficiaries that they are in jeopardy of losing their Health Benefits Continuation Coverage.
5. Where premiums are not paid in full or in a timely fashion as defined by COBRA, Claim Administrator will produce and mail a cancellation letter. Unless otherwise agreed to in writing by the parties, Claim Administrator will deem payments that are less than ninety percent (90%) of the premium to be insufficient and cancel coverage.
6. Claim Administrator will send out conversion letters ninety (90) days prior to the end of eligibility period.
7. Claim Administrator will respond to written or phone inquiries relating to COBRA.
8. Claim Administrator will, within fourteen (14) days after receipt of the enrollment form from the Qualified Beneficiary, produce and mail the initial COBRA benefit continuation billing.
9. Claim Administrator will, upon receipt of an enrollment form and initial premium payment, update membership for that Qualified Beneficiary. Once premiums have been received, claims will be processed through normal claims processing channels.
10. Claim Administrator will on a monthly basis furnish a check payable to the Employer in the amount of COBRA premiums received less COBRA Administration fees described in Schedule II. A detailed report of premiums collected broken down by individual carrier(s) will accompany this remittance.

SCHEDULE II

Administrative Fee

The Employer will pay a separate and distinct Administrative Fee to Claim Administrator as payment for the Health Benefits Continuation Coverage Services Claim Administrator provides under this Exhibit. For the charges for Health Benefits Continuation Coverage Services, refer to the current version of the HCSC COBRA ADMINISTRATIVE SERVICES ADDENDUM ("COBRA Services Addendum"), an addendum to the most current ASO BPA.

1. The Employer will pay Claim Administrator the monthly administrative fee set forth in the COBRA Services Addendum which will be deducted from the monthly remittance to the Employer pursuant to Schedule I, paragraph 10 of this Exhibit. If the monthly administrative fee exceeds the amount of premium received, the excess will be due and payable to Claim Administrator upon receipt of a monthly invoice.
2. The Employer will pay Claim Administrator a sum of the amount set forth in the COBRA Services Addendum per Qualified Beneficiary on a monthly basis as the payment for the billing and Applicable Premium collection services Claim Administrator provides under this Agreement. The amount set forth in the COBRA Services Addendum per Qualified Beneficiary per month will be deducted from the monthly remittance to the Employer pursuant to Schedule I, paragraph 10 of this Exhibit. If the amount set forth in the COBRA Services Addendum per Qualified Beneficiary per month fee exceeds the amount of premium received, the excess will be due and payable to Claim Administrator upon receipt of a monthly invoice.
3. The Employer will pay Claim Administrator the amount set forth in the COBRA Services Addendum per Qualified Beneficiary for each notice to Qualified Beneficiaries of their COBRA rights. The amount set forth in the COBRA Services Addendum per Qualified Beneficiary notice will be deducted from the monthly remittance to the Employer, pursuant to Schedule I, paragraph 10 of this Exhibit. If the amount set forth in the COBRA Services Addendum per Qualified Beneficiary notice fee exceeds the amount of premium received, the excess will be due and payable to Claim Administrator upon receipt of a monthly invoice.
4. The Employer will pay Claim Administrator the amount set forth in the COBRA Services Addendum per hour for any system programming costs associated with non-standard administration services. The amount set forth in the COBRA Services Addendum per hour will be deducted from the monthly remittance to the Employer pursuant to Schedule I, paragraph 10 of this Exhibit. If the amount set forth in the COBRA Services Addendum per hour fee exceeds the amount of premium received, the excess will be due and payable to Claim Administrator upon receipt of a monthly invoice.

No.	Criteria	Max. Pts.	Blue Cross/ Blue Shield	Provider Cash Management Network	United Healthcare
	Total Points	100	91.33	78.42	81.85
	Ranking		1	3	2
1	Price	30	28.95	26.75	30.00
	Total Administration Required Services Fees Year 1	30	28.95168048	26.75	30.00
	<i>ie. COBRA, On Site Representative, PPO, Utilization Review, etc.</i>		\$1,688,700.40	\$1,827,550.56	\$1,629,690.48
2	Reputation of the vendor and of the vendor's goods or services;	10	4	5	5
	Similar Size (3000+EE) School District References	5	4	0	5
	<i>Max pts = (5) pts, 1 pt each</i>		4 references (3,000+EE)	0 references (3,000+EE)	5 references (3,000+EE)
	Has your company been subject to any fines in the last 3 years?	5	0	5	0
	<i>Max pts = (5) pts, Yes (0), No (5)</i>		Yes	No	Yes
3	The quality of the vendor's goods or services	20	20	14.62	13.85
	Fiduciary	10	10	10	10
	<i>Max pts = (10) pts, Yes (10), No (0)</i>		yes	yes	yes
	Value Added Services (ie. Credits)	10	10	4.62	3.85
	<i>Max pts = (10) pts (Line Item 4.57, 5.57, 6.58)</i>		\$650,000	\$300,000	\$250,000
4	The extent to which the goods or services meet District's needs	26	26	22	22
	Full audit rights	5	5	5	5
	<i>Max pts = (5) pts, Yes (5), No (0)</i>		yes	yes	yes
	Administer employer specific direct contracts.	5	5	5	5
	<i>Max pts = (5) pts, Yes (5), No (0)</i>		yes	yes	yes
	Administer all plan design components of current plans	5	5	5	5
	<i>Max pts = (5) pts, Yes (5), No (0)</i>		yes	yes	yes
	Willing to negotiate changes to Admin Svc Agreement	5	5	5	5
	<i>Max pts = (5) pts, Yes (5), No (0)</i>		yes	yes	yes
	24/7 Customer Service	2	2	0	0
	<i>Max pts = (2) pts, Yes (2), No (0)</i>		yes	no	no
	Performance Guarantees	2	2	2	2
	<i>Max pts = (2) pts, Yes (2), No (0)</i>		yes	yes	yes
	24/7 Spanish Customer Service	2	2	0	0
	<i>Max pts = (2) pts, Yes (2), No (0)</i>		yes	no	no
5	The vendor's past relationship with the District, if any.	2	2	0	0
	<i>Positive past history = 2; No History = 0</i>		Positive past history	No history	No history
6	HUB	1	0	0	0
7	The total long-term cost to the District to acquire the vendor's goods or services.	10	9.38	9.05	10.00
	Year 2 Total Administration Required Services Fees	5	4.73	4.50	5.00
	<i>Max pts = (5) pts (Line Item 5.2-5.55)</i>		\$1,738,263.76	\$1,827,550.56	\$1,643,458.08
	Year 3 Total Administration Required Services Fees	5	4.65	4.56	5.00
	<i>Max pts = (5) pts (Line Item 6.2-6.55)</i>		\$1,789,400.56	\$1,827,550.56	\$1,665,092.88
	Combined Total		\$3,527,664.32	\$3,655,101.12	\$3,308,550.96
	Points	10	9.38	9.05	10.00
8	Vendor or the vendor's ultimate parent company or majority owner has its principal place of business in this state or employs at least 500 persons in this state	1	1	1	1
	<i>Texas Vendor or Employs 500 in Texas = 1; Out of State Vendor = 0</i>		Richardson, TX	Dallas, TX	Minnetonka, MN
9	And, any other relevant factor specifically listed in the request for proposal.	0	0	0	0

Signature: *Natalia Goza*

Email: natalie.goza@mcallensd.net

BOARD AGENDA REPORT
McALLEN INDEPENDENT SCHOOL DISTRICT

MEETING DATE: November 14, 2022

SUBJECT: Discussion and Possible Action on the McAllen Independent School District October Budget Amendment for Fiscal Year Beginning July 1, 2022 and Ending June 30, 2023

REFERENCE: Goal 4, Strategy 7 - Financial Priorities

BACKGROUND INFORMATION/REASON FOR BOARD CONSIDERATION:

In accordance with TEA budget and accounting procedures guidelines, the District's official budget is comprised of the General Fund which includes Food Service and the Debt Service Fund. The District has administratively opted to officially adopt the Capital Projects Fund budget. The adoption of the budgets associated with these funds, and subsequent amendments, should be approved by the Board of Trustees. The authority to approve a budget or a budget amendment for a grant program, however, lies with the granting agency and not with the District's Board.

The administration will routinely allow amendments of existing budgeted funds between major function levels, in order to accommodate the necessary operations of the requesting department or campus. These amendments usually become necessary due to account coding requirements. These requests allowed at the administrative level are subject to final approval by the Board of Trustees.

The budget amendments are broken down into the following two categories:

1. Revisions – amendments that are necessary because of policy changes or revisions to programs that increase/decrease the budget.
2. Transfers – amendments that are necessary and/or amounts require adjustments but do not increase/decrease the budget.

ADMINISTRATIVE CONSIDERATIONS/FACTS AND ANALYSIS:

The budget amendment detail provides explanations for the revisions and transfers.

LEGAL REVIEW:

None required.

BUDGETARY CONSIDERATIONS:

	General Fund	Capital Projects Fund
Unaudited Fund Balance	\$ 149,968,397	\$ 14,770,086
Revenues	235,532,103	13,500,000
Expenditures	281,436,025	28,162,164
Preliminary Ending Fund Balance	\$ 104,064,475	\$ 107,922

BOARD AGENDA REPORT
McALLEN INDEPENDENT SCHOOL DISTRICT

MEETING DATE: November 14, 2022

SUBJECT: Discussion and Possible Action on the McAllen Independent School District October Budget Amendment for Fiscal Year Beginning July 1, 2022 and Ending June 30, 2023

REFERENCE: Goal 4, Strategy 7 - Financial Priorities


RECOMMENDED BOARD ACTION:

That the Board of Trustees approve the McAllen Independent School District October Budget Amendment for the General Fund and Capital Projects Fund for Fiscal Year Beginning July 1, 2022 and Ending June 30, 2023.

SUBMITTED BY: 

SUPERVISOR: 

For further information contact:
Name: Iris Luna, RTSBA
Office: (956) 618-6016
eMail: iris.luna@mcalleisd.net

Approved for presentation to the Board of Education:

Superintendent of Schools

Description	A	B	C		D	E
	Original Budget	Revised Budget 09/30/2022	Budget Amendments Under Consideration		Revised Budget 10/31/2022	
			Revisions	Transfers		
Unaudited Fund Balance	149,968,397	149,968,397				149,968,397
Revenues:						
Local:						
Property Taxes	84,847,227	84,847,227				84,847,227
Interest Income	449,000	449,000				449,000
Other Local Income	2,558,363	2,602,597	1,000			2,603,597
State:	122,747,887	122,747,887	25,000			122,772,887
Federal:	24,168,809	24,638,911	160,000			24,798,911
Other Sources:	0	57,949	2,532			60,481
Total Revenues	234,771,286	235,343,571	188,532	0		235,532,103
Expenditures:						
11 Instruction	111,529,775	112,646,551	405,159	(74,479)		112,977,231
12 Inst. Res. & Media Services	3,439,107	3,452,458		4,052		3,456,510
13 Curriculum Dev. & Inst. Staff Dev.	4,485,953	4,515,971		(13,114)		4,502,857
21 Inst. Leadership	3,232,831	3,527,877	1,000	(15,763)		3,513,114
23 School Leadership	13,078,246	13,098,178		41,966		13,140,144
31 Guid., Counseling & Eval. Ser.	9,892,119	9,802,636	1,885	51,888		9,856,409
32 Social Work Services	1,938,730	1,942,968		23,336		1,966,304
33 Health Services	3,011,681	3,036,567		2,161		3,038,728
34 Student (Pupil) Trans.	4,394,173	5,048,264				5,048,264
35 Food Services	19,375,000	20,730,134	260,112			20,990,246
36 Curricular/Extracurricular Act.	11,106,630	11,991,500		65,881		12,057,381
41 General Administration	7,751,869	8,156,382		183,053		8,339,435
51 Plant Maint. & Operations	26,638,858	22,300,530	160,000	5,547		22,466,077
52 Security and Monitoring Serv.	4,787,045	7,557,230		96,686		7,653,916
53 Data Processing Services	4,866,183	6,105,592		(9,502)		6,096,090
61 Community Services	110,373	113,433		674		114,107
71 Debt Service	6,265,094	5,664,092		(362,386)		5,301,706
81 Fac. Acquisition & Const.	21,022,428	27,409,055	2,532			27,411,587
95 Pmt. to Juv. Justice Alt. Ed. Prg.	40,000	40,000				40,000
99 Other Intergovernmental Charges	965,919	965,919				965,919
Other Uses	12,500,000	12,500,000				12,500,000
Total Expenditures	270,432,014	280,605,337	830,688	0		281,436,025
		128				
Preliminary Ending Fund Balance	114,307,669	104,706,631	(642,156)	0		104,064,475

GENERAL FUND
Revisions

REVENUES:

Local			
Other Local Income	- Donation from Jose Huerta Jr., K W C Financial Group for TECHnovate Sponsorship for Fund 199 General Fund	<u>\$ 1,000</u>	1,000
State			
	- Increase to State Revenues from TEA for State Matching Funds for Fund 101 Food Service	<u>\$ 25,000</u>	25,000
Federal			
	- Carry Forward CDBG Grant from the City of McAllen from 2021-2022 for Houston Elementary Playground Fund 199 General Fund	<u>\$ 160,000</u>	160,000
Other Sources			
	- Transfer to Fund 199 General Fund from Fund 713 Safe and Secure for Walkway Extension at Rayburn Elementary	<u>\$ 2,532</u>	2,532
		Grand Total	<u><u>\$ 188,532</u></u>

EXPENDITURES:

Function 11	- Transfer from Fund Balance for Fund 162 Career Technical Education - Desktop and Laptop Computers	<u>\$ 405,159</u>	405,159
Function 21	- Increase to Supplies for TECHnovate Event for Fund 199 General Fund	<u>\$ 1,000</u>	1,000
Function 31	- Transfer from Fund Balance for Fund 162 Career Technical Education - Desktop and Laptop Computers	<u>\$ 1,885</u>	1,885
Function 35	- Increase to Food for Fund 101 Food Service - Transfer from Fund Balance for Fund 101 Food Service for Cargo Vans and Hot/Cold Mobile Cabinets	<u>\$ 25,000</u> <u>235,112</u>	260,112
Function 51	- Increase for Carry Forward CDBG Grant For Houston Elementary Playground	<u>\$ 160,000</u>	160,000
Function 81	- Increase for Walkway Extension for Rayburn Elementary	<u>\$ 2,532</u>	2,532
		Grand Total	<u><u>\$ 830,688</u></u>

CAPITAL PROJECTS

Description	A	B	Budget Amendments Under Consideration		D
	Original Budget	Revised Budget 09/30/2022	Revisions	Transfers	Revised Budget 10/31/2022
Unaudited Fund Balance	14,770,086	14,770,086			14,770,086
Revenues:					
Local					
Other Local Income	1,000,000	1,000,000			1,000,000
Other Sources	12,500,000	12,500,000			12,500,000
Total Revenues	13,500,000	13,500,000	0	0	13,500,000
Expenditures:					
51 Plant Maint. & Operations	356,000	471,178		8,353	479,531
81 Fac. Acquisition & Const.	22,280,181	27,690,986		(8,353)	27,682,633
Total Expenditures	22,636,181	28,162,164	0	0	28,162,164
Preliminary Ending Fund Balance	5,633,905	107,922	0	0	107,922

CAPITAL PROJECTS FUND
Revisions

REVENUES:

None for October 2022

Grand Total \$ -

EXPENDITURES:

None for October 2022

Grand Total \$ -

Description	A	B	C		D	E
	Original Budget	Revised Budget 09/30/2022	Budget Amendments Under Consideration		Revised Budget 10/31/2022	Revised Budget 10/31/2022
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Total Expenditures	22,636,181	28,162,164	0	0	28,162,164
Preliminary Ending Fund Balance	5,633,905	107,922	0	0	107,922

CAPITAL PROJECTS FUND
Revisions

REVENUES:

None for October 2022

Grand Total \$ -

EXPENDITURES:

None for October 2022

Grand Total \$ -

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBJECT: Discussion and Possible Action of Travel for Board of Trustees

REFERENCE: Goal 2 - People Development

BACKGROUND INFORMATION/REASON FOR BOARD CONSIDERATION:

Policy requires Board Members to submit travel requests to the Board in advance when practical. The Board plans to attend the Texas Association of School Board (TASB) Legal Seminar, November 19, 2022 in South Padre Island, Texas.

ADMINISTRATIVE CONSIDERATIONS/FACTS AND ANALYSIS:

The Board of Trustees will report on the following trip(s):

- TASB Legal Seminar - November 19, 2022 South Padre Island, Texas

LEGAL REVIEW:

None

BUDGETARY CONSIDERATIONS:

Funds for this trip have been allocated through the Board of Trustees' Budget

RECOMMENDED BOARD ACTION:

That the Board of Trustees approve the travel request for Board of Trustees to attend the TASB Legal Seminar, November 19, 2022, in South Padre Island, Texas

SUBMITTED BY: *Natalia Goza*

SUPERVISOR: _____

For further information contact:

Name: Natalia Goza

Office: (956) 618-6094

eMail: natalie.goza@mcallenisd.net

Approved for presentation to the Board of Education:

J. Alexander

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Superintendent of Schools

Nov 11, 2022

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: November 14, 2022

SUBJECT: Discussion and Possible Action to Approve Board of Education Meeting Minutes

REFERENCE: N/A

BACKGROUND INFORMATION/REASON FOR BOARD CONSIDERATION:

The minutes for each meeting of the Board of Education are traditionally brought to the Board for approval. After approval, the minutes become the Official Record of Board Action.

ADMINISTRATIVE CONSIDERATIONS/FACTS AND ANALYSIS:

The Administration asks that the Board of Education consider approval of the attached minutes.

LEGAL REVIEW: None

BUDGETARY CONSIDERATIONS: None

RECOMMENDED BOARD ACTION:

That the Board approve the minutes of the following meeting(s):

Regular Board Meeting	September 26, 2022 5:00 P.M.
Regular Board Meeting	October 11, 2022 5:00 P.M.
Regular Board Meeting	October 24, 2022 5:00 P.M.
Special Board Meeting	November 1, 2022 12:00 P.M.

Signature: 

Email: jose.gonzalez@mcallenisd.net

SUBMITTED BY: 

SUPERVISOR: 
Tony Forina (Nov 1, 2022 08:44 CDT)

For further information contact:

Name: Natalia Goza

Office: 956-618-6094

eMail: natalie.goza@mcallenisd.net

Approved for presentation to the Board of Education:


Tony Forina (Nov 1, 2022 08:44 CDT)

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Superintendent of Schools Nov 1, 2022