

STATE OF TEXAS §
 §
COUNTY OF WEBB §

AGREEMENT FOR CONSULTING SERVICES

This Agreement is made and entered into by and between Webb County, Texas, a political subdivision of the State of Texas, acting herein by and through the Webb County Commissioners Court, with its principal place of business at 1000 Houston, Laredo, Texas 78041 (hereinafter referred to as "Webb County") and, Valley Risk Consulting Inc. (VRC).

RECITALS

WHEREAS, Webb County, Texas desires to secure professional consulting services in the areas of property and casualty insurance and employee benefits; and

WHEREAS, VRC GROUP represents to Webb County that it is capable of providing the consulting services requested and as described in this agreement.

NOW THEREFORE, Webb County and VRC in consideration of the mutual covenants and agreements herein described, do agree as follows:

TERM

This agreement shall be for a period of twelve months commencing on the 1st day of October, 2015 and ending the 31 day of September, 2016. Webb County shall notify VRC at least 90 days prior to the anniversary date as to whether it does not intend to renew this Agreement; otherwise the Agreement is deemed approved by Webb County for the following year. The parties agree that VRC shall use its best efforts to conclude its work in a timely manner, and the County agrees to use its best efforts to provide the information requested in a timely manner.

SCOPE OF SERVICES

VRC shall provide professional services described as "Property and Casualty and Employee Benefits Consulting Services" as follows:

SECTION I - PROPERTY & CASUALTY

PHASE I - RISK & INSURANCE EVALUATION

It will be the principal aim of VRC's risk and insurance review to identify the strengths and weaknesses of Webb County's Risk Management Programs and to advance recommendations which are designed to achieve the above-mentioned objectives:

A. REVIEW

The following lines of insurance will be examined, including TPA services:

1. LIABILITY

- a. Aircraft and Marine
- b. Automobile
- c. General Liability (Including Environmental Liability)
- d. Professional (Public Official Liability, Engineers E&O, EMT Liability, Medical Malpractice, etc.)
- e. Umbrella
- f. Police Liability
- g. Workers Compensation and Employers Liability — Excess Coverage

2. The evaluation will also address exposures to Civil Rights Liability under Federal Law (i.e., Federal Civil Rights Act 42 USC 1983 and sequentials thereto, and the Texas Tort Claims Act).

3. PROPERTY & TIME ELEMENT

- a. Accounts Receivable and Valuable Papers
- b. Boiler and Machinery
- c. Crime and Bonding
- d. Automobile, Aircraft and Watercraft
- e. Electronic Data Processing
- f. Fire and Allied Lines, Direct and Indirect (Real and Personal Property)
- g. Fire and Allied Lines Time Element (Extra Expense and Business Interruption)
- h. Miscellaneous - (Fine Arts, Mobile Equipment, etc.)

B. EXPOSURE ANALYSIS

VRC will execute a complete, risk exposure analysis of Webb County's operations and activities, including the following:

1. VRC will identify and evaluate Webb County's risks to fortuitous loss arising out of property direct damage and indirect exposures, crime exposures, time element exposures, and legal liability exposures. This will include a one-day, fact-finding visit with various Webb County personnel.
2. VRC will advance recommendations designed to cost effectively finance those risks which cannot be completely controlled. This will involve both risk transfer and self insurance considerations, including transfer to an insurance company via commercial insurance purchase and contractual risk transfer considerations.

C. ADMINISTRATION

VRC will examine Webb County's methods of administering the county's property and casualty insurance program in terms of:

1. A brief review of current risk management policies and procedures.
2. A brief review of current claims/loss control programs.
3. A detailed review and analysis of the County's current risk funding and transfer programs, including the structure and design of such programs.

D. PROGRAM ANALYSIS AND RECOMMENDATIONS

VRC will analyze Webb County's property and casualty and self-insurance policies and programs and recommend coverages that may be needed to address gaps in Webb County's programs. The analysis will include such things as:

1. Financial stability of carriers
2. Appropriateness and competitiveness of insurance markets and coverages, including market surveys
3. Adequacy of policy limits and valuation formulae, including establishing insurance values for real and personal property
4. Competitiveness of premiums and risk funding alternatives
5. Amendment of policy terms and provisions
6. Deletion of unnecessary coverages or purchase of additional insurance

7. Desirability of consolidating coverages and risk financing alternatives
8. Appropriateness of deductibles, retentions and other self-insured options

E. INSURANCE SUMMARY

VRC will submit a written executive summary report to the Webb County Administrative Services Department on or before October 30th of each year. The written summary will be principally based on VRC's review of Webb County's coverages, and will include a listing of all Webb County's policies and a brief description of all coverages.

PHASE II – RETAINER

This service will provide additional technical support to Webb County on an ongoing basis. The objective of this service will be to supplement the internal and external insurance and risk management resources available to Webb County. This would include:

1. Review renewal policies for appropriateness and following up with Webb County's agent or insurer to remedy changes in coverage and exposures.
2. Monitor the workers compensation experience on a monthly basis and prepare an executive summary for management on a quarterly basis.
3. Prepare a risk funding accrual valuation for three (3) prior funding years effective September 30, 2012. This report will be prepared within sixty (60) days after we receive the requisite information from the County's Administrative Services Department.
4. Assist with preparing the property and casualty and workers compensation annual budgets.
5. Review proposals for additional coverages.
6. Provide other day-to-day advice regarding coverage issues as requested.
7. Negotiate Webb County's November 1, 2012, Self Funded Health and Dental Plan renewal being Option 1 (Property and casualty and employee benefits [negotiation of Blue Cross alternatives]) or Option 2 (Property and casualty and employee benefits [RFP for Blue Cross coverage]) depending on Webb County's selection of the aforementioned options.

VISITS AND INFORMATION REQUIREMENTS

- A. Phases II — Retainer Services:

In order to professionally carry out this assignment, VRC proposes to conduct three meetings with various management personnel as follows:

1. At least two (2) one (1)-day visits to negotiate renewals.
 2. VRC will also meet with Webb County on an informal as-needed basis when VRC personnel are in the area.
- B. In order to begin this assignment, it would be beneficial if VRC could review copies of the following information:
1. Complete copies of current property and casualty insurance policies
 2. The most recent premium audits and rating plan adjustments
 3. Self-insurance loss and expense summaries, by line of exposure, valued for the current policy term plus the four previous policy terms
 4. Commercial insurance loss and expense summaries, by line of coverage, valued for the current policy term plus the four previous policy terms
 5. Annual reports and/or latest available financial statements
 6. Risk management policies, procedures, programs, etc. *
 7. Insurance appraisals and other pertinent information *
 8. Exposure and rating information such as fleet schedules, real & personal property lists, by location, and mobile equipment schedules
 9. Contracts and written agreements that have insurance and risk management implications *
 10. Demographic information about Webb County.

* Webb County does not have to make copies of these, but VRC would like to examine them during the exposure survey.

SECTION II - EMPLOYEE BENEFITS

PHASE I - PLAN SURVEY

It will be the principal aim of the employee benefits review to identify the strengths and weaknesses of Webb County's program, and to advance recommendations designed to achieve Webb County's objectives, and if warranted to prepare an RFP.

The basic tool in evaluating a group benefit program is the plan survey. The purpose of a plan survey is to define, measure, and evaluate Webb County's plan. The survey reviews all functions of Webb County's present plan, including design, funding, and operation, and furnishes constructive recommendations for management's consideration. VRC's study specifically relates to Webb County's Employee Benefit Core (which is comprised of Webb County's self-insured health plan, including TPA services, Webb County's Employee Life insurance plan) and Webb County's Supplemental Employee Benefits (which is comprised of supplemental insurance coverages acquired by each individual employee and payable by each individual employee and known as the "Employee Cafeteria Plan").

The plan survey will be broad in scope and will include the following elements:

A. PLAN INVENTORY

1. Identify management's benefit plan objectives and goals as identified by the Administrative Services Department.
2. Review components of Webb County's existing plan in light of objectives and goals.
3. Evaluate Webb County's existing plan for compliance with regulatory requirements
4. Review claims administration reporting and internal controls

B. PLAN DESIGN AND EFFECTIVENESS

1. Evaluate Webb County's plan for cost containment, cost sharing, and benefit redesign feasibility
2. Evaluate and compare current benefit options for Webb County employees
3. Review employee communication program
4. Evaluate and analyze risk retention options

C. PLAN FUNDING CONSIDERATIONS

1. Analyze benefit costs, operating expenses, and utilization of benefits for Webb County's plan
2. Determine cost trends by line of coverage and benefit
3. Calculate funding requirements and plan pricing

4. Review and evaluate alternate funding arrangements to improve Webb County's cash flow potential and limit risks

The plan survey will be prepared within sixty (60) days after VRC receives the requisite information as set forth below in Section II, Phase III, Retainer, Visits and Information Requirements.

PHASE II - SPECIFICATIONS AND BIDDING PROCESS

Based on the results of Phase I, specifications will be prepared for competitive bidding on the programs that most clearly satisfy Webb County's benefit planning philosophy and needs. The specifications and bidding process will be subject to Webb County's approval; will be in accord with current employee benefit planning practices; and will be in compliance with the requirements and spirit of the public bid law.

The elements of the specifications and bidding assignment will include the following:

A. STRATEGY:

Establish a strategy in accordance with the particular philosophy and needs of the County to define a reasonable time-frame for executing the specification exercise, and including other matters such as:

1. Bidding procedures and requirements
2. Recommending viable sources of benefit providers and plan administration services
3. Equitable ground rules to be followed in the specifications and bidding exercise

B. SPECIFICATION INSTRUCTIONS

1. This will involve the preparation of uniform specifications, instructions and information in a professional format for distribution to selected markets.
2. The specifications will be uniformly applicable, to promote a transparent environment and an "apples-to-apples" comparison.
3. The specifications will address the schedule of benefits and related particulars, funding methods, and administrative requirements.

4. The specifications will include existing plan summaries for Webb County's insurance programs, as follows:
 - a. Experience and rating information
 - b. Census data and information descriptive of Webb County and its operation and activities
5. The specifications will also include forms to be executed and submitted by providers of benefits and/or services.

C. ASSISTANCE

VRC will provide personal assistance to competing bidding organizations for underwriting and other related inquiries. This will involve clarifying any unclear areas of the specifications or other data, or providing new or additional information as may be requested by electronic format.

D. EVALUATION

The final step of the specification and bidding procedure will include a thorough, detailed evaluation of the proposals in terms of quantitative and qualitative criteria. VRC will discuss its findings with Webb County and submit a written report that contains VRC's evaluation and recommendations.

The evaluation service can include discussions and/or negotiations with viable bidders which may be necessary to clarify the proposals, or which may be required to "polish" rough edges of proposed programs.

The objective, therefore, of the evaluation service is to establish a firm and unbiased basis from which Webb County can make an informed decision on the award of Webb County's program, and to make certain that exhaustive efforts are undertaken to achieve the best possible plan at the lowest cost.

PHASE III – RETAINER

This service will provide additional technical support to Webb County on an ongoing basis. The objective of this service will be to supplement the internal and external employee benefits resources available to Webb County. The specific services that can be provided will include, but not be limited, to the following:

1. Keep Webb County informed about legislative activities impacting its employee benefit plan.
2. Review loss and experience data for trend analysis.

3. Estimate future losses and costs.
4. Review proposals for additional coverages.
5. Review managed care reports.

VISITS AND INFORMATION REQUIREMENTS

A. Phases I and II — Plan Survey and Specifications/Bidding Process:

In order to professionally carry out this assignment, VRC proposes to conduct meetings with various management personnel as follows:

1. Two (2) one (1) day visits (at a maximum of six (6) hours per visit) and two (2) one (1) day visits (at a maximum of three (3) hours per visit) to Webb County's Risk Management Office are contemplated during the contract year, primarily in connection with the RFP process.
2. VRC will also meet with Webb County on an informal and as-needed basis when VRC Group personnel are in the area.

B. Certain data is necessary for the preparation of the plan evaluation. This basic data consists of the following:

1. Summary census information of the plan participants on a monthly basis for each of the three previous years, including:
 - a. Number of covered employees
 - b. Number of employees covering dependents
2. Census information for current plan participants, including COBRA participants and retirees:
 - a. Date of Birth
 - b. Sex
 - c. Salary
 - d. Job Title or Job Code
 - e. Zip Code
 - f. Type of Coverage (Employee Only, Employee and Spouse, Employee and Children or Employee and Family)
 - g. Type of benefit (Dental, Life, Health) with provider identification

- h. Retiree Designation (if appropriate)
- i. COBRA Designation (if appropriate), including:
 - 1) Length of Coverage (18, 29 or 36 months)
 - 2) Effective Date
- 3. Present plan information, including copies of the master contracts and all amendments implemented within the past three years, and the dates on which changes became effective. Also, contracts or amendments detailing the method of operation of Webb County's present funding arrangements.
- 4. Present rates and funding levels for all coverages, plus any changes that have occurred within the past three years, and the dates on which these changes were effective.
- 5. Complete data relative to claims experience for all employee benefit coverages for the current year-to-date and the past three plan years. This data should be on a monthly basis by line of coverage and benefit.
- 6. Complete data relative to paid premiums for all employee benefit coverages for the current year-to-date and the past three plan years. This data should be on a monthly basis by line of coverage and benefit.
- 7. "Large Claim" information for claims that exceeded \$50,000 for the current year-to-date and the past three Plan Years, including:
 - a. Age
 - b. Sex
 - c. Relationship (employee or dependent)
 - d. Date of onset
 - e. Diagnosis and Prognosis
 - f. Current Status (deceased, returned to work, ongoing treatment etc.)
 - g. Amount Paid
 - h. Period of Claim Payments (beginning date)

Webb County's records may contain most of the above information; however, some of the data will probably have to come from Webb County's present carrier. This information should be sent in electronic format (e-mail or diskette) whenever possible.

- B. VRC shall prepare tentative RFP schedules for property and casualty and workers compensation as well as schedules for employee benefit self-funded health & dental plan RFPs as identified in Exhibit A.

PAYMENT

As consideration for performing the necessary services pursuant to this agreement, WEBB COUNTY agrees to compensate VRC an annual amount of \$44,000 to be paid out in twelve (12) monthly payments of Three thousand six hundred sixty five dollars and no cents (\$3,665) upon execution of this agreement. Any additional services to be performed and not listed in this agreement will be outlined in a separate exhibit and signed by both parties and may be attached as an addendum to this agreement.

Any assignments which are classified as "extra-services" shall be billed to Webb County at \$165.00 per hour in addition to the retainer.

FEES

In performing services for Webb County, VRC will act exclusively in a consulting capacity. VRC's only source of revenue will be the fee charged for professional consulting service. Professional fees include secretarial and clerical time. **Travel and related expenses are included.**

VRC shall only perform "extra services" on written instruction from Webb County. Webb County agrees to compensate VRC for any and all actual expenses in connection with services rendered under this Agreement.

TERMINATION

Termination without Cause. The County shall have the right to terminate this Agreement without cause on 90 days written notice to VRC. In the event of such termination, VRC shall be entitled to payment for all services rendered to the County through the date of termination and for all services necessary to close out any pending matters.

Termination for Cause. If either party fails to observe or perform in a material manner any term or condition of this Agreement, the aggrieved party shall send written notice specifying the nature of the alleged default. If the default is not fully cured within 10 (ten) business days after receiving the notice, then the aggrieved party may elect to terminate this Agreement, and pursue any and all rights and remedies available to such party pursuant to this agreement.

DEVOTION OF TIME AND PROJECT TEAM

VRC shall devote such time to the performance of its duties under this Agreement as is necessary for the completion of all duties under this contract. Should County require additional services not included in this Agreement, an amendment to this agreement stating the exact scope of services and cost of all additional services shall be submitted

for County's approval. No additional services shall be provided or billed for without the prior written approval of the County.

The project team shall be composed of licensed consultants, network developers, and pharmacy benefit auditors.

INDEPENDENT CONTRACTOR

It is the intention of the parties that under this agreement that VRC is an independent contractor and not an employee of County. In this regard, County shall not dictate the manner and method of providing services so long as such services are provided in compliance with accepted procedures and standards of care of VRC's profession.

CONFIDENTIALITY

Any reports, information, data or studies given to or assembled by VRC under this Agreement shall be kept confidential and shall not be made available to any individual or organization without the prior written approval of Webb County.

COMPLIANCE WITH LAWS

VRC agrees to comply with all federal, state and local laws, rules, regulations and ordinances. VRC hereby represents that it has the necessary personnel required to perform the services under this Agreement. Said personnel and VRC are fully qualified to perform the services under this Contract.

INDEMNIFICATION

VRC shall fully indemnify, save and hold harmless the County, its officers, employees, and agents against any and all liability, damage, loss, claims, demands, and actions of any nature whatsoever that arise out of VRC's intentional or negligent acts, or acts that are directly related to:

- a) VRC's failure to fulfill any of the terms and conditions of this Agreement;
- b) any violation by VRC of any applicable federal or state laws, rules, or regulations resulting from any intentional or negligent act or omission of VRC or its agents and employees; or
- c) any intentional or negligent act(s) or omission(s) by VRC arising out of the performance of any services rendered pursuant to this Agreement.

VRC shall, at its own expense, investigate all such claims and demands, attend to their settlement or other disposition, defend all actions based thereon and pay all charges of attorneys and all other costs and expenses of any kind arising from any such liability, damage, loss, claims, demands, and actions.

This indemnification shall not be construed to require indemnification against any and all liability, damage, loss, claims, demands, and actions of any nature whatsoever which may be caused or arise from intentional or negligent act(s) or omission(s) of the County, its officers, employees and agents.

VRC shall maintain errors and omissions liability with a limit of at least one million dollars (\$1,000,000.00) per occurrence.

PERSONNEL AND EQUIPMENT

VRC agrees to furnish the expertise and other basic equipment needed to provide the herein described services.

NO ENDORSEMENT

VRC shall not advertise or publish, without the Commissioners Court prior written consent, the fact that the County has entered into this Agreement, except as may be necessary to comply with proper requests for information from or filing of reports of federal, state or local government agencies.

NOTICES

Notices provided herein shall be delivered to:

On behalf of County to:

Webb County Judge
County Courthouse P.O. Drawer 29
Laredo, Texas 78042

cc: Ms. Cynthia Mares, Director
Administrative Services
1110 Washington Street, Suite 100
Laredo, Texas 78040

On behalf of VRC to:

Mr. Roger Garza
Valley Risk Consulting Inc.
1200 Fresno St. Suite C
McAllen, Texas 78501

ENTIRE AGREEMENT

This agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof, and no other agreement, statement, or promise relating to the subject matter of this agreement that is not contained herein shall be valid or binding.

AMENDMENT

This agreement may be amended by the mutual agreement of the parties hereto in writing and must be attached to and incorporated into this agreement.

LEGAL CONSTRUCTION

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions thereof and this agreement shall be constructed as if such invalid, illegal, or unenforceable provision had never been contained herein.

NON-ASSIGNABILITY

This Contract may not be assigned by any party hereto without the prior written consent of the other party.

BANKRUPTCY

In the event that VRC is adjudged bankrupt or insolvent, then any receiver, liquidator, conservator, or successor shall be bound by the rights, policies, duties, and obligations of this Agreement.

FORCE MAJEURE

Neither party shall be responsible for losses resulting if the fulfillment of any terms or provisions of this Contract are delayed or prevented by any cause not within the control of the party whose performance is interfered with, and which, by the exercise of reasonable diligence, said party is unable to prevent.

EQUAL EMPLOYMENT OPPORTUNITY

VRC agrees that during the performance of this Agreement it will be an Equal Opportunity Employer.

GOVERNING LAW

To the extent of this Agreement is not governed by applicable federal laws and regulations, this Agreement shall be governed by and constructed in accordance with the laws of the State of Texas. Venue shall be Webb County, Texas.

Effective the _____ day of October, 2015 and signed in duplicate originals on this _____ day of April, 2016.

WEBB COUNTY

VALLEY RISK CONSULTING, INC.

Tano E. Tijerina
WEBB COUNTY JUDGE

Roger Garza
PRESIDENT

ATTESTED:

Margie Ramirez-Ibarra
WEBB COUNTY CLERK

APPROVED AS TO FORM:

Marco A. Montemayor
WEBB COUNTY ATTORNEY

Exhibit A

**TENTATIVE SCHEDULE FOR PROPERTY AND CASUALTY AND WORKERS
COMP RFP**

Advertise	
Release Specs	
Market Request Forms Due	
Begin Market Assignments	
Additional Market Requests	
Proposals Due	
Interviews with Proposer (s)	
Selected Proposer (s) Notified	
Binders	
Policies Delivered	